

**DFS Furniture plc (“DFS” and the “Group”)
Interim Results Announcement**

COMPELLING CUSTOMER PROPOSITION & STRONG OPERATIONAL EXECUTION DRIVES PROFIT GROWTH

UPGRADE TO FULL YEAR PROFIT EXPECTATIONS

DFS Furniture plc, the market-leading retailer of living room and upholstered furniture in the United Kingdom, today announces its interim results for the 26 week period ended 29 December 2024 (H1 FY25). Prior year comparative period is the 26 weeks ended 24 December 2023 (H1 FY24).

£m	H1 FY25	H1 FY24	Change
Order intake growth YoY	+10.1% ¹	(1.1%)	n/a
Gross sales ²	£675.6m	£666.2m	+1.4%
Revenue	£504.5m	£505.1m	(0.1%)
Gross margin	56.7%	56.0%	+0.7%pts
Underlying PBT(A) ²	£17.0m	£8.7m	+£8.3m
Reported PBT	£15.8m	£0.9m	+£14.9m
Basic underlying EPS	5.3p	2.8p	+2.5p
Reported basic EPS	5.1p	0.2p	+4.9p
Interim dividend per share	-	1.1p	n/a
Net bank debt ²	£116.7m	£133.9m	(£17.2m)
Leverage ^{2,3}	1.6x	1.6x	-

Strategic and operational highlights

- Compelling customer proposition driving year on year order (YoY) intake growth of +10.1%¹ in a subdued market, with both the DFS and Sofology brands gaining market share⁴
- DFS order intake +7.8%¹ YoY; market leading interest free credit offer, product innovation and exclusive brand partnerships resonating with the customer with ‘La-Z-boy’ recently added to the portfolio
- Sofology order intake +19.1%¹ YoY; very positive impact from range changes driving higher order volumes
- Continued strong progress in our cost to operate program remaining on track to deliver £50m annualised cost savings by FY26; operating costs down YoY and continued momentum on gross margin rate progression
- Service levels across showrooms, manufacturing, the Sofa Delivery Company and post sales service are strong, reflected by some record NPS scores

Financial overview

- Underlying profit performance, uPBT(A)² almost doubled to £17.0m (FY24: £8.7m)
- Delivered gross sales up +1.4% YoY, lower than the order intake growth of +10.1%¹ due to a strengthening trading performance through the period leaving the order bank in a resilient position entering H2
- Revenue broadly flat YoY due to an investment in our interest free credit offer to maximise cash gross margins in a challenging consumer landscape
- Gross margin rate up +70bps YoY to 56.7% as a result of cost of goods savings and product margin improvement, continuing the positive momentum towards our 58% target with gross margin up +£3.3m YoY
- Underlying operating costs (including depreciation and interest) down £5.0m YoY, with efficiency savings more than offsetting inflation
- Strong cash discipline with free cash flow generation of £48.1m, net bank debt² reducing to £116.7m (H1 FY24: £133.9m, H2 FY24 £164.8m) and leverage^{2,3} reducing to 1.6x (H1 FY24: 1.6x, H2 FY24 2.5x) as we progress towards our target 0.5x-1.0x range
- As a result of leverage^{2,3} remaining well above our target range no interim dividend has been declared (H1 FY24: 1.1p); full year dividend decision to be based on full year performance, financial position and outlook

Current trading and outlook

- Trading through the first 10 weeks of the second half has remained strong, with order intake increasing from the +10%¹ achieved in H1, with our year to date order intake now +11%¹ YoY
- As a result of the continued strong trading, good cost control and assuming no further supply chain disruption we expect to outperform consensus expectations⁵ and deliver uPBT(A)² of £25-£29m
- Longer term the Board remains confident in achieving our £1.4bn full year revenue and 8% PBT medium-term targets as set out in our 2022 Capital Markets Day

Tim Stacey, Group Chief Executive Officer said:

Our improved profit performance in the first half is testament to the strength of our customer proposition, the dedication of our colleagues and our collective focus on operational excellence, evidenced through increased market shares and customer satisfaction scores.

We are on track to deliver full year profit performance ahead of market expectations and our confidence in the Group's capabilities and future potential has never been higher. Given our strong market position and relentless focus on executing our strategy, we are confident that we will achieve our £1.4bn full year revenue and 8% PBT targets in the medium term and deliver strong returns for our shareholders.

¹ To avoid the distorting impact caused by a different number of winter sale trading days in each trading period H1 YoY order intake growth has been measured using weeks 1-25 of each trading period. Year to date order intake growth is calculated using weeks 1-36 of each trading period.

² Definitions and reconciliations of KPIs including Alternative Performance Measures ("APMs") are provided at the end of this statement in note 12 to the condensed consolidated financial statements.

³ Banking covenant leverage calculated using IAS17 calculated EBITDA.

⁴ Proprietary Lloyds banking data specialist upholstery sector.

⁵ Company compiled market consensus profit before tax and brand amortisation: £22.7m.

FY25 Interim Results Presentation

A webcast for analysts and investors will be held at 9.00am (UK time) today to announce the H1 FY25 results:
Virtual presentation link:

<https://linklaters-events.webex.com/linklaters-events/j.php?MTID=m7ca467f3e5e286d3d790ec84ad58c6be>

Webinar number: 2376 176 7771 Password: n8yZpP4qu3? (68997747 when dialing from a phone or video system)

A copy of the presentation will be made available at: <https://www.dfscorporate.co.uk/>

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About DFS Furniture plc

The Group is the clear market-leading retailer of living room furniture in the United Kingdom. Our Group purpose is to bring great design and comfort into every living room, in an affordable, responsible and sustainable manner. We operate an integrated physical and digital retail network of living room furniture showrooms and websites in the United Kingdom and Republic of Ireland, trading through our leading brands, DFS and Sofology. We attract customers through our targeted and national marketing activities and our reputation for high quality products and service, breadth of product offer and favourable consumer financing options. We fulfil orders for our exclusive product ranges through our own UK finished goods factories, and through manufacturing partners located in the UK, Europe and Far East, and delivered with care through our expert final-mile delivery service "The Sofa Delivery Company Limited".

CEO Statement

In the first half of FY25 we have continued to relentlessly focus on our three key areas; profitably growing our market share, improving our gross margins and reducing our cost base. Our market share has strengthened further as a result of both improved customer service and product innovation, driving our customer net promoter scores to record levels and supporting good top line sales order growth of over +10%¹. The combination of the sales growth, margin progression and cost control enabled us to almost double underlying profit before tax year on year.

Market update and financial overview

The Group has performed well in a market that has remained weak, demonstrating the strength of our customer proposition and continuing our track record of growing market share in all environments.

The Group achieved year on year order intake growth of 10.1%¹ in a market that was in slight decline⁴ and pleasingly our two distinct retail brands, DFS and Sofology, both delivered good levels of sales order growth. We continued to reduce our cost of goods and invested in our market leading interest free credit offer to maximise cash gross margins by stimulating demand and affordability for our customers in this tough consumer environment.

Our underlying profit before tax and brand amortisation¹ for the half increased by £8.3m to £17.0m. Reported profits increased by £14.9m to £15.8m. The increase in underlying profits was predominantly driven by the sustainable cost reductions we are delivering through our £50m cost to operate saving program, with operating costs reducing year on year. Our strong order intake performance in the first half did not materially benefit the financial result as the majority of the orders will be delivered and recognised in the income statement in the second half.

Our financial position strengthened in the period with leverage^{2,3} reducing from 2.5x at the previous financial year end to 1.6x. This is a function of the improved profit performance and a disciplined cash management approach to reduce our debt. Further reducing our leverage^{2,3} is a key priority for the Group and given our profit momentum, negative working capital model and strong free cash flow generation we see a clear route to returning to our target leverage^{2,3} range of 0.5x-1.0x.

Our three focus areas

In this section I will update you on the progress made on our three key focus areas of growth, margin rate progression and cost to operate efficiencies, whilst highlighting our fundamental strengths and competitive advantages.

Growth

Our two retail brands, DFS and Sofology, appeal to different customer demographics and allow us to target the majority of the UK sofa market. Both traded well in the period and our proprietary banking data indicates we continued to grow our market share across both brands⁴. DFS and Sofology have good national coverage with their well invested showroom estates along with strong websites enabling customers to research and transact in the channels that suit them. This includes our 'shared baskets' in DFS that enable our sales colleagues to build an order in the showroom for the customer to complete at home at their leisure. Our research continues to indicate c90% of customers research online and 85% require the all important 'sit test' before committing to a purchase - our tried and tested integrated retail model that we continue to evolve resonates well with the UK sofa customer.

DFS, our longest established, well known brand whose core target market is mid income families achieved +7.8%¹ year on year order intake growth in the period. Growth was primarily driven through higher average orders values with an increase to the maximum interest free credit period used at select times to stimulate demand and enable customers to trade up to higher price point ranges. This can be seen in the sales mix of our typically higher price exclusive brand ranges such as Joules, Ted Baker and Country Living that reached a record high of over 41%.

