Card Factory PLC (“Card Factory” or the “Group”)

Interim Results for the six months ended 31 July 2019

Continued sales growth - special dividend maintained

Card Factory, the UK’s leading specialist retailer of greeting cards, dressings and gifts, announces its interim results for the six months ended 31 July 2019.

Highlights

Financial Metrics	**H1 FY20**	**H1 FY19** *Restated*	**Change**
Revenue	£195.6m	£185.3m	5.5%
Card Factory like-for-like sales (i)	1.5%	(0.2%)	1.7 ppts
Underlying profit before tax (i)	£22.0m	£23.9m	(7.9%)
Profit before tax	£24.3m	£28.4m	(14.4%)
Underlying basic EPS (i)	5.2 pence	5.6 pence	(7.1%)
Basic EPS	5.7 pence	6.7 pence	(14.9%)
Leverage (pre-IFRS 16 *Leases*) (i) (ii)	1.93 x	1.76 x	

Adjusted Financial Metrics (iii) **excl. accounting for IFRS 16 *Leases***	**H1 FY20**	**H1 FY19**	**Change**
Adjusted Underlying EBITDA (i)	£28.7m	£29.9m	(4.0%)
Adjusted Underlying profit before tax (i)	£21.1m	£22.7m	(7.0%)
Adjusted profit before tax	£23.4m	£27.2m	(14.0%)
Adjusted Underlying basic EPS (i)	5.0 pence	5.3 pence	(5.7%)
Adjusted basic EPS	5.5 pence	6.4 pence	(14.1%)

Notes to table above:

i. See explanatory Note 2 "Alternative Performance Measures" for further information and definitions.
ii. Leverage is calculated as the ratio of Net Debt to Adjusted Underlying EBITDA for the previous 12 months, both measures defined as excluding the impact of accounting under IFRS 16 *Leases*; this definition provides consistency with the Group’s Capital Policy and with the terms of its borrowing arrangements.
iii. Adjusted financial metrics, which exclude the impact of the transition to IFRS 16 *Leases*, have been provided – for further information see note 18 to the interim financial statements.

Robust sales performance

- Overall Card Factory like-for-like sales growth of 1.5%
- 1.2% increase in store like-for-like sales, outperforming reported negative high street footfall
- Cardfactory.co.uk sales grew by 25% with strong performance against external and internal KPIs
- 26 net new stores opened, driving additional revenue growth

Industry leading margin performance despite increased headwinds

- Underlying EBITDA margin impacted by the additional cost of holding increased stock levels (for Brexit contingency planning, investment in new lines and the acceleration of seasonal buying) in addition to increases in the National Living Wage
- First half investment in supply chain, operations and property management business efficiencies to deliver expected savings in the second half of FY20
- The continued increase in the proportion of card payments improves customer experience but, coupled with merchant fee increases, leads to an increase in costs

- We have invested in the capability and capacity of our online team ahead of new web platform launch and increased range

Leveraging data and improved space utilisation driving increased average spend across card and non-card

- EPOS data utilised to identify individual card performance and target areas of redesign resulting in an improved performance of Everyday ranges
- Customers responding well to new ranges with record Valentine's Day and Mother's Day performances in terms of both volume and value
- Focus on customer experience and better utilisation of space via range review and new fixtures in store

Continuing returns to shareholders – £344.3m of dividends will have been paid since IPO

- Interim dividend of 2.9 pence (FY19: 2.9 pence)
- Special dividend of 5.0 pence per share (FY19: 5.0 pence), an additional return of £17.1m to shareholders; consistent with our capital policy

New retail partnerships extending Card Factory's market share in the UK and overseas

- Following a successful trial across over 130 stores, we now have an agreement with Aldi to supply half of their UK estate, totalling 440 stores, from November 2019
- Exclusive partnership with the largest greeting cards retailer in Australia - "The Reject Shop" - to supply all of their 360 stores with Card Factory branded cards from January 2020
- Branded concessions being trialled in 15 Matalan stores
- Two new franchise stores opened in Guernsey and Gibraltar, adding to Jersey opened in FY19

Outlook: well established as the clear market leader and growing market share

- Underlying card market remains resilient despite continuing weaker consumer confidence
- Strong pipeline of new store opportunities – on track to deliver approximately 50 net new UK and Republic of Ireland openings by the year end
- Currently in discussion with a number of other potential retail partners in the UK and overseas
- Continued investment in vertical supply chain delivering margin improvements
- New strategy underway to improve performance at Getting Personal
- The Board expects FY20 Adjusted Underlying EBITDA to be in line with market expectations

Karen Hubbard, Chief Executive Officer, commented:

"We have delivered a satisfactory sales performance in the first half of the year. A strong seasonal performance, which saw another year of record sales for both Valentine's Day and Mother's Day, was achieved against the backdrop of an increasingly challenging UK high street environment and consequent weaker footfall. The successful seasonal trading, combined with more sophisticated use of data and improvements to our customer experience, gives us confidence for the key Christmas trading period ahead.

We are pleased with the progress made on the strategic initiatives that are underway. These include using consumer insight to develop our customer proposition across all channels and a number of commercial partnerships. Maintaining a sharp focus on the execution of these various initiatives is a key priority for the senior leadership team.

Although the current economic uncertainty continues to impact consumer confidence, we remain positive about the resilience of the card market, the strength of the Card Factory business model, and our growth opportunities for the business over the medium term."

Interim results presentation

A presentation for analysts will be held today starting at 10.30am at UBS Limited, 5 Broadgate, London EC2M 2QS. If you would like to register for attendance then please contact Elizabeth Snow at Tulchan Communications on +44 (0) 207 353 4200 or cardfactory@tulchangroup.com.

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Chief Executive's Report

Overview

Card Factory had a good first half to the financial year, generating growth in total revenue despite a challenging consumer environment. Overall sales growth was delivered through a return to like-for-like sales growth, with another strong performance for Valentine's Day and Mother's Day, 26 net new store openings and also sales growth from Cardfactory.co.uk.

Our margins remain strong and, whilst we have seen some impact from National Living Wage and the additional cost of holding increased stock levels (for Brexit contingency planning, investment in new lines and the acceleration of seasonal buying), we remain on track to deliver another year of business efficiencies.

We continue to generate cash, allowing us to return £17.1m of surplus cash to shareholders via a special dividend, the fifth such distribution we will have made since IPO in May 2014.

The underlying card market remains large and resilient with Card Factory well established as the clear market leader and further growing market share in the year. We have a clear strategy underpinned by four pillars of growth, whilst also seeking new markets and opportunities to partner with other retailers.

Our progress in relation to each of the four strategic pillars is summarised below:

1. Continue to grow like-for-like sales

We have made good use of our EPOS data, which has allowed us to better identify underperforming ranges and to focus our industry leading design teams and target areas of redesign. The redesigned ranges have performed well, with customers responding positively to these, as reflected in yet another year of record sales from our Valentine's Day and Mother's Day seasonal ranges, giving us confidence in the prospective performance of sales in the key Christmas period. We will continue to leverage this data insight throughout the year and ahead of key seasons.

Average spend has increased further, driven by continuing improvements to the quality and range of both card and complementary non-card products, coupled with better utilisation of space via range review and new fixtures in store.

Like-for-like sales performance for our store network was +1.2% (H1 FY19: -0.7%) with consistently strong growth in average spend. Like-for-like sales for Card Factory as a whole was +1.5% (H1 FY19: -0.2%) due to growth of c. 25% from the Cardfactory.co.uk website.

2. Continue to roll out profitable new stores

In the first half we opened 26 net new UK stores (H1 FY19: 25) bringing the total UK estate to 991 stores as at 31 July 2019, plus an additional seven stores in the Republic of Ireland. The contribution to overall Group revenue growth from net new store openings was up slightly on the first half last year.

The agility of our portfolio management remains a priority and we remain on track to deliver approximately 50 net new stores across the UK and the Republic of Ireland.

3. Continue to focus on delivering business improvements and efficiencies

We continue to deliver on our ongoing programme of business efficiencies as part of our strategy to uphold best-in-class margins, whilst maintaining value for our customers by holding key value price points.

The decrease in adjusted Underlying EBITDA margin to 14.7% (H1 FY19: 16.1%) largely reflects the costs associated with holding increased stock levels (for Brexit contingency planning, investment in new lines and the acceleration of seasonal buying) for a prolonged period and the impact of National Living Wage. Other areas of cost headwinds include increased debit/credit card charges as a result of customers' shift towards card payment and fee increases. Margins have also been impacted as a result of investment in the online team ahead of the launch of a new website and range enlargement.

Key targeted efficiencies remain on track, including improving vertical integration, supply chain development and store productivity with further initiatives planned. Other efficiencies include rent reductions, improved buying terms and loss prevention.