In the period we launched exclusive ranges from a new partner 'La-Z-boy', famous for comfort worldwide, which are trading well and we have enlisted former basketball icon, Shaquille O'Neal as our brand ambassador for our market leading range of reclining furniture. In addition to adding to our exclusive brands portfolio we have also continued to innovate with more tech included in our sofas such as wireless charge points, wine coolers, speakers & vibrating seats such as in our Cinesound[®] ranges and our recently patented heated seats.

Our data driven marketing approach enables us to market at a highly localised level in an efficient manner and has been very effective in the period enabling the Group to hold marketing costs flat year on year, offsetting inflation. We recently won the Bloomreach 'Data Driven Leader' award, recognising our effective and impactful use of customer data and analytics and have been nominated for four UK search awards for best use of search and best in-house team. In addition we have been utilising AI to improve our production efficiency, allowing us to create over 4,000 digital assets at low cost.

We launched a new advert for the DFS winter sale period with the memorable 'shake shake shake' song, videography and 'let your bum find its thing' hook, enabling us to stand out and garner attention. Our digital first execution of the advert has been used as an internal Case Study at YouTube for effective platform and digital first creative thinking and with strong brand recall has no doubt contributed to a strong trading period through H2 to date. In addition we continue to partner with a broad set of influencers and creators, for instance most recently with Janette Manrara and Aljaž Skorjanec (Strictly Come Dancing stars) to promote our New Sofa Day campaign.

Our Sofology brand, which targets a slightly older and more affluent customer demographic, achieved an outstanding +19%¹ year on year order intake growth in the period. Following a significant change in Q4 of the previous financial year when around 75% of ranges were switched, the new proposition has landed very well with the customer evidenced by order volumes increasing significantly.

In addition to the new ranges and pricing, Sofology's merchandising has been elevated. A good example of this is in our showrooms where the new Paramount recliner sofas are housed in an inspirational home cinema room set up with sofa speakers connected via bluetooth to large screen TVs, and we even provide free popcorn for the full cinema experience! We have also introduced promotional activation such as limited editions and introductory pricing to drive conversion to good effect.

Our three core values, Think Customer, Be Real and Aim High are fully embedded across the business and in the mindsets of our retail team. I'm proud to see our colleagues living these values day in and day out with their efforts feeding through into very strong post purchase NPS scores for the period which were close to the all time highs recorded last year.

We have an objective of growing our Home (non-upholstery) offer, with a target of growing our market share from 1% to 4%, first focussing on the £3bn beds and mattresses market. We have in previous years invested in technical infrastructure that allows us to operate a drop ship model and expanded some of our exclusive upholstery brand partnerships to cover bed frames. Last year we paused investment in marketing to drive awareness of our Home

proposition until our balance sheet strengthens. We have clear plans to accelerate Home growth once we have deleveraged further.

Gross margin

We have made another good step forward improving our gross margins back towards our target and pre-pandemic level of 58%.

Given our scale we are a material customer for our suppliers and through our trusted and strong relationships we can source the best products at the best rates. The closure of one of our manufacturing sites in the previous financial year has enabled us to redistribute the manufacturing of our products across our two remaining internal manufacturing sites and our third party partners, achieving cost of goods savings whilst maximising quality by ensuring the right products are being manufactured in the right geographic locations. We were able to more than offset the impact of adverse interest rate and freight rates in the period and improve our gross margin rate by 70bps to 56.7%.

Along with falling interest rates that will reduce our interest free credit costs, we see further opportunities to reduce our COGS through improved purchasing, providing us with confidence that we will achieve our 58% target.

Cost to operate efficiencies

Our cost to operate program is about taking costs out of the business through streamlining and simplifying operations, improving productivity and consolidating the supplier base, all supported by better systems, data and controls. By taking this approach we are ensuring the business has a structurally improved cost base that will improve profitability across all stages of the economic cycle.

After a strong first year of our cost to operate program in FY24 where we delivered £28m of in year savings across operating costs and cost of goods, we have achieved a further £15m in the first half of this period (further details are provided in the Financial Review). One specific call out is our logistics operation, the Sofa Delivery Company, which has lowered its cost base again, more than offsetting inflation. The Sofa Delivery Company is a strong asset of the Group. Formed by bringing together the delivery warehouses and fleet of the DFS and Sofology brands it is the largest two man sofa delivery operation in the country. This scale, along with utilisation of cutting edge technology such as AI driven vehicle route scheduling and data rich KPI dashboards enables the Sofa Delivery Company to operate at the lowest cost per order in the market and provide the highest service levels. These are seen in the post delivery NPS scores, which reached another record high this period. With capacity available in the network and anticipated volume recovery we expect to see significant operating leverage benefits in the future.

In addition to the examples provided above we have very recently simplified our brand structure and now have one MD managing our retail brands. This change enables further opportunities to optimise cost of goods. With a strong pipeline we remain confident in achieving our target to deliver £50m of annualised savings by FY26.

Our people

Our people are the Group's most important asset and we believe we attract and retain the best people in the sector across all areas of our business from designing, marketing and retailing to manufacturing, delivering, post sales service & repair. Creating a great place to work where everyone is welcome and can perform at their best remains crucial to our future success.

Our six colleague networks help us unite like minded people and enable us to become a more inclusive Group. Each of our networks has senior leader representation, helping to activate change and engagement initiatives identified in our inclusion agenda across our growing communities. We are constantly seeking to raise standards and last year we achieved accreditation in the Inclusive Employers Standard.

Offering an environment for colleagues to develop and progress is important to our colleagues and the business. Our popular Group Leadership Academy offers opportunities for colleague development across various subjects helping us to strengthen existing and develop future leaders. Sessions have been delivered to over 350 colleagues in the period, with modules focusing on ESG proving especially popular.

Sustainability

We have made good progress on our commitments, which we established when we launched our Sofa Cycle framework in 2020, and are developing our ambition to become a circular business.

We obtained validation from the Science Based Targets initiatives of our near-term emissions reduction target, underpinning our commitment to minimise our environmental impact. Given that our emissions are weighted to Scope 3, it is crucial that our partners are aligned with our ambitions. We secured commitments from partners to develop their own science-based Net Zero plans, covering 59% of our Scope 3 emissions.

Our scale is significant enough to be a driving force of change in the sector. Through our collaborative approach with our suppliers, we are working to ensure responsible and sustainable use of materials through transparency and traceability. For example, we are working towards our targets for increasing the use of FSC/PEFC certified timber and OEKO-TEX STeP certified textiles and, in the period, we were pleased to confirm all our Tier 2 and 3 suppliers are now Leather Working Group certified, setting important standards including to ensure our products are not contributing towards further deforestation.

Outlook

Trading through the first 10 weeks of our second half has remained strong. Order intake has increased from the +10% achieved in H1, with our year to date order intake now +11% year on year. Whilst we face some tougher prior year comparatives and do not expect to retain this level of growth for the remainder of the period we are confident in delivering a higher underlying profit than the current analyst consensus of £22.7m. Assuming lead times remain extended due to the Red Sea closure and we experience no further supply chain disruption we expect to deliver underlying profit before tax and brand amortisation of between £25 and £29m.

Longer term we remain confident in the prospects for the Group and in achieving our 2022 capital markets day targets of £1.4bn of revenue and 8% PBT margin. The reasons for this are:

1. We have delivered our targeted market share gains and we expect to further grow our upholstery market share through like-for-like growth and the clear white space to add 10-15 new Sofology showrooms with minimal levels of cannibalisation
2. We have significantly but sustainably reduced our cost base with a clear pipeline of opportunities to further offset inflation
3. We expect market demand, which is currently over 20% below pre-pandemic volumes to recover, driven in part by interest rates continuing to reduce and housing transactions growing. Given our established asset base a 40% revenue to profit drop through should be achieved

In addition to the profit growth we expect to generate strong levels of cash, converting at least 75% of PBT to free cash flow as a result of our negative working capital model and disciplined cash management. This will enable us to de-lever back into our target range, providing us with the opportunity to consider further growth investment opportunities and return to improved shareholder distributions.

Conclusion

Our improved profit performance in the first half is testament to the strength of our customer proposition, the dedication of our colleagues and our collective focus on operational excellence, evidenced through increased market shares and customer satisfaction scores.

We are on track to deliver full year profit performance ahead of market expectations and our confidence in the Group's capabilities and future potential has never been higher. Given our strong market position and relentless focus on executing our strategy, we are confident that we will achieve our £1.4bn full year revenue and 8% PBT targets in the medium term and deliver strong returns for our shareholders.

Tim Stacey

Chief Executive Officer

13 March 2025

Financial Review

Overview

H1 FY25 underlying profit before tax and brand amortisation² was £17.0m (H1 FY24: £8.7m). The profit improvement was driven by the effectiveness of our cost to operate program, reducing our cost of goods and operating costs.

H1 FY25 reported profit before tax was £15.8m (H1 FY24: £0.9m) after the deduction of non-underlying costs of £0.5m (H1 FY24: £7.1m).

Performance has been strong despite trading conditions remaining relatively weak throughout the period, with the Group outperforming the market due to a strong product offering across our two distinct retail brands, coupled with an attractive interest free credit offering. Due to performance strengthening through the period a large proportion of orders had not been manufactured, delivered to customers and recognised in the income statement leaving the closing order bank in an elevated position, setting us up well for the second half.

The Group's financial position improved with net bank debt² decreasing by £48.1m since the end of FY24 to £116.7m and leverage^{2,3} decreasing from 2.5x to 1.6x due to the stronger profit performance and disciplined cash management. Over the medium term we remain committed to returning to leverage^{2,3} to within our target range of 0.5-1.0x.

Order intake, gross sales and revenue

	H1 FY25 £m	H1 FY24 £m	YoY
Order intake	10.1% ¹	(1.1%)	n/a
Gross sales	675.6	666.2	1.4%
DFS	523.1	525.6	(0.5%)
Sofology	152.5	140.6	8.5%
Revenue	504.5	505.1	(0.1%)

Order intake growth of +10.1%¹ reflects market share gains⁴ in both brands. DFS's performance, up 7.8%¹ year on year, benefitted from its strong exclusive brand proposition and intermittent 48 month interest free credit offering (up from an everyday 36 month period) expanding customer access to a broader product range and increasing year on year average order values. Range changes implemented in Sofology in Q4 of the previous financial year have had a significant impact, contributing to the brand's strong order intake performance throughout the period, which was up +19.1%¹ year on year.

The strengthening order intake performance through the half resulted in a variance between order intake and gross sales growth recorded in the period with Group gross sales², which are recognised on delivery of orders to customers, increasing by +1.4% to £675.6m (H1 FY24: £666.2m).

H1 FY25 Group revenue of £504.5m was -0.1% lower than H1 FY24, and lower than the year on year gross sales performance. This is due to an investment in our interest free credit proposition to increase the maximum term to 48 months at select times in the DFS brand to increase affordability and conversion in a challenging consumer landscape.

The elevated Bank of England base rates created a significant increase in the cost of providing credit over the last two years; looking ahead, given the anticipated reduction in the base rate, the headwind is expected to subside with every 1% base rate movement resulting in a £7-8m change in annualised costs to the Group.

Gross profit

H1 FY25 gross profit of £286.3m increased by +£3.3m / +1.2%. Gross margin rate improved to 56.7% for H1 FY25 (H1 FY24: 56.0%, FY24: 55.8%), an increase of 70bps year on year. This improvement was driven by cost of goods savings supported by the redistribution of goods across our existing manufacturing sites and third parties following the closure of one of our manufacturing sites and woodmills in the prior year, product margin improvements and an improved USD exchange rate. These collectively more than offset the higher interest free credit costs and higher freight costs.

Freight rates in the period were broadly double the \$1,500 per container rate of the prior year, with the prior year rate more reflective of the longer term average. Freight rates have started to reduce recently; every \$1,000 change in the cost per container equates to £7-8m cost impact to the Group.

Selling, distribution and administration costs

H1 FY25 underlying selling, distribution and administration cost totalled £205.4m (H1 FY24: £209.5m), a decrease of £4.1m (2.0%), representing a % cost of revenue of 40.7% (H1 FY24: 41.5%).

Through our cost to operate savings program we have more than offset the impact of inflationary increases totalling approximately £3.2m that mainly relate to wages and a small increase in volume related costs of £0.1m. The cost to operate savings have been delivered through the annualisation of FY24 initiatives alongside new initiatives implemented in H1 FY25 with savings coming from optimising labour models across our brands, operations and head office and benefits from aligning some brand back office systems. The ongoing annual cost savings delivered to date across our cost to operate program (inclusive of cost of goods and property cost savings) total £43m which sets the business up well to deliver stronger profit performances in the future across the economic cycle.

Given the pipeline of opportunities we have, we feel confident in achieving the £50m total cost saving we targeted at the outset which will help us to offset future inflationary pressures including the recently announced employer NIC changes that have an annualised £5m cost impact to the Group.

Depreciation, amortisation and finance costs

Depreciation, amortisation and finance costs have reduced by £0.9m to £64.6m (H1 FY24: £65.5m), driven primarily by lower depreciation charges as a result of lower capital expenditure incurred over the last two years as the business took action to strengthen the balance sheet.

Profits, tax and earnings per share

Underlying profit before tax and brand amortisation² was £17.0m, an increase of £8.3m compared to the same period last year (H1 FY24: £8.7m) driven primarily by the gross margin improvement and operating cost reductions.

Reported profit before tax was £15.8m (H1 FY24: £0.9m), which includes non-underlying costs of £0.5m primarily relating to restructuring costs associated with the ongoing cost to operate program (H1 FY24: £7.1m). The non-underlying costs in the prior year related to the closure of the Group's smallest UK manufacturing facility and one of our woodmills along with costs associated with refinancing the Group's borrowing facilities.

Underlying basic earnings per share was 5.3 pence (H1 FY24: 2.8 pence) and basic earnings per share was 5.1 pence (H1 FY24: 0.2 pence).

The tax charge recognised in the interim financial statements has been calculated using the expected effective tax rate for FY25 of 25.0%.

Cash flow, net debt and dividends

£m	H1 FY25	H1 FY24
Underlying EBITDA / other*	81.9	75.5
Capex	(10.4)	(14.7)
Interest and tax	(5.6)	(11.4)
Principal & interest paid on lease liabilities	(46.6)	(43.5)
Working capital	28.9	4.7
Underlying free cash flow	48.2	10.6
Non-underlying items	(0.1)	(4.2)
Free cash flow	48.1	6.4
Closing net bank debt	(116.7)	(133.9)

*Other of £1.0m in H1 FY25 and £2.0m in H1 FY24 includes losses/gains on disposal of right of use assets, profit on disposal of fixed assets, FX revaluations and share based payments expense

The Group's indebtedness has decreased over the period with net bank debt² reducing from £164.8m at the end of the prior year to £116.7m at the end of the current period.

Underlying free cash flow in the period increased by £37.6m relative to H1 FY24 due to a stronger profit performance, lower capital expenditure & tax payments and higher working capital inflows.

H1 FY25 cash capex was reduced to £10.4m (H1 FY24: £14.7m). Investment was focussed on maintaining our asset base (predominantly property and technology related expenditure) and investing in capital light, short pay back growth opportunities. We expect total cash capex investment for FY25 to remain within the previously guided range of £20-25m.

Interest and tax payments reduced to £5.6m (H1 FY24: £11.4m) due to utilisation of historical tax overpayments & non recurrence of FY24 refinancing costs and lease liability payments increased to £46.6m (FY24 H1: £43.5m) due to the timing of when some lease payments fell due relative to differing year on year period end dates (H1 FY25: 29 December 2025, H2 FY24: 24 December 2024).

Working capital inflows of £28.9m (H1 FY24 £4.7m) are a result of our negative working capital model and reflect a higher trade creditor position and higher levels of customer deposits held due to the stronger order intake performance as well as more of our high order intake winter sale trading days falling into the H1 period relative to the prior year H1 period.

An extension of the Group's revolving credit (RCF) facility by a further 16 months (to 25 Jan 2029) was agreed in December 2024. The Group now has a £200m RCF facility secured until September 2027 and £175m until January 2029. This is in addition to £50m of senior secured loan notes that mature in September 2028 (£25m) and September 2030 (£25m). These facilities are expected to both provide sufficient liquidity over the extension period and a solid foundation for the future.

Return on capital employed (ROCE)² for the 12 months to December 2024 was 13.8%, up from 10.8% in the 12 months to June 2024. This increase was driven by a combination of higher profit performance and reduced capital employed, primarily due to an improved working capital position. We expect returns to continue growing over time, supported by i) improved profitability for the reasons outlined in the CEO statement and ii) our negative working capital model.

Leverage^{2,3} decreased from 2.5x at the end of the prior year to 1.6x for H1 FY25 due to a stronger trailing last twelve month profit performance and a lower closing net debt level. Over the medium term we remain committed to returning leverage^{2,3} to within our target range of 0.5-1.0x.

While our financial position is strengthening due to improved profit performance and disciplined cash management, our current leverage^{2,3} remains outside our target range. As a result, the Board has taken the decision not to declare an interim dividend. The Board remains committed to sustainable shareholder returns and the FY25 final dividend decision will be based on full year performance, position and outlook.