Looking forward, there is significant potential risk from further sterling weakness, however any short-term impact is managed via the Group's hedging policy and we are fully hedged for FY20.

4. Increase penetration of the complementary online market

Cardfactory.co.uk grew by 25% in the six months ended 31 July 2019, against a strong like-for-like performance in the first half of the previous year (H1 FY19: 85%). This was due to a strategy which focused on broadening card, gift and party ranges to help customers celebrate life moments. Product newness is resonating well with customers as evidenced by a marked improvement in customer conversion and basket spend. The Cardfactory.co.uk "Get it right first time" initiative has led to the business being awarded Feefo Trusted Service status, which is awarded based on customer trust and in recognition of outstanding customer service.

We continue to broaden the awareness of the site among existing customers by improving visibility of our multi-channel offering, including a POS campaign across our store estate. In addition, we continue to optimise our online search rankings.

We continue to focus on delivering strong sales growth in the second half of the current financial year, whilst investing in our future success with the launch of our new platform and website later this year.

The trading of gettingpersonal.co.uk remains challenging, with lower visitor numbers, partly due to changes being made to Google algorithms and the continuing challenge of increased price competition and rising costs of customer acquisition impacting the business. Year-on-year sales were down 10.4% (H1 FY19: down 8.5%). There are a number of developments in terms of the website, including a major restyling of the brand and imagery as we continue to target the more premium customer. In addition, we have increased our marketing activity via social media channels and have further enhanced our international offering.

New retail partners

We have signed a number of new retail partner agreements which extend Card Factory's market penetration in the UK and overseas.

We initially trialled 12 stores with Aldi, with this trial being subsequently extended to over 130 stores for a nine-month period. During the trial, we have seen no evidence of cannibalisation to existing stores and we have now agreed a one-year rolling agreement with Aldi to supply half of their UK estate, currently totaling 440 stores. This represents a new impulse purchase sales channel for the Group, commencing in November 2019.

Following a seven-month trial, we have also now agreed a five-year exclusive partnership with "The Reject Shop", the largest greeting cards retailer in Australia, starting next year. This will see Card Factory replace The Reject Shop's existing greeting card provider and supply all of their 360 stores with Card Factory branded cards. During the trial phase, The Reject Shop saw a marked increase in their greeting card sales with the Card Factory ranges resonating well with their customers.

In addition, we are currently trialling branded concessions in 15 Matalan stores, covering a range of location types and our footprint has been further extended by opening two new Franchise stores, in Guernsey and Gibraltar, adding to the Jersey store opened last year.

We remain focused on pursuing other new growth opportunities and retail partnerships and we are currently in discussion with a number of other potential retail partners in the UK and overseas, with each to be assessed over the coming months.

Investment for the future

Our focus in the medium term will be on continuing to deliver on our four strategic pillars and to assess customer and market data to develop and evolve our product offering for customers.

We continue to invest in our vertically integrated supply chain across the business to strengthen our ability to grow market share and both revenue and profit, improve our best in class margins and to increase barriers to potential new market entrants. Such investments include faster printing presses and other technologies, which reduce the volume of materials and labour used in our production processes. We will also continue to invest in our systems, infrastructure and people to underpin the Group's ability to realise its full growth potential.

In store, we continue to see an increase in the proportion of customers using contactless card payment, and we have reduced store colleague tasks with improved order replenishment, and revised delivery layouts to stores, as well as automating the time and attendance system and hours management. These improvements will enable our store colleagues to serve our customers more effectively and ultimately help to optimise sales.

We also continue to invest in our two online propositions. We will be relaunching the Cardfactory.co.uk business on a new platform with full omnichannel capability and the gettingpersonal.co.uk business has seen a full brand refresh.

Resilient card market

The underlying card market remains large and resilient, with Card Factory well established as the clear market leader and further growing market share in the year. We continue to invest in our vertical supply chain to improve our margins, increase our agility and further increase our substantial barriers to entry built over the past decade to increase our current strategic advantage. We monitor and remain vigilant to the competition from card and non-card retailers and will continue to adapt and evolve our proposition to changes in the market; driven by improved market and customer insight.

Outlook

We believe we have the right ranges and products to deliver a good performance in the critical forthcoming key Q4 trading period, which will have a significant impact on the outturn for the full year. We remain cognisant of the ongoing economic and political uncertainty and weak consumer confidence but we are focused on our key strategic priorities to achieve growth and operate efficiently. The Board expects FY20 Adjusted Underlying EBITDA to be in line with market expectations.

We remain as convinced as ever of the strong growth prospects for the core business and for the new channels of growth in the UK and International with other retail business partners.

Karen Hubbard
Chief Executive Officer
24 September 2019

Financial Review

We are pleased to report a good first half of the year and we were particularly encouraged by the growth in like-for-like sales which was achieved despite the decline in footfall.

Revenue

Total revenue during the period grew by 5.5% to £195.6m (H1 FY19: £185.3m):

	H1 FY20 £'m	H1 FY19 £'m	Increase / (Decrease)
Card Factory	189.6	178.6	6.2%
Getting Personal	6.0	6.7	(10.4%)
Group	**195.6**	**185.3**	**5.5%**

Growth in like-for-like sales by retail channel, calculated on a calendar week basis, can be broken down as follows:

	H1 FY20	H1 FY19
Card Factory stores	1.2%	(0.7%)
Card Factory online	24.8%	84.6%
Card Factory combined	**1.5%**	**(0.2%)**
Getting Personal	(10.4%)	(8.5%)
Total online combined	**(2.0%)**	**1.9%**

Underlying operating costs

Underlying cost of sales and operating expenses continue to be a key focus and are broken down as follows:

H1 FY20	Pre-IFRS16 £'m	Impact of IFRS16 £'m	H1 FY20 £'m	H1 FY20 % of revenue	%(Increase) / Decrease	£ (Increase) / Decrease
Cost of goods sold	63.5	-	63.5	32.5%	(0.4 ppts)	(6.7%)
Store wages	39.9	-	39.9	20.4%	(1.1 ppts)	(11.5%)
Store property costs	34.6	(21.6)	13.0	6.6%	0.2 ppts	(2.9%)
Other direct expenses	10.6	-	10.6	5.4%	(0.2 ppts)	(11.6%)
Underlying cost of sales	**148.6**	**(21.6)**	**127.0**	**64.9%**	**(1.5 ppts)**	**(8.1%)**
Operating expenses*	18.3	(0.5)	17.8	9.1%	(0.3 ppts)	(7.9%)
Depreciation & amortisation	5.5	19.1	24.6	12.6%	0.1 ppts	(5.1%)
Total operating expenses	**23.8**	**18.6**	**42.4**	**21.7%**	**(0.1 ppts)**	**(6.2%)**

H1 FY19	Pre-IFRS16 £'m	Impact of IFRS16 £'m	H1 FY19 *restated* £'m	H1 FY19 % of revenue
Cost of goods sold	59.5	-	59.5	32.1%
Store wages	35.8	-	35.8	19.3%
Store property costs	33.6	(21.0)	12.6	6.8%
Other direct expenses	9.5	-	9.5	5.2%
Underlying cost of sales	**138.4**	**(21.0)**	**117.4**	**63.4%**
Operating expenses*	17.0	(0.5)	16.5	8.9%
Depreciation & amortisation	5.4	18.0	23.4	12.6%
Total operating expenses	**22.4**	**17.5**	**39.9**	**21.5%**

*excluding depreciation and amortisation

The overall ratio of cost of sales to revenue increased to 64.9% on an Underlying basis (H1 FY19: 63.4%). The ratio increased to 76.0% on a pre-IFRS 16 Underlying basis (H1 FY19: 74.7%). The sub-category movements are explained as follows:

- **Cost of goods sold:** principally comprises cost of raw materials, production costs, finished goods purchased from third party suppliers, import duty, freight and carriage costs and warehouse wages. The small increase in the cost ratio is principally timing of foreign exchange hedges and an element of online sales being at a lower margin.

- **Store wages:** includes wages and salaries for store based staff, together with bonuses, national insurance, pension contributions, overtime, holiday and sick pay. This cost has increased as expected as new stores have been opened and pay increases (reflecting National Living Wage) awarded. The increase in the cost ratio reflects these factors, with some mitigation as a result of steps taken to reduce tasks in store and to manage hours more effectively; many of these initiatives are planned for delivery in the second half of the year.

- **Store property costs:** Under IFRS 16 *Leases*, store rents are no longer included within cost of sales – see note 18 to the interim financial statements – leaving only business rates and service charges. The pre-IFRS 16 *Leases* total has increased in absolute terms as new stores have been opened but as a ratio of revenue it has reduced. This reflects the ongoing rent reductions that the Group has achieved on a like-for-like basis as we continue to target improvements in our overall rent roll as we reach break points or expiries on existing leases.