The Group's capital allocation priorities are summarised as follows:

<u>Capital allocation</u>	<u>Framework</u>	<u>FY25 commentary</u>
Leverage ^{2,3} (excluding property leases)	0.5x – 1.0x	<ul style="list-style-type: none"> Expect to continue operating outside the Group's target leverage^{2,3} range in the near-term Making progress towards reducing the ratio and deleveraging remains a high priority
Organic investment	Strategic organic capital investment to deliver attractive returns	<ul style="list-style-type: none"> Our maintenance capital requirements currently represent c1.5%-2.0% of revenue In the near-term expect to continue to incur prudent levels of capex. We may allow investment to increase slightly from the very low levels of the last 18 months to invest in growth opportunities where the risk adjusted returns are attractive
Dividend	Dividend payout ratio of 2.25x – 2.75x	<ul style="list-style-type: none"> No interim dividend A decision will be made on the full year dividend based on profit outturn for the full year and future outlook
Supplementary shareholder returns	When the Group is operating below its target leverage ^{2,3} , it will consider special dividends / buybacks at the Board's discretion	<ul style="list-style-type: none"> No supplementary returns expected given the Group will be operating above its target leverage^{2,3} ratio during FY25

Marie Wall
Interim Chief Financial Officer

13 March 2025

¹ To avoid the distorting impact caused by a different number of winter sale trading days in each trading period H1 YoY order intake growth has been measured using weeks 1-25 of each trading period. Year to date order intake growth is calculated using weeks 1-36 of each trading period.

² Definitions and reconciliations of KPIs including Alternative Performance Measures ("APMs") are provided at the end of this statement in note 12 to the condensed consolidated financial statements

³ Banking covenant leverage calculated using IAS17 calculated EBITDA

⁴ Proprietary Lloyds banking data specialist upholstery sector

⁵ Company compiled market consensus profit before tax and brand amortisation: £22.7m

The principal risks that could threaten the Group's business model, future performance, solvency or liquidity remain consistent with those described in the 2024 Annual Report. A summary is provided below:

Risk	Impact
Financial risk and liquidity	Accuracy of reporting and adequate access to liquidity is key to delivering the strategy. Any impact on the Group's working capital requirements may result in insufficient headroom and an inability to access debt or equity financing which will directly affect the ability to enact the Group strategy.
Regulatory and compliance	We operate in an increasingly regulated environment and must comply with a wide range of laws, regulations, standards and guidance. Failure to comply with or to take appropriate steps to prevent a breach of these requirements could result in formal investigations or prosecutions, legal and/or financial penalties, reputational damage and loss of business. It is essential that as a Group we are aware and can fulfil all our obligations in the regions in which we operate, the UK and the Republic of Ireland.
Cyber security and data	Our data and our IT systems enable us to fulfil our obligations to customers and manage our operations. Ensuring we both protect our data, and utilise it effectively is necessary to deliver our strategy. If a critical system, or our business data was not available, regardless of the cause, it could impact our operations, result in a loss of sales as well as incur regulatory penalties and reputational damage.
Supply chain and manufacturing resilience	We are reliant on external suppliers worldwide to provide our finished products to customers or supply raw materials for our UK manufacturing sites. If that supply chain is affected by availability, labour shortages, transport delays or failure of a key supplier, this could increase the costs to the business or impact our ability to fulfil customer orders.
Macro economic uncertainty	Unexpected or difficult to forecast external factors have increasingly impacted the business environment which the Group operates in. These external factors have included the ongoing consequences of the pandemic, a cost of living crisis, high levels of wage inflation, the invasion in the Ukraine and the ongoing situation in the Middle East. High interest rates, increasing the cost of providing IFC and the cost of debt, and depressing the level of housing marketing. Looking forward there remains the potential for more global geopolitical and economic uncertainties. This can lead to unpredictable supply

	<p>chains, trading performance and financial results, especially in a market for big ticket, discretionary spend items, all of which can then have a negative impact on performance.</p>
Environmental and sustainability	<p>Failure to anticipate and address positively the strategic, regulatory impact our operations have on the environment would fall short of the expectations of our key stakeholders, including our customers, colleagues, investors and regulators which could lead to reputational damage and financial loss. An inability to anticipate and mitigate environmental risks could cause disruption in the availability and quality of raw materials such as leather and timber, affecting production capacity, product quality, and overall supply chain resilience, leading to a significant increase in costs.</p>
People and culture	<p>We aim to create an inclusive workplace with a positive contribution to the communities we serve as well as all our stakeholders, including our customers, colleagues, communities and suppliers, and creating a 'great place to work'. We need to ensure we have the right skills for today and the future. To do this effectively we need to ensure we live our values, creating a culture that continues to meet the expectations of our colleagues and stakeholders by responding to external pressures and working with everyone to develop an inclusive and diverse workplace. Failing to do this could impact business performance, the delivery of our purpose, our strategy and the long-term sustainability of our business.</p>
Consumer proposition and industry competition	<p>The reputation of, and value associated with, the Group's brands and product offering is central to the success of the business. Failure to maintain a well-designed, high quality product range that is priced attractively could compromise the success of the Group.</p>
Business change	<p>The Group undertakes a number of significant investment or business change projects that are key to successfully executing its strategy. Failure to successfully implement these changes could mean the business fails to deliver its strategy.</p>

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK;
- the interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Tim Stacey
Chief Executive Officer

Marie Wall
Interim Chief Financial Officer

13 March 2025

INDEPENDENT REVIEW REPORT TO DFS FURNITURE PLC

Conclusion

We have been engaged by DFS Furniture plc (“the Company”) to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 29 December 2024 which comprises Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Cash Flow Statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 29 December 2024 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (“ISRE (UK) 2410”) issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Gill Hopwood-Bell

for and on behalf of KPMG LLP

Chartered Accountants

1 St Peter's Square

Manchester

M2 3AE

United Kingdom

13 March 2025

Unaudited condensed consolidated income statement

		26 weeks to 29 December 2024			26 weeks to 24 December 2023			53 weeks to 30 June 2024		
	Note	Underlying £m	Non- underlying £m	Total £m	Underlying £m	Non- underlying £m	Total £m	Underlying £m	Non- underlying £m	Total £m
Continuing operations										
Gross sales	3	675.6	-	675.6	666.2	-	666.2	1,311.8	-	1,311.8
Revenue	3	504.5	-	504.5	505.1	-	505.1	987.1	-	987.1
Cost of sales		(218.2)	-	(218.2)	(222.1)	-	(222.1)	(436.3)	-	(436.3)
Gross profit		286.3	-	286.3	283.0	-	283.0	550.8	-	550.8
Selling and distribution costs		(170.8)	-	(170.8)	(175.2)	-	(175.2)	(342.9)	-	(342.9)
Administrative expenses		(34.6)	(0.5)	(35.1)	(34.3)	(5.2)	(39.5)	(65.9)	(8.9)	(74.8)
Operating profit before depreciation and amortisation		80.9	(0.5)	80.4	73.5	(5.2)	68.3	142.0	(8.9)	133.1
Depreciation		(37.9)	-	(37.9)	(38.9)	-	(38.9)	(77.8)	-	(77.8)
Amortisation		(6.4)	-	(6.4)	(6.6)	-	(6.6)	(13.7)	-	(13.7)
Impairment		-	-	-	-	-	-	(0.3)	-	(0.3)
Operating profit	4	36.6	(0.5)	36.1	28.0	(5.2)	22.8	50.2	(8.9)	41.3
Finance income		0.3	-	0.3	0.3	-	0.3	0.4	-	0.4
Finance expenses	5	(20.6)	-	(20.6)	(20.3)	(1.9)	(22.2)	(41.5)	(1.9)	(43.4)
Profit before tax		16.3	(0.5)	15.8	8.0	(7.1)	0.9	9.1	(10.8)	(1.7)
Taxation	6	(4.1)	0.1	(4.0)	(1.5)	1.2	(0.3)	(5.7)	2.7	(3.0)
Profit for the period from continuing operations		12.2	(0.4)	11.8	6.5	(5.9)	0.6	3.4	(8.1)	(4.7)
Loss for the period from discontinued operations		-	-	-	-	-	-	-	0.3	0.3
Profit for the period		12.2	(0.4)	11.8	6.5	(5.9)	0.6	3.4	(7.8)	(4.4)
Statutory earnings per share										
Basic	7									
- from continuing operations		5.3p	(0.2)p	5.1p	2.8p	(2.6)p	0.2p	1.5p	(3.5)p	(2.0)p
- from discontinued operations		-	-	-	-	-	-	-	0.1p	0.1p
Total		5.3p	(0.2)p	5.1p	2.8p	(2.6)p	0.2p	1.5p	(3.4)p	(1.9)p
Diluted	7									
- from continuing operations		5.3p	(0.2)p	5.1p	2.8p	(2.6)p	0.2p	1.5p	(3.5)p	(2.0)p
- from discontinued operations		-	-	-	-	-	-	-	0.1p	0.1p
Total		5.3p	(0.2)p	5.1p	2.8p	(2.6)p	0.2p	1.5p	(3.4)p	(1.9)p

Unaudited condensed consolidated statement of comprehensive income

	26 weeks to 29 December 2024 £m	26 weeks to 24 December 2023 £m	53 weeks to 30 June 2024 £m
Profit/(loss) for the period	11.8	0.6	(4.4)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges	1.0	1.7	5.1
Net change in fair value of cash flow hedges reclassified to profit or loss			
Recognised in cost of sales	2.3	(0.1)	(1.3)
Income tax on items that are or may be reclassified subsequently to profit or loss	(0.9)	(0.5)	(1.3)
Other comprehensive income for the period, net of income tax	2.4	1.1	2.5
Total comprehensive income for the period	14.2	1.7	(1.9)
Total comprehensive income for the period attributable to the owners of the parent			
- from continuing operations	14.2	1.7	(2.2)
- from discontinued operations	-	-	0.3
	14.2	1.7	(1.9)

Unaudited condensed consolidated balance sheet

		29 December 2024 £m	24 December 2023 £m	30 June 2024 £m
	<i>Note</i>			
Non-current assets				
Property, plant and equipment	9	79.7	92.5	83.8
Right of use assets	9	296.3	318.8	315.0
Intangible assets	9	531.5	536.4	532.9
Other financial assets		0.2	-	-
Deferred tax assets		10.0	16.6	10.8
		917.7	964.3	942.5
Current assets				
Inventories		59.1	52.1	59.0
Other financial assets		2.2	-	0.1
Trade and other receivables		12.3	10.5	12.0
Current tax assets		0.1	2.2	6.1
Cash and cash equivalents (excluding bank overdrafts)		22.4	13.7	26.8
		96.1	78.5	104.0
Total assets		1,013.8	1,042.8	1,046.5
Current liabilities				
Bank overdraft		(12.1)	(3.6)	(2.6)
Trade payables and other liabilities		(239.4)	(232.0)	(209.3)
Lease liabilities		(86.2)	(88.3)	(75.1)
Provisions	10	(11.7)	(6.7)	(9.7)
Other financial liabilities		(0.2)	(4.1)	(1.2)
		(349.6)	(334.7)	(297.9)
Non-current liabilities				
Interest bearing loans and borrowings		(125.7)	(142.1)	(187.4)
Lease liabilities		(291.2)	(325.4)	(326.6)
Provisions	10	(2.8)	(6.6)	(5.6)
Other financial liabilities		-	(0.4)	-
		(419.7)	(474.5)	(519.6)
Total liabilities		(769.3)	(809.2)	(817.5)
Net assets		244.5	233.6	229.0
Equity attributable to equity holders of the parent				
Share capital		23.6	24.1	23.6
Share premium		40.4	40.4	40.4
Merger reserve		18.6	18.6	18.6
Capital redemption reserve		360.1	359.6	360.1
Treasury shares		(2.9)	(10.1)	(2.9)
Shares held by employee benefit trust		(5.3)	(6.0)	(5.9)
Cash flow hedging reserve		2.2	(3.2)	(1.1)
Retained earnings		(192.2)	(189.8)	(203.8)
Total equity		244.5	233.6	229.0

Unaudited condensed consolidated statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Treasury shares £m	Employee Benefit Trust shares £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
Balance at 25 June 2023	24.1	40.4	18.6	359.6	(10.1)	(6.6)	(4.9)	(184.0)	237.1
Profit for the period	-	-	-	-	-	-	-	0.6	0.6
Other comprehensive income/(expense)	-	-	-	-	-	-	1.7	(0.6)	1.1
Total comprehensive income for the period	-	-	-	-	-	-	1.7	-	1.7
Dividends	-	-	-	-	-	-	-	(6.9)	(6.9)
Employee benefit trust shares issued	-	-	-	-	-	0.6	-	(0.6)	-
Share based payments	-	-	-	-	-	-	-	1.7	1.7
Balance at 24 December 2023	24.1	40.4	18.6	359.6	(10.1)	(6.0)	(3.2)	(189.8)	233.6
Balance at 30 June 2024	23.6	40.4	18.6	360.1	(2.9)	(5.9)	(1.1)	(203.8)	229.0
Profit for the period	-	-	-	-	-	-	-	11.8	11.8
Other comprehensive income/(expense)	-	-	-	-	-	-	3.3	(0.9)	2.4
Total comprehensive income for the period	-	-	-	-	-	-	3.3	10.9	14.2
Employee benefit trust shares issued	-	-	-	-	-	0.6	-	(0.6)	-
Share based payments	-	-	-	-	-	-	-	1.3	1.3
Balance at 29 December 2024	23.6	40.4	18.6	360.1	(2.9)	(5.3)	2.2	(192.2)	244.5

Unaudited condensed consolidated cash flow statement

	26 weeks to 29 December 2024 £m	26 weeks to 24 December 2023 £m	53 weeks to 30 June 2024 £m
Profit/(loss) for the period	11.8	0.6	(4.4)
<i>Adjustments for:</i>			
Income tax expense	4.0	0.3	3.0
Finance income	(0.3)	(0.3)	(0.4)
Finance expenses	20.6	20.3	41.5
Non-underlying financing costs	-	1.9	1.9
Depreciation of property, plant and equipment	9.3	11.3	22.0
Depreciation of right of use assets	28.6	27.6	55.8
Amortisation of intangible assets	6.4	6.6	13.7
Impairment of assets	-	-	0.3
(Gain)/loss on sale of property, plant and equipment	(0.3)	(0.9)	2.0
Loss/(gain) on disposal of right of use assets	0.1	(0.7)	(0.6)
Share based payment expense	1.3	1.7	3.2
Foreign exchange impact on cash flow hedges	(0.1)	-	(1.3)
(Increase)/decrease in trade and other receivables	(0.3)	0.6	(0.9)
(Increase)/decrease in inventories	(0.1)	3.7	(3.2)
Increase/(decrease) in trade and other payables	30.1	0.2	(15.9)
(Decrease)/increase in provisions	(0.8)	0.2	2.2
Net cash from operating activities before tax	110.3	73.1	118.9
Tax received/(paid)	1.9	(1.5)	(3.0)
Net cash from operating activities	112.2	71.6	115.9
Investing activities			
Proceeds from sale of property, plant and equipment	0.4	2.9	1.4
Interest received	0.3	0.3	0.4
Acquisition of property, plant and equipment	(5.4)	(8.3)	(11.6)
Acquisition of other intangible assets	(5.0)	(6.4)	(10.0)
Net cash used in investing activities	(9.7)	(11.5)	(19.8)
Financing activities			
Interest paid	(7.8)	(10.2)	(18.8)
Interest paid on lease liabilities	(12.5)	(12.4)	(24.8)
Payment of lease liabilities	(34.1)	(31.1)	(67.6)
Net repayment of senior revolving credit facility	(62.0)	(23.0)	(28.0)
Drawdown of senior secured notes	-	-	50.0
Ordinary dividends paid	-	-	(9.4)
Net cash used in financing activities	(116.4)	(76.7)	(98.6)
Net decrease in cash and cash equivalents	(13.9)	(16.6)	(2.5)
Cash and cash equivalents at beginning of period	24.2	26.7	26.7
Cash and cash equivalents (including bank overdraft) at end of period	10.3	10.1	24.2

1. Basis of preparation

These unaudited condensed consolidated interim financial statements for DFS Furniture plc (“the Company”) and its subsidiaries (together, “the Group”) were approved for release on 13 March 2025.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK, and comprise the results for the 26 weeks ended 29 December 2024, the 26 weeks ended 24 December 2023, and the 53 weeks ended 30 June 2024.

The condensed consolidated interim financial statements do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed consolidated interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company’s published consolidated financial statements for the 53 weeks ended 30 June 2024 which were prepared in accordance with international accounting standards (‘UK-adopted IFRS’).

The statutory accounts for the 53 weeks ended 30 June 2024 have been reported on by the Company’s auditor and delivered to the Registrar of Companies. The auditor’s report for those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The auditor’s review report for the 26 weeks ended 29 December 2024 is attached.

Going concern

The condensed consolidated interim financial statements are prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons.

The Group has a £200.0m revolving credit facility with a consortium of lending banks maturing in September 2027 with a 16 month extension agreed in December 2024 for £175.0m of the facility maturing in January 2029, and £50.0m of private placement debt, £25.0m of which matures in September 2028 and £25.0m in September 2030. At 11 March 2025, £128.8m of the revolving credit facility remained undrawn, and £2.2m of the Group’s overdraft facility was utilised.