- **Other direct expenses:** includes electricity costs, store opening and utility costs, waste disposal, store maintenance, point of sale costs, bank charges and pay per click expenditure. This cost category is largely variable for existing stores and increases with new store openings. The ratio of other direct expenses has increased by 0.2 ppts to 5.4% (H1 FY19 5.2%) largely due to the additional cost of holding increased stock levels (for Brexit contingency planning, investment in new lines and the acceleration of seasonal buying) for a prolonged period, with a smaller element linked to debit/credit card transactions and increased merchant fees thereon.

Total operating expenses (excluding depreciation and amortisation) in the first half increased to £17.8m (H1 FY19: £16.5m). These costs include items such as head office salaries and remuneration, costs for regional and area managers, design studio costs and insurance, together with other central overheads and administration costs. This £1.3m increase in operating expenses reflects improved IT store support for EPOS, other IT projects, including distribution centre voice picking, and increased Card Factory online resource to underpin the Group's future growth.

Excluding IFRS 16 *Leases* right-of-use assets, depreciation and amortisation increased slightly from £5.4m to £5.5m. Including these right-of-use assets, total depreciation and amortisation increased from £23.4m to £24.6m.

Adjusted Underlying EBITDA

The Adjusted Underlying EBITDA margin of the Group decreased to 14.7% (H1 FY19: 16.1%), and can be broken down as follows:

	H1 FY20 £'m	H1 FY19 £'m	Increase/ (decrease)
Adjusted Underlying EBITDA			
Card Factory	29.0	29.4	(1.4%)
Getting Personal	(0.3)	0.5	(151.2%)
Group	**28.7**	**29.9**	**(4.0%)**
Adjusted Underlying EBITDA margin			
Card Factory	15.3%	16.5%	(1.2 ppts)
Getting Personal	(5.0%)	6.9%	(11.9 ppts)
Group	**14.7%**	**16.1%**	**(1.4 ppts)**

The reduction in Card Factory underlying EBITDA reflects the impact of increased storage costs due to increased stock holding, and National Living Wage. It also reflects the phasing of business efficiencies, which are weighted towards the second half of the year, and investment in IT support (of EPOS in the main), increasing debit/credit card usage costs, investment in strengthening our competitive position in the online channel and maintaining our low price points.

The reduction in Getting Personal underlying EBITDA is due to the 10.4% fall in sales and the rising cost of customer acquisition.

Net finance expense

Excluding IFRS 16 *Leases* interest charges, the underlying net financing expense increased to £2.1m (H1 FY19: £1.8m) due to higher average debt levels. Including IFRS 16 *Leases* interest charges, the underlying net financing expense increased to £4.2m (H1 FY19: £4.1m).

	Pre-IFRS16 £'m	**Impact of IFRS16 £'m**	**H1 FY20 £'m**	**Pre-IFRS16 £'m**	**Impact of IFRS16 £'m**	**H1 FY19 *restated* £'m**	**(Increase) /Decrease**
Finance expense							
Interest on loans	1.9	-	1.9	1.6	-	1.6	(18.8%)
Loan issue cost amortisation	0.1	-	0.1	0.1	-	0.1	-
Loss on interest rate derivatives	0.1	-	0.1	0.1	-	0.1	-
IFRS 16 *Leases* interest	-	2.1	2.1	-	2.3	2.3	8.7%
Total finance expense	**2.1**	**2.1**	**4.2**	**1.8**	**2.3**	**4.1**	**(2.4%)**
Net finance expense	**2.1**	**2.1**	**4.2**	**1.8**	**2.3**	**4.1**	**(2.4%)**

Profit before tax

As a consequence of the above factors, underlying profit before tax reduced by 7.9% to £22.0m (H1 FY19: £23.9m). Excluding the impact of IFRS 16 *Leases*, adjusted underlying profit before tax reduced by 7.0% to £21.1m (H1 FY19: £22.7m).

The table below reconciles underlying profit before tax to the statutory profit before tax:

	H1 FY20 £'m	**H1 FY19 £'m**	**Increase/ (Decrease)**
Underlying profit before tax	**22.0**	**23.9**	**(7.9%)**
Non-underlying items			
Cost of sales:			
Gain on foreign currency derivative financial instruments not designated as a hedge	2.3	4.5	
Profit before tax	**24.3**	**28.4**	**(14.4%)**

Taxation

The Group's expected Underlying effective tax rate of 19.7% (H1 FY19: 19.7%) remains close to the current headline rate of corporation tax.

Earnings per share

Basic earnings per share decreased by 14.9% to 5.7 pence (H1 FY19: 6.7 pence). After removing the impact of IFRS 16 *Leases*, Adjusted basic earnings per share decreased by 14.1% to 5.5 pence (H1 FY19: 6.4 pence).

Underlying basic earnings per share decreased by 7.1% to 5.2 pence (H1 FY19: 5.6 pence). After removing the impact of IFRS 16 *Leases*, Adjusted Underlying basic earnings per share decreased by 5.7% to 5.0 pence (H1 FY19: 5.3 pence).

Capital expenditure

Excluding IFRS 16 *Leases* right-of-use asset additions, capital expenditure was £9.8m (H1 FY19: £5.6m). This total comprised further investment in the business's vertically integrated supply chain, including the replacement of a digital printing press, investment in the new Cardfactory.co.uk platform and in new warehouse technology. As detailed in the most recent Annual Report and Accounts, we expect pre-IFRS 16 *Leases* capital expenditure to be c. £18m in the 12 months ending 31 January 2020.

Including IFRS 16 *Leases* right-of-use assets, capital expenditure was £26.2m (H1 FY19: £26.5m), reflecting the investments previously described plus the capitalisation of new operating lease events in the period, including new store openings.

Foreign exchange

With approximately half of the Group's cost of goods sold expense comprising products paid for in US dollars, the Group takes a prudent but flexible approach to hedging the risk of exchange rate fluctuations.

As disclosed in previous announcements, we have continued to face foreign exchange gross margin pressure due to the continuing weakness in the value of sterling and its impact on our average US dollar hedge rates over time. The effective exchange rate applicable to H1 FY20 underlying profit is c. $1.33, which compares to c. $1.35 in H1 FY19.

At the date of this announcement, the Group has hedged its entire foreign exchange requirement for the remainder of FY20 and all of FY21, giving an expected effective full year exchange rate of c. $1.35 in FY20 (in line with full year FY19) and slightly lower in FY21; however, in line with group hedging policy c. 30% of hedges are structured options with the potential to impact the final effective rate.

The Group hedging policy protects against short-term exchange rate volatility, but its effective exchange rates are subject to timing variances in respect of structured options that can't be hedge accounted and also the potential impact of significant exchange rate fluctuations on structured options.

Cash generation

The Group continues to operate a business model which is highly cash generative due to its strong operating margins, limited working capital absorption and relatively low capital expenditure requirements. Cash generation in the period was behind the prior year due to two main factors: the timing of the, previously highlighted, significant working capital payments in and around the FY19 year-end and the exceptional impact of holding increased stock levels (for Brexit contingency planning, investment in new lines and the acceleration of seasonal buying).

Dividends

The Board has declared an interim ordinary dividend of 2.9 pence per share (FY19: 2.9 pence).

In addition, the Board is pleased to declare a special dividend of 5.0 pence per share, equating to a special return to shareholders of £17.1m.

Both the interim ordinary dividend and the special dividend will be paid on 19 December 2019 to shareholders on the register at close of business on 8 November 2019. We will, at that point, have returned a total of 100.9 pence per share (£344.3m) to shareholders since IPO in May 2014, which is equivalent to c. 45% of the IPO price.

Dividend and capital policies

Since IPO, the Board has consistently adopted a progressive ordinary dividend policy for the Group, reflecting its strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund ongoing operating requirements and to invest in the Group's long-term growth. It remains the Board's intention, subject to, inter alia, available distributable profits, to pay annual ordinary dividends based on a targeted ordinary dividend cover of between 1.5 and 2.5 times the Group's underlying consolidated post-tax profit. Over the short to medium-term we expect to be at around the middle of the cover range.

Over the medium-term, the Board expects to maintain Leverage broadly in the range of 1.0 to 2.0 times net debt-to-Adjusted Underlying EBITDA (excluding the impact of IFRS 16 *Leases*). It should be noted that net debt at the half and full year period ends is lower than intra year peaks, reflecting usual trading patterns and working capital movements. Reflecting the highly cash generative nature of the business, absent any material investments, the Board expects to generate surplus cash which it will return to shareholders; currently the Board expects to return surplus cash on an annual basis.

Net debt

Net debt excludes lease liabilities resulting from IFRS 16 *Leases.* As at 31 July 2019, before the deduction of capitalised debt costs, net debt totalled £170.3m (31 July 2018: £159.8m, 31 January 2019: £141.3m).

As at 31 July	**2019 £'m**	**2018 £'m**
Borrowings		
Current liabilities	0.1	0.1
Non-current liabilities	173.8	164.6
Total borrowings	173.9	164.7
Add: debt costs capitalised	1.2	0.3
Gross debt	175.1	165.0
Less cash	(4.8)	(5.2)
Net debt	**170.3**	**159.8**
IFRS 16 *Leases* liabilities	147.0	149.9
Net debt incl. IFRS 16 *Leases* liabilities	317.3	309.7

Net debt at 31 July 2019 represented 1.93x Adjusted Underlying EBITDA for the 12 months ended on that date, compared with 1.76x at 31 July 2018 and 1.50x at 31 July 2017. However, this result is distorted by the exceptional impact of holding increased stock levels for a prolonged period.

Kris Lee
Chief Financial Officer
24 September 2019

Explanatory Notes

1. Background information

Card Factory is the UK's leading specialist retailer of greeting cards, dressings and gifts. It focuses on the value and mid-market segments of the UK's large and resilient greeting cards market, and also offers a wide range of complementary products associated with card giving occasions. Card Factory principally operates through its nationwide chain of c. 1,000 Card Factory stores, as well as through its online offerings: **www.cardfactory.co.uk** and **www.gettingpersonal.co.uk**.

The Group's clear strategy is focused on four pillars of growth:

- continuing to grow like-for-like sales;
- continuing to roll out profitable new stores;
- continuing to focus on delivering business efficiencies; and
- increasing penetration of the complementary online market.

Card Factory commenced operations in 1997 with just one store and has expanded its store estate primarily through organic growth into a market-leading value retailer with a nationwide presence. The Group's stores are in a wide range of locations including on high streets in small towns through to major cities, shopping centre developments, out-of-town retail parks and factory outlet centres.

Since 2005, Card Factory has developed a vertically integrated business model with an in-house design team, an in-house printing facility and central warehousing capacity of over 360,000 sq. ft. This model differentiates the

Group from its competitors by significantly reducing costs and adding value to customers in terms of both price and quality.

In the financial year ended 31 January 2019, the Group reported revenue growth of 3.3% to £436.0m (FY18: £422.1m) and a pre-IFRS 16 *Leases* Underlying EBITDA reduction of 4.9% to £89.4m (FY18: £94.0m) at a margin of 20.5% (FY18: 22.3%).

2. Alternative Performance Measures ("APMs") and other explanatory information

"Adjusted Underlying EBITDA" is defined as Underlying EBITDA excluding the impact of IFRS 16 *Leases*. For further information see note 18 to the interim financial statements.

"EBITDA" is defined as earnings before interest, tax, depreciation and amortisation and represents profit for the period before net finance expense, taxation, depreciation and amortisation.

"Leverage" is calculated as the ratio of net debt to Adjusted Underlying EBITDA for the previous 12 months. This definition excludes the impact of IFRS 16 *Leases* but is consistent with the Group's Capital Policy and with the terms of its borrowing arrangements.

"Underlying" The Group has chosen to present an underlying profit and earnings measure. Transactions are categorised as non-underlying if the resulting underlying profit and earnings information provides a more meaningful comparison of performance year-on-year. The non-underlying profit in the period principally relates to future foreign exchange transactions that cannot be hedge accounted.

"Like-for-like" is defined as follows:

The Group defines Card Factory store like-for-like sales as the year-on-year growth in sales for Card Factory stores which have been opened for a full year, calculated on a calendar week basis. The reported like-for-like sales figure excludes sales:

- made via the Card Factory website, www.cardfactory.co.uk;
- made via the separately branded personalised card and gift website, Getting Personal, www.gettingpersonal.co.uk;
- by Printcraft, the Group's printing division, to external third-party customers; and
- from stores closed for all or part of the relevant period (or the prior year comparable period).

Card Factory stores are included in the reported like-for-like figures for each week of trading after having been open for 52 weeks.

"Card Factory like-for-like sales" are reported including the impact of the Card Factory website.

The Group defines Getting Personal like-for-like sales as the year-on-year growth in sales for the Getting Personal website, calculated on a calendar week basis.

"Percentage Movements" - Percentage changes have been calculated before figures were rounded to £0.1m.

3. Cautionary Statement

This announcement is based on information from unaudited management accounts and contains certain forward-looking statements with respect to the financial condition, results of operations, and businesses of Card Factory plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Card Factory plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

Condensed consolidated income statement
For the six months ended 31 July 2019

		Six months ended 31 July 2019			Six months ended 31 July 2018 (restated - note 18)			Year ended 31 January 2019 (restated - note 18)		
		Underlying	**Non-underlying (note 6)**	**Total**	Underlying	Non-underlying (note 6)	Total	Underlying	Non-underlying (note 6)	Total
	Note	**£'m**	**£'m**	**£'m**	£'m	£'m	£'m	£'m	£'m	£'m
Revenue		**195.6**	**-**	**195.6**	185.3	-	185.3	436.0	-	436.0
Cost of sales		**(127.0)**	**2.3**	**(124.7)**	(117.4)	4.5	(112.9)	(270.4)	4.2	(266.2)
Gross profit		**68.6**	**2.3**	**70.9**	67.9	4.5	72.4	165.6	4.2	169.8
Operating expenses		**(42.4)**	**-**	**(42.4)**	(39.9)	-	(39.9)	(81.0)	(11.9)	(92.9)
Operating profit/(loss)		**26.2**	**2.3**	**28.5**	28.0	4.5	32.5	84.6	(7.7)	76.9
Finance income	*7*	**-**	**-**	**-**	-	-	-	-	-	-
Finance expense	*7*	**(4.2)**	**-**	**(4.2)**	(4.1)	-	(4.1)	(8.4)	(0.3)	(8.7)
Net finance expense		**(4.2)**	**-**	**(4.2)**	(4.1)	-	(4.1)	(8.4)	(0.3)	(8.7)
Profit/(loss) before tax		**22.0**	**2.3**	**24.3**	23.9	4.5	28.4	76.2	(8.0)	68.2
Taxation	*8*	**(4.4)**	**(0.4)**	**(4.8)**	(4.7)	(0.9)	(5.6)	(14.8)	(0.7)	(15.5)
Profit/(loss) for the period		**17.6**	**1.9**	**19.5**	19.2	3.6	22.8	61.4	(8.7)	52.7

Earnings per share		**pence**		**pence**	pence		pence	pence		pence
- Basic	*9*	**5.2**		**5.7**	5.6		6.7	18.0		15.4
- Diluted	*9*	**5.2**		**5.7**	5.6		6.7	18.0		15.4

All activities relate to continuing operations.

Condensed consolidated statement of comprehensive income

For the six months ended 31 July 2019

	Six months ended 31 July 2019	Six months ended 31 July 2018 (restated - note 18)	Year ended 31 January 2019 (restated - note 18)
	£'m	£'m	£'m
Profit for the period	**19.5**	22.8	52.7
Items that are or may be recycled subsequently into profit or loss:			
Cash flow hedges - changes in fair value	**4.5**	7.4	6.5
Cost of hedging reserve - changes in fair value	**0.9**	0.7	1.4
Cost of hedging reserve - reclassified to profit or loss	**(0.1)**	(0.3)	(0.2)
Tax relating to components of other comprehensive income	**(1.0)**	(1.5)	(1.4)
Other comprehensive income for the period, net of income tax	**4.3**	6.3	6.3
Total comprehensive income for the period attributable to equity shareholders of the parent	**23.8**	29.1	59.0