Covenants applicable to both the revolving credit facility and the private placement debt are assessed on a six-monthly basis at June and December. In September 2024 we agreed a widening of covenants with our lenders, to provide additional headroom in the event of unanticipated downside scenarios that result in a decline in market volumes and lower EBITDA. The amended leverage covenant is 3.9x at H1 FY25 and 3.7x at FY25 period end, before returning to 3.0x at H1 FY26. The amended fixed charge cover covenant is 1.3x at H1 FY25, 1.3x at FY25 period end and 1.4x at H1 FY26, before returning to 1.5x at FY26 period end.

The Directors have prepared cash flow forecasts for the Group covering a period of at least twelve months from the date of approval of these interim condensed consolidated financial statements (the ‘going concern assessment period’), which indicate that the Group will be in compliance with these covenants. These forecasts include a number of assumptions in relation to: market size and the Group’s order intake volumes; inflationary impacts on gross margin and other costs; sector-wide manufacturing and supply chain capacities; and achievement of cost savings in line with the Group’s strategic plans.

The Directors have also prepared severe but plausible downside sensitivity scenarios which cover the same going concern assessment period as the base case. These scenarios include significantly reduced customer spending, impacts on gross margin and other costs from inflationary cost pressures, and a combination of these scenarios. The Directors have also performed reverse stress-testing analysis to confirm that circumstances resulting in a covenant breach were beyond those considered plausible.

1. Basis of preparation *(continued)*

As part of this analysis, the Directors have considered mitigating actions within the Group's control which could reduce the impact of these severe but plausible downside scenarios. These mitigating actions include reducing discretionary operating expenditure, a pause on expansionary capital investment, a reduction or pause in dividend payments, and other measures to protect cash balances. These forecast cash flows, considering the ability and intention of the Directors to implement mitigating actions should they need to, indicate that there remains sufficient headroom in the forecast period for the Group to operate within the committed facilities and to comply with all relevant banking covenants during the going concern assessment period.

The Directors have considered all of the factors noted above, including the inherent uncertainty in forecasting the impact of the current economic and political environment, and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for the foreseeable future and at least twelve months from the date of approval of these condensed consolidated interim financial statements. Accordingly, the condensed consolidated interim financial statements are prepared on a going concern basis.

2. Principal accounting policies

As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with the policies in the Group's financial statements for the 53 weeks ended 30 June 2024. These are consistent with IFRS, as issued by the International Accounting Standards Board and adopted by the UK Endorsement Board for use in the United Kingdom. There are no new standards, amendments to existing standards or interpretations that are effective for the first time in the period ended 29 December 2024 that have a material impact on the Group's results.

3. Segmental Analysis

The Group's operating segments under IFRS 8 have been determined based on management accounts reports reviewed by the Group Leadership Team. Segment performance is assessed based upon brand contribution. Brand contribution is defined as underlying EBITDA (being earnings before interest, tax, depreciation, amortisation and non-underlying items) excluding property costs and central administration costs.

The Group reviews and manages the performance of its operations on a retail brand basis, and the identified reportable segments and the nature of their business activities are as follows:

DFS:	the retailing of upholstered furniture and related products through DFS branded stores and websites.
Sofology:	the retailing of upholstered furniture and related products through Sofology branded stores and website.
Other:	the manufacture of upholstered furniture and the supply of contract logistics.

3. Segmental analysis (continued)

Segment revenue - continuing operations

	External gross sales			Internal sales			Total gross sales		
	26 weeks to 29 December 2024	26 weeks to 24 December 2023	53 weeks to 30 June 2024	26 weeks to 29 December 2024	26 weeks to 24 December 2023	53 weeks to 30 June 2024	26 weeks to 29 December 2024	26 weeks to 24 December 2023	53 weeks to 30 June 2024
	£m	£m	£m	£m	£m	£m	£m	£m	£m
DFS	523.1	525.6	1,047.0	-	-	-	523.1	525.6	1,047.0
Sofology	152.5	140.6	264.8	-	-	-	152.5	140.6	264.8
Other segments	-	-	-	98.2	102.0	198.2	98.2	102.0	198.2
Eliminations	-	-	-	(98.2)	(102.0)	(198.2)	(98.2)	(102.0)	(198.2)
Gross sales	675.6	666.2	1,311.8	-	-	-	675.6	666.2	1,311.8

	26 weeks to 29 December 2024 £m	26 weeks to 24 December 2023 £m	53 weeks to 30 June 2024 £m
Total segments gross sales	675.6	666.2	1,311.8
Less: value added and other sales taxes	(106.8)	(105.3)	(207.3)
Less: costs of interest free credit and aftercare services	(64.3)	(55.8)	(117.4)
Revenue	504.5	505.1	987.1
Of which:			
Furniture sales	477.8	466.6	935.1
Sales of aftercare products	26.7	38.5	52.0
Revenue	504.5	505.1	987.1

Segment profit - continuing operations

26 weeks to 29 December 2024 - continuing operations	DFS £m	Sofology £m	Other £m	Eliminations £m	Total £m
Revenue	389.8	114.7	98.2	(98.2)	504.5
Cost of sales	(184.4)	(49.5)	(25.9)	41.6	(218.2)
Gross profit	205.4	65.2	72.3	(56.6)	286.3
Selling and distribution costs (excluding property costs)	(113.9)	(29.1)	(54.5)	41.9	(155.6)
Brand contribution (segment profit)	91.5	36.1	17.8	(14.7)	130.7
Property costs					(15.2)
Underlying administrative expenses					(34.6)
Underlying EBITDA					80.9

26 weeks to 24 December 2023 - continuing operations	DFS £m	Sofology £m	Other £m	Eliminations £m	Total £m
Revenue	397.0	108.1	102.0	(102.0)	505.1
Cost of sales	(190.2)	(49.3)	(27.4)	44.8	(222.1)
Gross profit	206.8	58.8	74.6	(57.2)	283.0
Selling and distribution costs (excluding property costs)	(113.1)	(29.9)	(59.0)	41.9	(160.1)
Brand contribution (segment profit)	93.7	28.9	15.6	(15.3)	122.9
Property costs					(15.1)
Underlying administrative expenses					(34.3)
Underlying EBITDA					73.5

3. Segmental analysis (continued)

53 weeks to 30 June 2024 - continuing operations	DFS £m	Sofology £m	Other £m	Eliminations £m	Total £m
Revenue	786.5	200.6	198.2	(198.2)	987.1
Cost of sales	(376.0)	(90.5)	(56.1)	86.3	(436.3)
Gross profit	410.5	110.1	142.1	(111.9)	550.8
Selling and distribution costs (excluding property costs)	(224.3)	(58.8)	(114.1)	81.3	(315.9)
Brand contribution (segment profit)	186.2	51.3	28.0	(30.6)	234.9
Property costs					(27.0)
Underlying administrative expenses					(65.9)
Underlying EBITDA					142.0

	26 weeks to 29 December 2024 £m	26 weeks to 24 December 2023 £m	53 weeks to 30 June 2024 £m
Underlying EBITDA	80.9	73.5	142.0
Non-underlying operating profit items	(0.5)	(5.2)	(8.9)
Depreciation, amortisation & impairment	(44.3)	(45.5)	(91.8)
Operating profit	36.1	22.8	41.3
Net finance expense	(20.3)	(20.0)	(41.1)
Non-underlying finance expense	-	(1.9)	(1.9)
Profit/(loss) before tax	15.8	0.9	(1.7)

4. Operating profit - continuing operations

Group operating profit is stated after charging/(crediting):

	26 weeks to 29 December 2024 £m	26 weeks to 24 December 2023 £m	53 weeks to 30 June 2024 £m
Net foreign exchange losses	0.2	0.5	0.8
Depreciation on tangible assets (including depreciation on right of use assets)	37.9	38.9	77.8
Amortisation of intangible assets	6.4	6.6	13.7
Impairments	-	-	0.3
Net gain on disposal of property, plant and equipment	(0.3)	(0.9)	-
Net loss/(gain) on disposal of right of use assets	0.1	(0.7)	(0.6)
Cost of inventories recognised as an expense	219.9	221.7	436.0
Release of provisions	-	(1.8)	(3.4)
Operating lease rentals	0.3	1.5	-
<i>Non-underlying items:</i>			
Restructuring costs	0.7	5.7	6.5
Land slippage costs	-	-	3.1
Release of lease guarantee provision	(0.2)	(0.5)	(0.7)
	0.5	5.2	8.9

Restructuring costs of £0.7m includes redundancy costs associated with further integrating Sofology into the Group. The release of the lease guarantee provision relates to the property provisions detailed in note 10.

5. Finance expense - continuing operations

	26 weeks to 29 December 2024 £m	26 weeks to 24 December 2023 £m	53 weeks to 30 June 2024 £m
Interest payable on senior revolving credit facility	5.4	6.3	12.6
Interest payable on senior secured notes	2.1	1.3	3.5
Bank fees	0.6	0.3	0.4
Unwind of discount on provisions	-	0.1	0.2
Interest on lease liabilities	12.5	12.3	24.8
Total underlying finance expense	20.6	20.3	41.5
Non-underlying items:			
Refinancing costs	-	1.9	1.9
Total finance expense	20.6	22.2	43.4

Non-underlying finance costs of £1.9m relate to the refinancing of the Group's credit facilities in September 2023. This includes the write off of unamortised underwriting fees associated with the old revolving credit facility and professional fees incurred in relation to the arrangement of the new revolving credit facility and senior secured loan notes.

6. Taxation

The tax charge recognised in the interim financial statements has been calculated on the basis of the expected effective tax rate for the 52 weeks to 29 June 2025 of 25.0% (53 weeks to 30 June 2024: 24.0%).

7. Earnings per share

	26 weeks to 29 December 2024 pence	26 weeks to 24 December 2023 pence	53 weeks to 30 June 2024 pence
Basic earnings/(loss) per share			
- from continuing operations	5.1	0.2	(2.0)
- from discontinued operations	-	-	0.1
Total basic earnings per share	5.1	0.2	(1.9)
Diluted earnings/(loss) per share			
- from continuing operations	5.1	0.2	(2.0)
- from discontinued operations	-	-	0.1
Total diluted earnings per share	5.1	0.2	(1.9)

	26 weeks to 29 December 2024 £m	26 weeks to 24 December 2023 £m	53 weeks to 30 June 2024 £m
Profit/(loss) attributable to equity holders of the parent company			
- from continuing operations	11.8	0.6	(4.7)
- from discontinued operations	-	-	0.3
	11.8	0.6	(4.4)

	26 weeks to 29 December 2024 No.	26 weeks to 24 December 2023 No.	53 weeks to 30 June 2024 No.
Weighted average number of shares for basic earnings per share	230,840,654	230,565,203	230,566,306
Dilutive effect of employee share based payment awards	1,124,397	823,593	-
Weighted average number of shares for diluted earnings per share	231,965,051	231,388,796	230,566,306

7. Earnings per share (continued)

Underlying earnings per share

Underlying basic earnings per share and underlying diluted earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent company, as adjusted to exclude the effect of non-underlying items, by the same weighted average numbers of ordinary shares above used for basic and diluted earnings per share respectively.

	26 weeks to 29 December 2024 £m	26 weeks to 24 December 2023 £m	53 weeks to 30 June 2024 £m
Continuing operations			
Profit/(loss) attributable to equity holders of the parent company	11.8	0.6	(4.7)
Non-underlying items loss after tax	0.4	5.9	8.1
Underlying profit attributable to equity holders of the parent company	12.2	6.5	3.4
Discontinued operations			
Profit attributable to equity holders of the parent company	-	-	0.3
Non-underlying items (profit)/loss after tax	-	-	(0.3)
Underlying profit attributable to equity holders of the parent company	-	-	-

	26 weeks to 29 December 2024 pence	26 weeks to 24 December 2023 pence	53 weeks to 30 June 2024 pence
Underlying basic earnings per share			
- from continuing operations	5.3	2.8	1.5
- from discontinued operations	-	-	-
Total underlying basic earnings per share	5.3	2.8	1.5
Underlying diluted earnings per share			
- from continuing operations	5.3	2.8	1.5
- from discontinued operations	-	-	-
Total underlying diluted earnings per share	5.3	2.8	1.5

8. Dividends

No dividends were recognised or paid during the current period. The following dividends were recognised and paid during previous reporting periods:

	Pence per ordinary share	26 weeks to 29 December 2024 £m	26 weeks to 24 December 2023 £m	53 weeks to 30 June 2024 £m
Final ordinary dividend for FY23	3.0p	-	6.9	6.9
Interim ordinary dividend FY24	1.1p	-	-	2.5
		-	6.9	9.4

The Directors do not recommend the payment of an interim dividend for the period ending 29 June 2025. No final ordinary dividend was paid in respect of the financial period ended 30 June 2024.

9. Capital asset movements

	Property, plant and equipment £m	Right of use asset £m	Intangible assets £m
Net book value as at 30 June 2024	83.8	315.0	532.9
Additions	5.4	4.1	5.0
Remeasurements	-	5.9	-
Disposals	(0.2)	(0.1)	-
Depreciation, amortisation and impairment	(9.3)	(28.6)	(6.4)
Net book value as at 29 December 2024	79.7	296.3	531.5

	Property, plant and equipment £m	Right of use asset £m	Intangible assets £m
Net book value as at 25 June 2023	97.4	312.6	536.7
Additions	8.3	20.7	6.4
Remeasurements	-	13.5	-
Disposals	(1.9)	(0.4)	(0.1)
Depreciation, amortisation and impairment	(11.3)	(27.6)	(6.6)
Net book value as at 24 December 2023	92.5	318.8	536.4

In accordance with IAS 36, the Directors have considered both internal and external factors for indicators of impairment. No such indicators were identified.

10. Provisions

	Guarantee provision £m	Property provisions £m	Other provisions £m	Total £m
Balance at 30 June 2024	6.9	7.5	0.9	15.3
Provisions made during the period	1.2	0.6	0.1	1.9
Provisions used during the period	(1.7)	(0.7)	(0.1)	(2.5)
Released during the period	-	(0.2)	-	(0.2)
Balance at 29 December 2024	6.4	7.2	0.9	14.5
Current	5.4	5.7	0.6	11.7
Non-current	1.0	1.5	0.3	2.8
	6.4	7.2	0.9	14.5

	Guarantee provision £m	Property provisions £m	Other provisions £m	Total £m
Balance at 25 June 2023	7.5	4.6	1.0	13.1
Provisions made during the period	1.2	0.4	3.6	5.2
Provisions used during the period	-	(0.1)	(3.1)	(3.2)
Released during the period	(1.4)	(0.4)	-	(1.8)
Balance at 24 December 2023	7.3	4.5	1.5	13.3
Current	5.0	0.5	1.2	6.7
Non-current	2.3	4.0	0.3	6.6
	7.3	4.5	1.5	13.3

The Group offers a long-term guarantee on its upholstery products and in accordance with accounting standards a provision is maintained for the expected future cost of fulfilling these guarantees on products which have been delivered before the reporting date. In calculating this provision the key areas of estimation are the number of future claims, average cost per claim and the expected period over which claims will arise (nearly all claims arise within two years of delivery).

Property provisions relate to potential obligations under lease guarantees offered to former subsidiary companies, the majority of which expire in 2025, and wear and tear costs for Group properties based on anticipated lease expiries and renewals, which will predominantly be utilised more than five years from the reporting date, and a provision for the best estimate of the costs of rectification of an area of land slippage at one of the Group's manufacturing facilities.

Other provisions relate to insurance and legacy costs associated with the exit of international markets.

11. Net debt

	30 June 2024	Cash flow	Other non-cash	29 December 2024
	£m	£m	changes	£m
			£m	
Cash in hand, at bank	26.8	(4.4)	-	22.4
Bank overdraft	(2.6)	(9.5)	-	(12.1)
Cash and cash equivalents	24.2	(13.9)	-	10.3
Senior revolving credit facility	(137.4)	62.0	(0.3)	(75.7)
Senior secured notes	(50.0)	-	-	(50.0)
Lease liabilities	(401.7)	46.6	(22.3)	(377.4)
Total net debt	(564.9)	94.7	(22.6)	(492.8)

	25 June 2023	Cash flow	Other non-cash	24 December 2023
	£m	£m	changes	£m
			£m	
Cash in hand, at bank	26.7	(13.0)	-	13.7
Bank overdraft	-	(3.6)	-	(3.6)
Cash and cash equivalents	26.7	(16.6)	-	10.1
Senior revolving credit facility	(165.8)	23.0	50.7	(92.1)
Senior secured credit facility	-	-	(50.0)	(50.0)
Lease liabilities	(411.4)	31.1	(33.4)	(413.7)
Total net debt	(550.5)	37.5	(32.7)	(545.7)

12. Alternative performance measures

In reporting the Group's financial performance, the Directors make use of a number of alternative performance measures ("APMs") in addition to those defined or specified under UK adopted International Financial Reporting Standards ("IFRS").

The Directors consider that these APMs provide useful additional information to support understanding of underlying trends and business performance. In particular, APMs enhance the comparability of information between reporting periods by adjusting for non-underlying items. APMs are therefore used by the Group's Directors and management for internal performance analysis, planning and incentive setting purposes in addition to external communication of the Group's financial results.

In order to facilitate understanding of the APMs used by the Group, and their relationship to reported IFRS measures, definitions and numerical reconciliations are set out below.

Definitions of APMs may vary from business to business and accordingly the Group's APMs may not be directly comparable to similar APMs reported by other entities.