Condensed consolidated statement of financial position

As at 31 July 2019

	Note	**31 July 2019**	31 July 2018	31 January 2019
			(restated - note 18)	(restated - note 18)
		£'m	£'m	£'m
Non-current assets				
Intangible assets	*11*	**321.2**	331.7	320.2
Property, plant and equipment	*12*	**176.4**	174.6	176.3
Deferred tax assets		**1.7**	2.3	2.4
Derivative financial instruments	*14*	**2.6**	1.1	0.1
		501.9	509.7	499.0
Current assets				
Inventories		**70.2**	56.8	68.6
Trade and other receivables		**19.4**	18.5	8.6
Derivative financial instruments	*14*	**6.7**	1.6	2.3
Cash and cash equivalents		**4.8**	5.2	3.8
		101.1	82.1	83.3
Total assets		**603.0**	591.8	582.3
Current liabilities				
Borrowings		**(0.1)**	(0.1)	(0.1)
Lease liabilities		**(39.3)**	(38.7)	(38.9)
Trade and other payables		**(54.2)**	(53.9)	(58.2)
Tax payable		**(5.0)**	(5.7)	(7.7)
Derivative financial instruments	*14*	**(0.4)**	-	(0.2)
		(99.0)	(98.4)	(105.1)
Non-current liabilities				
Borrowings		**(173.8)**	(164.6)	(143.7)
Lease liabilities		**(107.7)**	(111.2)	(112.3)
Derivative financial instruments	14	**(0.6)**	(0.2)	(1.1)
		(282.1)	(276.0)	(257.1)
Total liabilities		**(381.1)**	(374.4)	(362.2)
Net assets		**221.9**	217.4	220.1
Equity				
Share capital		**3.4**	3.4	3.4
Share premium		**202.2**	202.2	202.2
Hedging reserve		**4.5**	1.6	0.9
Cost of hedging reserve		**0.8**	0.2	0.4
Reverse acquisition reserve		**(0.5)**	(0.5)	(0.5)
Merger reserve		**2.7**	2.7	2.7
Retained earnings		**8.8**	7.8	11.0
Equity attributable to equity holders of the parent		**221.9**	217.4	220.1

Condensed consolidated statement of changes in equity
For the six months ended 31 July 2019

	Share capital	Share premium	Hedging reserve	Cost of hedging reserve	Reverse acquisition reserve	Merger reserve	Retained earnings	Total equity
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Six months ended 31 July 2019								
At 31 January 2019 (restated - see note 18)	3.4	202.2	0.9	0.4	(0.5)	2.7	11.0	220.1
Total comprehensive income for the period								
Profit or loss	-	-	-	-	-	-	19.5	19.5
Other comprehensive expense	-	-	3.6	0.7	-	-	-	4.3
	-	-	3.6	0.7	-	-	19.5	23.8
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	-	(0.3)	-	-	-	(0.3)
Transactions with owners, recorded directly in equity								
Share-based payment charges	-	-	-	-	-	-	0.1	0.1
Dividends (note 10)	-	-	-	-	-	-	(21.8)	(21.8)
Total contributions by and distributions to owners	-	-	-	-	-	-	(21.7)	(21.7)
At 31 July 2019	**3.4**	**202.2**	**4.5**	**0.8**	**(0.5)**	**2.7**	**8.8**	**221.9**
Six months ended 31 July 2018								
At 31 January 2018 (restated - see note 18)	3.4	202.2	(5.0)	(0.3)	(0.5)	2.7	6.9	209.4
Opening balance adjustment (see note 17)	-	-	0.6	0.2	-	-	(0.3)	0.5
At 1 February 2018	3.4	202.2	(4.4)	(0.1)	(0.5)	2.7	6.6	209.9
Total comprehensive income for the period								
Profit or loss	-	-	-	-	-	-	22.8	22.8
Other comprehensive expense	-	-	6.0	0.3	-	-	-	6.3
	-	-	6.0	0.3	-	-	22.8	29.1
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity								
Share-based payment charges	-	-	-	-	-	-	0.3	0.3
Dividends (note 10)	-	-	-	-	-	-	(21.9)	(21.9)
Total contributions by and distributions to owners	-	-	-	-	-	-	(21.6)	(21.6)
At 31 July 2018	3.4	202.2	1.6	0.2	(0.5)	2.7	7.8	217.4
Year ended 31 January 2019								
At 31 January 2018 (restated - see note 18)	3.4	202.2	(5.0)	(0.3)	(0.5)	2.7	6.9	209.4
Opening balance adjustment (see note 17)	-	-	0.6	0.2	-	-	(0.3)	0.5
At 1 February 2018	3.4	202.2	(4.4)	(0.1)	(0.5)	2.7	6.6	209.9
Total comprehensive income for the period								
Profit or loss	-	-	-	-	-	-	52.7	52.7
Other comprehensive expense	-	-	5.3	1.0	-	-	-	6.3
	-	-	5.3	1.0	-	-	52.7	59.0
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	-	(0.5)	-	-	-	(0.5)
Transactions with owners, recorded directly in equity								
Share-based payment charges	-	-	-	-	-	-	0.6	0.6
Dividends (note 10)	-	-	-	-	-	-	(48.9)	(48.9)
Total contributions by and distributions to owners	-	-	-	-	-	-	(48.3)	(48.3)
At 31 January 2019	3.4	202.2	0.9	0.4	(0.5)	2.7	11.0	220.1

Condensed consolidated cash flow statement
For the six months ended 31 July 2019

	Note	**Six months ended 31 July 2019** **£'m**	Six months ended 31 July 2018 (restated - note 18) £'m	Year ended 31 January 2019 (restated - note 18) £'m
Cash inflow from operating activities	*15*	**34.1**	57.9	141.9
Corporation tax paid		**(7.7)**	(5.6)	(13.4)
Net cash inflow from operating activities		**26.4**	52.3	128.5
Cash flows from investing activities				
Purchase of property, plant and equipment	*12*	**(8.1)**	(4.9)	(10.4)
Purchase of intangible assets	*11*	**(1.7)**	(0.7)	(1.7)
Proceeds (less costs) from disposal of fixed assets		**0.4**	(0.1)	0.1
Net cash outflow from investing activities		**(9.4)**	(5.7)	(12.0)
Cash flows from financing activities				
Proceeds from bank borrowings		**30.0**	15.0	-
Interest paid		**(4.0)**	(3.9)	(7.9)
Repayment of bank borrowings		**-**	-	(6.4)
Payment of lease liabilities		**(20.1)**	(19.3)	(38.2)
Dividends paid	*10*	**(21.9)**	(21.9)	(48.9)
Net cash outflow from financing activities		**(16.0)**	(30.1)	(101.4)
Net increase in cash and cash equivalents		**1.0**	16.5	15.1
Cash and cash equivalents at the beginning of the period		**3.8**	(11.3)	(11.3)
Closing cash and cash equivalents		**4.8**	5.2	3.8

Notes to the interim financial statement

1 General information

Card Factory plc (the 'Company') is a public limited company incorporated in the United Kingdom. The Company is domiciled in the United Kingdom and its registered office is Century House, Brunel Road, 41 Industrial Estate, Wakefield WF2 0XG.

2 Basis of preparation

These unaudited condensed consolidated interim financial statements ('interim financial statements') for the six months ended 31 July 2019 comprise the Company and its subsidiaries (together referred to as the 'Group'). The interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and the requirements of IAS 34 *Interim Financial Reporting* as adopted by the European Union. The interim report was approved by the Board of Directors on 24 September 2019.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 January 2019 ('Annual Report') which have been prepared in accordance with IFRSs as adopted by the European Union ('EU IFRS'). The comparative figures for the financial year ended 31 January 2019 are an extract from the Annual Report (subsequently restated for the impact of new accounting standards – see note 18) and are not the Group's statutory accounts for that financial year within the meaning of section 435 of the Companies Act 2006. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report was (i) unqualified, (ii) did not contain an emphasis of matter paragraph and (iii) did not contain any statement under section 498 of the Companies Act 2006. The statutory accounts for the year ended 31 January 2019 were approved by the Board of Directors on 15 April 2019 and delivered to the Registrar of Companies. The auditor's review report for the six month period ended 31 July 2019 is attached.

Significant judgements and estimates
The preparation of the interim financial statements requires the use of judgements, estimates and assumptions that affect the application of the Group's accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements and key sources of estimation uncertainty were consistent with those applied to the consolidated financial statements for the year ended 31 January 2019, except for new significant judgments and estimates in respect of lease accounting under IFRS 16 (see note 18).

Going concern
Taking into account current and anticipated trading performance, current and anticipated levels of borrowings and the availability of borrowing facilities and exposures to and management of the financial risks detailed in the Annual Report, the Board is of the opinion that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the interim financial statements continue to be prepared on a going concern basis.

3 Principal accounting policies

The financial statements have been prepared under the historical cost convention except for derivative financial instruments which are stated at their fair value. The accounting policies are consistent with those applied in the consolidated financial statements for the year ended 31 January 2019 except in respect of accounting policy amendments on adoption of International Financial Reporting Standards effective in the current period.

The Group has adopted IFRS 16 *Leases* from 1 February 2019 on a fully retrospective basis and has therefore restated previously reported consolidated income statements, consolidated statements of comprehensive income, consolidated statements of financial position and consolidated cash flow statements. The accounting policies for IFRS 16 and the impact on the financial statements are detailed in note 18.

Other new standards effective in the year do not have a material effect on the Group's financial statements.

4 Segmental reporting and revenue

The Group has two operating segments trading under the names Card Factory and Getting Personal. Card Factory retails greeting cards, dressing and gifts principally through an extensive UK store network. Getting Personal is an online retailer of personalised cards and gifts. Getting Personal does not meet the quantitative thresholds of a reportable segment as defined in IFRS 8. Consequently the results of the Group are presented as a single reportable segment.

Group revenue is almost entirely derived from retail customers. Average transaction value is low and products are transferred at the point of sale. Group revenue is presented as a single category subject to substantially the same economic factors that impact the nature, amount, timing and uncertainty of revenue and cash flows. Revenue from non-retail customers and revenue from outside the UK are both less than 1% of Group Revenue.

5 Adjusted underlying EBITDA

Adjusted underlying earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") represents underlying profit for the period before net finance expense, taxation, depreciation and amortisation ("EBITDA"), adjusted to remove the impact of adopting IFRS16 *Leases*.

	Six months ended 31 July 2019	Six months ended 31 July 2018	Year ended 31 January 2019
	£'m	£'m	£'m
Operating profit	**28.5**	32.5	76.9
Non-underlying items	**(2.3)**	(4.5)	7.7
Underlying operating profit	**26.2**	28.0	84.6
Depreciation, amortisation and impairment	**24.6**	23.4	48.1
Underlying EBITDA	**50.8**	51.4	132.7
IAS 17 income statement charges not recognised under IFRS 16 (note 18(iii))	**(22.1)**	(21.3)	(42.9)
Profit on lease disposal recognised under IFRS 16 (note 18(iii))	**-**	(0.2)	(0.4)
Adjusted underlying EBITDA	**28.7**	29.9	89.4

6 Non-underlying items

	Six months ended 31 July 2019 **£'m**	Six months ended 31 July 2018 £'m	Year ended 31 January 2019 £'m
Cost of sales			
Profit on foreign currency derivative financial instruments not designated as a hedge	**2.3**	4.5	4.2
Operating expenses			
Impairment of goodwill (note 11)	**-**	-	(11.9)
Net finance expense			
Refinanced debt issue cost amortisation (note 7)	**-**	-	(0.3)

The Group has chosen to present an underlying profit and earnings measure. Transactions are categorised as non-underlying if the resulting underlying profit and earnings information provides a more meaningful comparison of performance year-on-year. Underlying earnings is not a recognised profit measure under EU IFRS and may not be directly comparable with 'adjusted' profit measures reported by other companies. The reported non-underlying adjustments are as follows:

Net fair value remeasurement gains and losses on derivative financial instruments
The Group utilises foreign currency derivative contracts to manage the foreign exchange risk on US dollar denominated purchases and interest rate derivative contracts to manage the risk on floating interest rate bank borrowings. Fair value gains and losses on such instruments are recognised in the income statement to the extent they are not hedge accounted under IFRS 9. Such gains and losses relate to future cash flows. In accordance with the commercial reasoning for entering into the agreements, these gains/losses are deemed not representative of the underlying financial performance in the year and presented as non-underlying items. Any gains or losses on maturity of such instruments are presented within underlying profit to the extent the gain or loss is not recognised in the hedging reserve or cost of hedging reserve.

Impairment of goodwill
During the prior year goodwill attributable to the Getting Personal cash generating unit ('CGU') was impaired (see note 11). The impairment was a non-cash charge to the income statement reflecting a reduction in future performance expectations of Getting Personal and is presented as a non-underlying item in the prior year.

Refinanced debt issue cost amortisation
Debt issue costs totalling £0.3 million were expensed to the income statement in the prior year on completion of an extended borrowing facility effective 31 October 2018. This expense related to costs that were not yet amortised in relation to the re-financed facility and was presented as a non-underlying item.

7 Finance expense

	Six months ended 31 July 2019	Six months ended 31 July 2018 (restated - note 18)	Year ended 31 January 2019 (restated - note 18)
	£'m	£'m	£'m
Finance expense			
Interest on bank loans and overdrafts	**1.9**	1.6	3.5
Amortisation of loan issue costs	**0.1**	0.1	0.5
Lease interest	**2.1**	2.3	4.5
Loss on interest rate derivative contracts	**0.1**	0.1	0.2
	4.2	4.1	8.7

8 Taxation

The tax charge on underlying profit before tax for the interim period has been calculated on the basis of the estimated effective tax rate on underlying profit before tax for the full year to 31 January 2019 of 19.7% (six months ended 31 July 2018 19.7%, year ended 31 January 2019 22.8%). The higher effective tax rate for the year ended 31 January 2019 related to goodwill impairment.

9 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is based on the weighted average number of shares in issue for the period, adjusted for the dilutive effect of potential ordinary shares. Potential ordinary shares represent share incentive awards and save as you earn share options.

The Group has chosen to present an alternative earnings per share measure, with profit adjusted for non-underlying items to reflect the Group's underlying profit for the year. Underlying earnings is not a recognised profit measure under EU IFRS and may not be directly comparable with 'adjusted' profit measures used by other companies.

	Six months ended 31 July 2019 (Number)	Six months ended 31 July 2018 (Number)	Year ended 31 January 2019 (Number)
Weighted average number of shares in issue	**341,549,306**	341,505,537	341,527,355
Weighted average number of dilutive share options	**-**	2,387	-
Weighted average number of shares for diluted earnings per share	**341,549,306**	341,507,924	341,527,355
		(restated - note 18)	(restated - note 18)
	£'m	£'m	£'m
Profit for the financial period	**19.5**	22.8	52.7
Non-underlying items	**(1.9)**	(3.6)	8.7
Total underlying profit for underlying earnings per share	**17.6**	19.2	61.4
Impact of adopting IFRS 16 (note 18)	**(0.7)**	(1.0)	(1.3)
Adjusted underlying profit for underlying earnings per share	**16.9**	18.2	60.1
		(restated - note 18)	(restated - note 18)
	pence	pence	pence
Basic earnings per share	**5.7**	6.7	15.4
Diluted earnings per share	**5.7**	6.7	15.4
Underlying basic earnings per share	**5.2**	5.6	18.0
Underlying diluted earnings per share	**5.2**	5.6	18.0
Adjusted underlying basic earnings per share	**5.0**	5.3	17.6
Adjusted underlying diluted earnings per share	**5.0**	5.3	17.6

10 Dividends

The Directors have declared an interim dividend of 2.9 pence per share for the period ended 31 July 2019 which equates to £9.9 million and a special dividend of 5.0 pence per share which equates to £17.1 million. Both dividends will be paid on 19 December 2019 to shareholders on the register at the close of business on 8 November 2019. The interim and special dividend were approved by the Board on 24 September 2019 and, as such, have not been included as a liability as at 31 July 2019. Dividends of £21.9m have been paid in the year in respect of the final dividend for the year ended 31 January 2019 and £0.1m of previously accrued dividend equivalents in relation to share-based long-term incentive schemes have been reversed.

	Six months ended 31 July 2019 Pence per share	Six months ended 31 July 2018 Pence per share	Year ended 31 January 2019 Pence per share
Dividends declared not yet paid at 31 July 2019:			
Special dividend for the year ended 31 January 2020	**5.0p**	-	-
Interim dividend for the year ended 31 January 2020	**2.9p**	-	-
	7.9p	-	-
Dividends paid:			
Final dividend for the year ended 31 January 2019	**6.4p**	-	-
Special dividend for the year ended 31 January 2019	**-**	-	5.0p
Interim dividend for the year ended 31 January 2019	**-**	-	2.9p
Final dividend for the year ended 31 January 2018	**-**	6.4p	6.4p
	6.4p	6.4p	14.3p
Total dividends	**14.3p**	6.4p	14.3p

11 Intangible assets

	Goodwill £'m	Software £'m	Total £'m
Cost			
At 1 February 2019	328.2	10.6	338.8
Additions	-	1.7	1.7
At 31 July 2019	328.2	12.3	340.5
Amortisation and impairment			
At 1 February 2019	11.9	6.7	18.6
Amortisation in the period	-	0.7	0.7
At 31 July 2019	11.9	7.4	19.3
Net book value			
At 31 July 2019	**316.3**	**4.9**	**321.2**
At 31 January 2019	316.3	3.9	320.2

12 Property, plant and equipment

	Freehold property	Leasehold improvements	Plant, equipment, fixtures & vehicles	Right-of-use assets	Total
	£'m	£'m	£'m	£'m	£'m
Cost					
At 1 February 2019	17.5	38.1	59.2	312.6	427.4
Additions	-	1.3	6.8	16.4	24.5
Disposals	-	(0.2)	(1.0)	(8.7)	(9.9)
At 31 July 2019	17.5	39.2	65.0	320.3	442.0
Depreciation and impairment					
At 1 February 2019	3.1	29.3	42.0	176.7	251.1
Depreciation in the period	0.2	1.7	2.9	19.1	23.9
Depreciation on disposals	-	(0.2)	(0.9)	(8.3)	(9.4)
At 31 July 2019	3.3	30.8	44.0	187.5	265.6
Net book value					
At 31 July 2019	**14.2**	**8.4**	**21.0**	**132.8**	**176.4**
At 31 January 2019	14.4	8.8	17.2	135.9	176.3

13 Analysis of net debt

The Group defines net debt as borrowings (excluding debt issue costs) less cash and cash equivalents. Lease liabilities are presented separately in the consolidated statement of financial position.