APM glossary and definitions

APM	Definition	Rationale
Gross sales	Amounts payable by external customers for goods and services supplied by the Group, including the cost of interest free credit and aftercare services (for which the Group acts as an agent), delivery charges and value added and other sales taxes.	Key measure of overall sales performance which unlike IFRS revenue is not affected by the extent to which customers take up the Group's interest free credit offering.
Brand contribution	Gross profit less selling and distribution costs, excluding property and administration costs.	Measure of brand-controllable profit as it excludes shared Group costs.
Adjusted EBITDA	Earnings before interest, taxation, depreciation and amortisation adjusted to exclude impairments.	A commonly used profit measure.
Non-underlying items	Items that are material in size, unusual or non-recurring in nature which the Directors believe are not indicative of the Group's underlying performance.	Clear and separate identification of such items facilitates understanding of underlying trading performance.
Underlying EBITDA	Earnings before interest, taxation, depreciation and amortisation from continuing operations, adjusted to exclude impairments and non-underlying items.	Profit measure reflecting underlying trading performance.

12. Alternative performance measures (continued)

Underlying profit before tax and brand amortisation PBT(A)	Profit before tax from continuing operations adjusted for non-underlying items and amortisation associated with the acquired brands of Sofology and Dwell.	Profit measure widely used by investors and analysts.
Underlying earnings per share	Post-tax earnings per share from continuing operations as adjusted for non-underlying items.	Exclusion of non-underlying items facilitates year on year comparisons of the key investor measure of earnings per share.
Net bank debt	Balance drawn down on interest-bearing loans, with unamortised issue costs added back, less cash and cash equivalents (including bank overdrafts).	Measure of the Group's cash indebtedness which supports assessment of available liquidity and cash flow generation in the reporting period.
Cash EBITDA	Net cash from operating activities before tax, less movements on working capital and provisions balances and payments made under lease obligations, adding back non-underlying items before tax.	Measure of the non-underlying operating cash generation of the business, normalised to reflect timing differences in working capital movements.
Underlying free cash flow to equity holders	The change in net bank debt for the period after adding back dividends, acquisition related consideration, shared based transactions and non-underlying cash flows.	Measure of the underlying cash return generated for shareholders in the period and a key financial target for Executive Director remuneration.
Leverage (gearing)	The ratio of period end net bank debt to cash EBITDA for the previous twelve months.	Key measure which indicates the relative level of borrowing to operating cash generation, widely used by investors and analysts.
Underlying return on capital employed (underlying ROCE)	Underlying post-tax operating profit from continuing activities, expressed as a percentage of the sum of: property, plant & equipment, computer software, right of use assets and working capital.	Represents the post-tax return the Group achieves on the investment it has made in its business.
LTM Dec-23	Last twelve months/52 weeks ended 24 December 2023 (unaudited, pro forma period).	Certain KPIs (e.g. Leverage) are only meaningful when assessed on a full year basis.
LTM Dec-24	Last twelve months/52 weeks ended 29 December 2024 (unaudited, pro forma period).	Certain KPIs (e.g. Leverage) are only meaningful when assessed on a full year basis.

12. Alternative performance measures (continued)

Reconciliations to IFRS measures

EBITDA	H1 FY25	H1 FY24	FY24
	£m	£m	£m
Operating profit from continuing operations	36.1	22.8	41.3
Depreciation	37.9	38.9	77.8
Amortisation	6.4	6.6	13.7
Impairments	-	-	0.3
EBITDA from continuing operations	80.4	68.3	133.1

Underlying EBITDA	H1 FY25	H1 FY24	FY24
	£m	£m	£m
EBITDA from continuing operations	80.4	68.3	133.1
Non-underlying operating items	0.5	5.2	8.9
Underlying EBITDA from continuing operations	80.9	73.5	142.0

Underlying profit before tax and brand amortisation – PBT(A)	H1 FY25	H1 FY24	FY24
	£m	£m	£m
Profit/(loss) before tax from continuing operations	15.8	0.9	(1.7)
Non-underlying items	0.5	7.1	10.8
Amortisation of brand names	0.7	0.7	1.4
Underlying profit before tax and brand amortisation	17.0	8.7	10.5

Net bank debt	H1 FY25	H1 FY24	FY24
	£m	£m	£m
Interest bearing loans and borrowings	125.7	142.1	187.4
Unamortised issue costs	1.3	1.9	1.6
Cash and cash equivalents (including bank overdraft)	(10.3)	(10.1)	(24.2)
Net bank debt	116.7	133.9	164.8

Movement in net bank debt	H1 FY25	H1 FY24	FY24
	£m	£m	£m
Closing net bank debt	(116.7)	(133.9)	(164.8)
Less: Opening net bank debt	164.8	140.3	140.3
Movement in net bank debt	48.1	6.4	(24.5)

12. Alternative performance measures (continued)

Underlying free cash flow to equity holders	H1 FY25 £m	H1 FY24 £m	FY24 £m
Movement in net bank debt	48.1	6.4	(24.5)
Dividends	-	-	9.4
Non-underlying cash items included in cash flow statement	0.1	4.2	5.1
Underlying free cash flow to equity holders	48.2	10.6	(10.0)
Exclude:			
Working capital (inflow)/outflow	(28.9)	(4.7)	17.8
Operating result from discontinued operations	-	-	(0.3)
Underlying free cash flow to equity holders excluding operating result from discontinued operations and working capital outflow	19.3	5.9	7.5

Leverage	LTM Dec-24 £m	LTM Dec-23 £m	FY24 £m
Net bank debt (A)	116.7	133.9	164.8
Net cash from operating activities before tax	156.1	136.3	118.9
Add back:			
Pre-tax non-underlying items	4.2	3.2	10.5
Less:			
Movement in trade and other receivables	1.8	(10.7)	0.9
Movement in inventories	7.0	(4.4)	3.2
Movement in trade and other payables	(14.0)	35.5	15.9
Movement in provisions	(1.2)	5.0	(2.2)
Payment of lease liabilities	(70.6)	(57.3)	(67.6)
Payment of interest on leases	(24.9)	(24.1)	(24.8)
Cash EBITDA (B)	58.4	83.5	54.8
Leverage (A/B)	2.0x	1.6x	3.0x
IAS 17 bank covenant difference	(0.4x)	-	(0.5x)
Bank leverage	1.6x	1.6x	2.5x

LTM Dec-24 and FY24 cash EBITDA is materially different from bank covenant IAS 17-based EBITDA due to timing of rent payments included within payment of lease liabilities and interest on leases.

Underlying return on capital employed from continuing operations	LTM Dec-24 £m	LTM Dec-23 £m	FY24 £m
Operating profit from continuing operations	54.6	63.8	41.3
Non-underlying operating items	4.2	5.1	8.9
Pre-tax return	58.8	68.9	50.2
Effective tax rate	28.0%	23.1%	25.0%
Tax adjusted return (A)	42.3	53.0	37.7
Property, plant and equipment	79.7	92.5	83.8
ROU assets	296.3	318.8	315.0
Computer software	18.9	22.4	19.6
	394.9	433.7	418.4
Inventories	59.1	52.1	59.0
Trade receivables	7.0	5.6	6.7
Prepayments	4.6	4.4	4.0
Accrued income	0.2	0.2	0.1
Other receivables	0.5	0.3	1.2
Payments received on account	(48.6)	(28.4)	(40.9)
Trade payables	(110.8)	(109.4)	(100.4)
Working capital	(88.0)	(75.2)	(70.3)
Total capital employed (B)	306.9	358.5	348.1
Underlying ROCE from continuing operations (A/B)	13.8%	14.8%	10.8%

This interim report, the full text of the Stock Exchange announcement and the results presentation can be found on the Company's website at www.dfscorporate.co.uk

This interim report contains statements that constitute forward-looking statements relating to the business, financial performance and results of the Company and the industry in which the Company operates. These statements may be identified by words such as "may", "will", "shall", "anticipate", "believe", "intend", "project", "goal", "expectation", "belief", "estimate", "plan", "target", or "forecast" and similar expressions for the negative thereof; or by forward-looking nature of discussions of strategy, plans or intentions; or by their context. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. All statements regarding the future are subject to inherent risks and uncertainties and various factors that would cause actual future results, performance or events to differ materially from those described or implied in these statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate and neither the Company nor any other person accepts any responsibility for the accuracy of the opinions expressed in this interim report or the underlying assumptions. Past performance is not an indication of future results and past performance should not be taken as a representation that trends or activities underlying past performance will continue in the future. The forward-looking statements in this interim report speak only as at the date of this interim report and the Company expressly disclaims any obligation or undertaking to release any updates or revisions to these forward-looking statements to reflect any change in the Company's expectations in regard thereto or any change in events, conditions or circumstances on which any statement is based after the date of this interim report or to update or to keep current any other information contained in this interim report or to provide any additional information in relation to such forward-looking statements. Undue reliance should not therefore be placed on such forward-looking statements.