Six months ended 31 July 2019	At 1 February 2019	Cash flow	Non-cash changes	At 31 July 2019
	£'m	£'m	£'m	£'m
Unsecured bank loans and accrued interest	(143.8)	(30.0)	(0.1)	(173.9)
Cash and cash equivalents	3.8	1.0	-	4.8
Borrowings less cash and cash equivalents	(140.0)	(29.0)	(0.1)	(169.1)
Debt issue costs	(1.3)		0.1	(1.2)
Net debt	(141.3)	(29.0)	-	(170.3)

Six months ended 31 July 2018	At 1 February 2018	Cash flow	Non-cash changes	At 31 July 2018
	£'m	£'m	£'m	£'m
Unsecured bank loans and accrued interest	(149.6)	(15.0)	(0.1)	(164.7)
Cash and cash equivalents	(11.3)	16.5	-	5.2
Borrowings less cash and cash equivalents	(160.9)	1.5	(0.1)	(159.5)
Debt issue costs	(0.4)	-	0.1	(0.3)
Net debt	(161.3)	1.5	-	(159.8)

Year ended 31 January 2019	At 1 February 2018	Cash flow	Non-cash changes	At 31 January 2019
	£'m	£'m	£'m	£'m
Unsecured bank loans and accrued interest	(149.6)	6.4	(0.6)	(143.8)
Cash and cash equivalents	(11.3)	15.1	-	3.8
Borrowings less cash and cash equivalents	(160.9)	21.5	(0.6)	(140.0)
Debt issue costs	(0.4)	(1.4)	0.5	(1.3)
Net debt	(161.3)	20.1	(0.1)	(141.3)

Group borrowing facilities consist of a £200 million revolving credit facility ('RCF') terminating 31 October 2023 with an additional £100 million accordion. Borrowings under the facility attract interest at LIBOR plus a margin in the range 1.0% to 2.5%, subject to a leverage ratchet (LIBOR plus 1.40% at 31 July 2019). The facilities are subject to financial covenants typical to an arrangement of this nature.

14 Financial instruments

Financial instruments carried at fair value are measured by reference to the following fair value hierarchy:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments are carried at fair value and measured under a level 2 valuation method. Valuations are provided by the instrument counterparty.

	31 July 2019	31 July 2018	31 January 2019
	£'m	£'m	£'m
Derivative assets			
Non-current			
Interest rate contracts	**-**	0.2	-
Foreign exchange contracts	**2.6**	0.9	0.1
	2.6	1.1	0.1
Current			
Foreign exchange contracts	**6.7**	1.6	2.3
Derivative liabilities			
Current			
Interest rate contracts	**(0.3)**	-	(0.1)
Foreign exchange contracts	**(0.1)**	-	(0.1)
	(0.4)	-	(0.2)
Non-current			
Interest rate contracts	**(0.6)**	-	(0.1)
Foreign exchange contracts	**-**	(0.2)	(1.0)
	(0.6)	(0.2)	(1.1)
Net derivative financial instruments			
Interest rate contracts	**(0.9)**	0.2	(0.2)
Foreign exchange contracts	**9.2**	2.3	1.3
	8.3	2.5	1.1

15 Notes to the cash flow statement

Reconciliation of operating profit to cash generated from operations:

	31 July 2019	31 July 2018	31 January 2019
		(restated - note 18)	(restated - note 18)
	£'m	£'m	£'m
Profit before tax	**24.3**	28.4	68.2
Net finance expense	**4.2**	4.1	8.7
Operating profit	**28.5**	32.5	76.9
Adjusted for:			
Depreciation and amortisation	**24.6**	23.4	47.9
Impairment of right of use assets	**-**	-	0.2
Goodwill impairment	**-**	-	11.9
Profit on disposal of fixed assets	**(0.4)**	(0.1)	(0.4)
Cash flow hedging foreign currency movements	**-**	0.1	-
Share-based payments charge	**0.1**	0.3	0.6
Operating cash flows before changes in working capital	**52.8**	56.2	137.1
Increase in receivables	**(12.6)**	(10.1)	-
Increase in inventories	**(1.6)**	(4.7)	(16.5)
(Decrease)/increase in payables	**(4.5)**	16.5	21.3
Cash inflow from operating activities	**34.1**	57.9	141.9

16 Principal risks and uncertainties

The Board and the senior management team are collectively responsible for managing risks and uncertainties across the Group. In determining the Group's risk appetite and how risks are managed, the Board, Audit and Risk Committee and the senior management team look to ensure an appropriate balance is achieved which enables the Group to achieve its strategic and operational objectives and facilitates the long-term success of the Group.

The Group's Audit and Risk Committee is responsible for reviewing the Group's risk management framework and ensuring that it enables the Committee and the Board to carry out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The principal risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and beyond - including the enhanced risks from Brexit in respect of supply chain and product sourcing in particular - and which could cause actual results to differ materially from expected and historical results are as follows:

- Changes in consumer demands and market trends
- Increased competition
- Damage to brand and reputation
- Success of, or inability to implement, Group strategy
- Supply chain and product sourcing
- Retaining and developing the culture of the business
- Senior management succession implementation, colleague development and retention of key personnel
- Managing business initiatives and change alongside 'business' as usual activities
- Treasury and financial risk
- Business continuity and response to major incidents
- Compliance with legal requirements, standards and regulations
- Maintenance and development of IT systems
- Development of the Group's online business

The Board considers that these principal risks and uncertainties affecting the Group (as published and explained in more detail on pages 24 to 28 of the Group's Annual Report for the year ended 31 January 2019) remain unchanged.

17 Prior year transition to IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' was effective for periods beginning on or after 1 January 2018 and was adopted by the Group in the year ended 31 January 2019. A full disclosure of the impact of IFRS 9 was provided in note 29 to the financial statements in the Annual Report for the year ended 31 January 2019. IFRS 9 was adopted prospectively (with the exception of mandatory retrospective application for hedge accounting the time value element of interest rate caps) and presented as an adjustment to opening reserves at 31 January 2018.

31 January 2018 opening reserves adjustment

	31 January 2018 £'m
Consolidated statement of financial position and consolidated statement of changes in equity	
Deferred tax	**(0.1)**
Inventory	**0.6**
Net Assets	**0.5**
Equity	
Hedging reserve	**0.6**
Cost of hedging reserve	**0.2**
Retained earnings	**(0.3)**
	0.5

18 Adoption of IFRS 16 Leases

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019) replaces IAS 17 and related interpretations and requires entities to apply a single lessee accounting model, with lessees recognising right-of-use-assets and lease liabilities for all applicable leases. Previously the Group classified leases as operating or finance leases based on an assessment of whether the lease transferred substantially all of the risk and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for almost all leases previously recognised as an operating lease. In addition, the nature of expenses related to those leases has changed as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for the right-of-use assets and an interest expense relating to lease liabilities.

Definition of a lease
Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Contracts that were not identified as leases under IAS 17 and IFRC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 February 2019.

The Group has assessed that its entire store lease portfolio, some warehousing locations, an office location and motor cars as lease contracts. Other contracts assessed, including distribution contracts and IT equipment, are deemed not to be a lease within the definition of IFRS 16 or are subject to the election not to apply the requirements of IFRS 16 to short-term or low value leases. For property leases containing a non-lease component (for instance a lease inclusive of rates and service charge), the Group has elected to apply the practical expedient not to separate the non-lease component from the lease component and treat the whole contract as a lease. A small proportion of the store lease portfolio are subject to an element of turnover linked variable rents that are excluded from the definition of a lease under IFRS 16.

The Group has adopted a fully retrospective application of the standard and has accordingly restated previously reported consolidated income statements, consolidated statements of comprehensive income, consolidated statements of financial position and consolidated cash flow statements.

Accounting policy
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, adjusted where necessary for remeasurements of the lease liability.

The lease liability is initially measured at the present value of the total lease payments that are not paid at the commencement date plus any initial direct costs, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Typically the Group uses its incremental borrowing rate as the discount rate.

The assessment of lease term may include the application of judgement, particularly in respect of options to break often included in the Groups property leases. The Group assesses lease term as the non-cancellable period of the lease plus an assessment of reasonably certain continued tenancy in respect of tenant options to break. Where a lease expires without the completion of a new lease, but the asset remains in use, the Group assumes (other than by exception) a new five year lease at expiring rates until a new lease is completed.

After initial recognition, the lease liability is subsequently increased by the interest cost and decreased by the lease payments made. The lease liability is remeasured when there is a change in future lease payments.

The impact on the financial statements of adopting IFRS 16 is shown in the tables below.

(i) The impact on previously reported consolidated statements of financial position is shown below.

	31-Jul-18			31-Jan-19			31-Jan-18		
	(previously stated)	*IFRS 16*	(restated)	(previously stated)	*IFRS 16*	(restated)	(previously stated)	*IFRS 16*	(restated)
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Non-current assets									
Intangible assets	331.7	-	331.7	320.2	-	320.2	331.6	-	331.6
Property, plant and equipment	40.0	134.6	174.6	40.4	135.9	176.3	40.0	132.7	172.7
Deferred tax assets	0.6	1.7	2.3	0.8	1.6	2.4	1.9	1.9	3.8
Other receivables	0.7	(0.7)	-	0.7	(0.7)	-	0.8	(0.8)	-
Derivative financial instruments	1.1	-	1.1	0.1	-	0.1	0.2	-	0.2
	374.1	135.6	509.7	362.2	136.8	499.0	374.5	133.8	508.3
Current assets									
Inventories	56.8	-	56.8	68.6	-	68.6	51.5	-	51.5
Trade and other receivables	27.5	(9.0)	18.5	17.8	(9.2)	8.6	16.6	(8.3)	8.3
Derivative financial instruments	1.6	-	1.6	2.3	-	2.3	0.3	-	0.3
Cash and cash equivalents	5.2	-	5.2	3.8	-	3.8	3.6	-	3.6
	91.1	(9.0)	82.1	92.5	(9.2)	83.3	72.0	(8.3)	63.7
Total assets	465.2	126.6	591.8	454.7	127.6	582.3	446.5	125.5	572.0
Current liabilities									
Borrowings	(0.1)	-	(0.1)	(0.1)	-	(0.1)	(14.9)	-	(14.9)
Lease liabilities	-	(38.7)	(38.7)	-	(38.9)	(38.9)	-	(37.1)	(37.1)
Trade and other payables	(58.5)	4.6	(53.9)	(64.3)	6.1	(58.2)	(37.7)	5.1	(32.6)
Tax payable	(5.7)	-	(5.7)	(7.7)	-	(7.7)	(5.5)	-	(5.5)
Derivative financial instruments	-	-	-	(0.2)	-	(0.2)	(7.0)	-	(7.0)
	(64.3)	(34.1)	(98.4)	(72.3)	(32.8)	(105.1)	(65.1)	(32.0)	(97.1)
Non-current liabilities									
Borrowings	(164.6)	-	(164.6)	(143.7)	-	(143.7)	(149.6)	-	(149.6)
Lease liabilities	-	(111.2)	(111.2)	-	(112.3)	(112.3)	-	(112.5)	(112.5)
Trade and other payables	(10.7)	10.7	-	(9.8)	9.8	-	(10.0)	10.0	-
Derivative financial instruments	(0.2)	-	(0.2)	(1.1)	-	(1.1)	(3.4)	-	(3.4)
	(175.5)	(100.5)	(276.0)	(154.6)	(102.5)	(257.1)	(163.0)	(102.5)	(265.5)
Total liabilities	(239.8)	(134.6)	(374.4)	(226.9)	(135.3)	(362.2)	(228.1)	(134.5)	(362.6)
Net assets	225.4	(8.0)	217.4	227.8	(7.7)	220.1	218.4	(9.0)	209.4
Equity									
Share capital	3.4	-	3.4	3.4	-	3.4	3.4	-	3.4
Share premium	202.2	-	202.2	202.2	-	202.2	202.2	-	202.2
Hedging reserve	1.6	-	1.6	0.9	-	0.9	(5.0)	-	(5.0)
Cost of hedging reserve	0.2	-	0.2	0.4	-	0.4	(0.3)	-	(0.3)
Reverse acquisition reserve	(0.5)	-	(0.5)	(0.5)	-	(0.5)	(0.5)	-	(0.5)
Merger reserve	2.7	-	2.7	2.7	-	2.7	2.7	-	2.7
Retained earnings	15.8	(8.0)	7.8	18.7	(7.7)	11.0	15.9	(9.0)	6.9
Equity attributable to equity holders of the parent	225.4	(8.0)	217.4	227.8	(7.7)	220.1	218.4	(9.0)	209.4

(ii) The impact on previously reported and the current period consolidated income statement is shown below.

	Six months ended 31 July 2019			Six months ended 31 July 2018			Year ended 31 January 2019		
	Excluding IFRS 16	IFRS 16	Reported	(previously stated)	IFRS 16	(restated)	(previously stated)	IFRS 16	(restated)
	£'m	*£'m*	£'m	£'m	*£'m*	£'m	£'m	*£'m*	£'m
Revenue	195.6	-	195.6	185.3	-	185.3	436.0	-	436.0
Cost of sales	(146.3)	21.6	(124.7)	(133.9)	21.0	(112.9)	(308.3)	42.1	(266.2)
Gross profit	49.3	21.6	70.9	51.4	21.0	72.4	127.7	42.1	169.8
Operating expenses	(23.8)	(18.6)	(42.4)	(22.4)	(17.5)	(39.9)	(56.9)	(36.0)	(92.9)
Operating profit	25.5	3.0	28.5	29.0	3.5	32.5	70.8	6.1	76.9
Finance income	-	-	-	-	-	-	-	-	-
Finance expense	(2.1)	(2.1)	(4.2)	(1.8)	(2.3)	(4.1)	(4.2)	(4.5)	(8.7)
Net finance expense	(2.1)	(2.1)	(4.2)	(1.8)	(2.3)	(4.1)	(4.2)	(4.5)	(8.7)
Profit before tax	23.4	0.9	24.3	27.2	1.2	28.4	66.6	1.6	68.2
Taxation	(4.6)	(0.2)	(4.8)	(5.4)	(0.2)	(5.6)	(15.2)	(0.3)	(15.5)
Profit for the period	18.8	0.7	19.5	21.8	1.0	22.8	51.4	1.3	52.7
Non-underlying profit	1.9	-	1.9	3.6	-	3.6	(8.7)	-	(8.7)
Underlying profit	16.9	0.7	17.6	18.2	1.0	19.2	60.1	1.3	61.4
Profit for the period	18.8	0.7	19.5	21.8	1.0	22.8	51.4	1.3	52.7

Earnings per share	pence	pence	pence	pence	pence	pence	pence	pence	pence
- Basic	5.5	0.2	5.7	6.4	0.3	6.7	15.0	0.4	15.4
- Diluted	5.5	0.2	5.7	6.4	0.3	6.7	15.0	0.4	15.4
Underlying earnings per share									
- Basic	5.0	0.2	5.2	5.3	0.3	5.6	17.6	0.4	18.0
- Diluted	5.0	0.2	5.2	5.3	0.3	5.6	17.6	0.4	18.0

(iii) The adjustments to the consolidated income statement are shown below.

	Six months ended 31 July 2019	Six months ended 31 July 2018	Year ended 31 January 2019
	£'m	£'m	£'m
Profit before tax (reported)	**24.3**	28.4	68.2
Add back IFRS 16 adjustments:			
Depreciation of right-of use assets	**19.1**	18.0	37.0
Impairment of leased assets	**-**	-	0.2
Profit on disposal of leases	**-**	(0.2)	(0.4)
Lease interest	**2.1**	2.3	4.5
Less amounts no longer charged to the income statement under IFRS 16			
Cost of sales	**(21.6)**	(21.0)	(42.1)
Operating expenses	**(0.5)**	(0.3)	(0.8)
Adjusted profit before tax for the period (excluding IFRS 16)	**23.4**	27.2	66.6

(iv) A reconciliation of the operating lease disclosure in the Annual Report for the year ended 31 January 2019 to the IFRS 16 lease liability is shown below.

	31 January 2019 £'m
Operating lease commitments	167.5
Prepayments and invoice timing adjustments	(8.6)
Lease term assumptions	3.1
Lease liability future interest charges	(10.8)
Lease liability	151.2

Responsibility statement of the Directors in respect of the half-yearly financial report

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 by the EU;

• the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure 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 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

Karen Hubbard	**Kris Lee**
Chief Executive Officer	Chief Financial Officer

24 September 2019

Independent review report to Card Factory plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2019 which comprises the consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the 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 six months ended 31 July 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board 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.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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 2 the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. 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 by the EU.

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.

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.

Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DW
24 September 2019