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Creating celebrations for all life's moments

Card Factory plc
FY25 Preliminary Results

7 May 2025

Agenda

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Section 1

Introduction

Darcy Willson-Rymer, CEO

Good progress at mid-point of ‘Opening Our New Future’ growth strategy

- Achieving growth ahead of the wider celebration occasions market*.
- Added £80 million sales (+17%) and increased Adjusted PBT by +35% since FY23, despite high inflationary environment.
- +7.3% store sales CAGR since FY23, reflects profitable and expanding retail footprint and increasing penetration of gifts and celebration essentials offer.
- Encouraging retail partnerships progress with full-service capability securing new and expanded agreements.
- Grown international footprint by acquiring well-established, accretive businesses including in the important US market.
- Stabilised and improved online platform with fuller understanding of online growth and profit levers.

*Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 26th January 2025 v 52 w/e 28th January 2024

FY25 performance driven by strategic progress and financial discipline

- Effective execution of strategy drove revenue growth and profitability.
- Highly profitable store estate grew revenues significantly ahead of the retail sector in FY25*.
- Growing share of the celebrations occasions market through our categories, channels and markets.
- Multiyear 'Simplify and Scale' efficiency and productivity programme reduced the cost base to maintain Adjusted PBT margins.
- Maintained strength of the balance sheet with strong underlying free cash flow.
- Profitable growth driving progressive shareholder returns, total dividend for FY25 of 4.8p per share.

*BRC-KPMG Retail Sales Monitor February 2024 – January 2025.

Section 2

Financial Performance

Matthias Seeger, CFO

FY25 financial highlights

- Delivered top and bottom-line growth in line with expectations
- Strong underlying cash generation
- Disciplined capital allocation and robust balance sheet
- Investments in M&A accelerated strategic progress
- Delivering sustainable, growing cash returns for shareholders

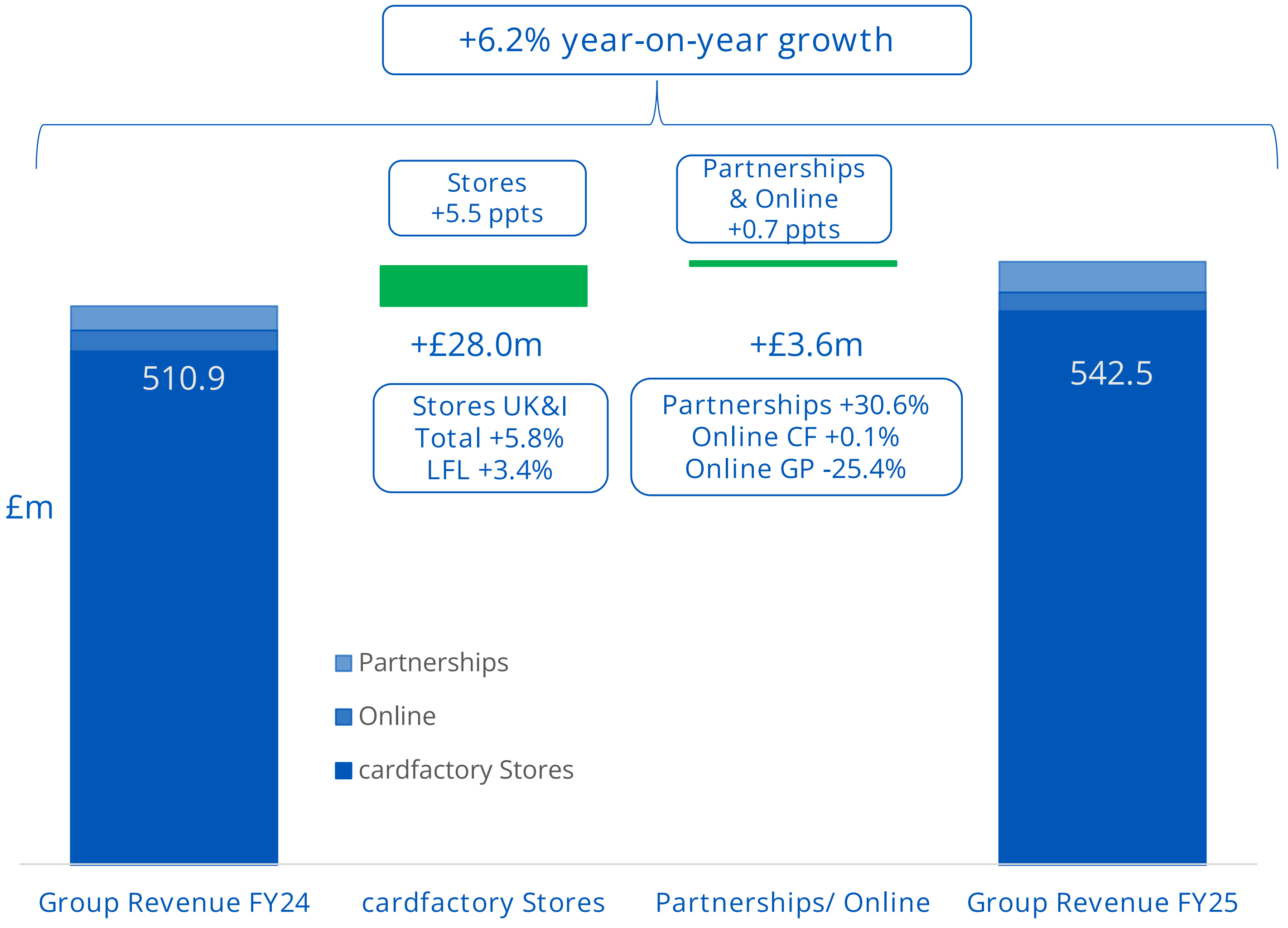
Revenue
£542.5m
(FY24: £510.9m)
+6.2%

Adj. PBT
£66.0m
(FY24: £62.1m)
+6.3%

Net Debt
£58.9m
(FY24: £34.4m)
+71.2%

Adj. EPS
14.3 pence
(FY24: 13.5 pence)
+5.9%

Strong, resilient revenue growth driven by effective execution of strategy



LFL = Like for like sales from stores open in both periods

- Total cardfactory store sales growth of +5.8% continued to outperform the wider retail sector.
- cardfactory LFL store sales growth of +3.4% similarly outperformed in a year when high street footfall declined.

Feb24 -Jan25	cardfactory	BRC-KPMG*
Total Sales	+5.8%	+0.8%
LFL Sales	+3.4%	+0.6%

- cardfactory LFL growth reflects range development in gifts and celebration essentials with targeted pricing contributing 1/3 of growth.
- +32 net new stores, serving more customers in more locations.
- Partnerships sales increased 26.5% as both our organic business and two acquisitions late in the year contributed to growth.
- cardfactory Online sales were in line with previous year; Getting Personal sales declined by 25%

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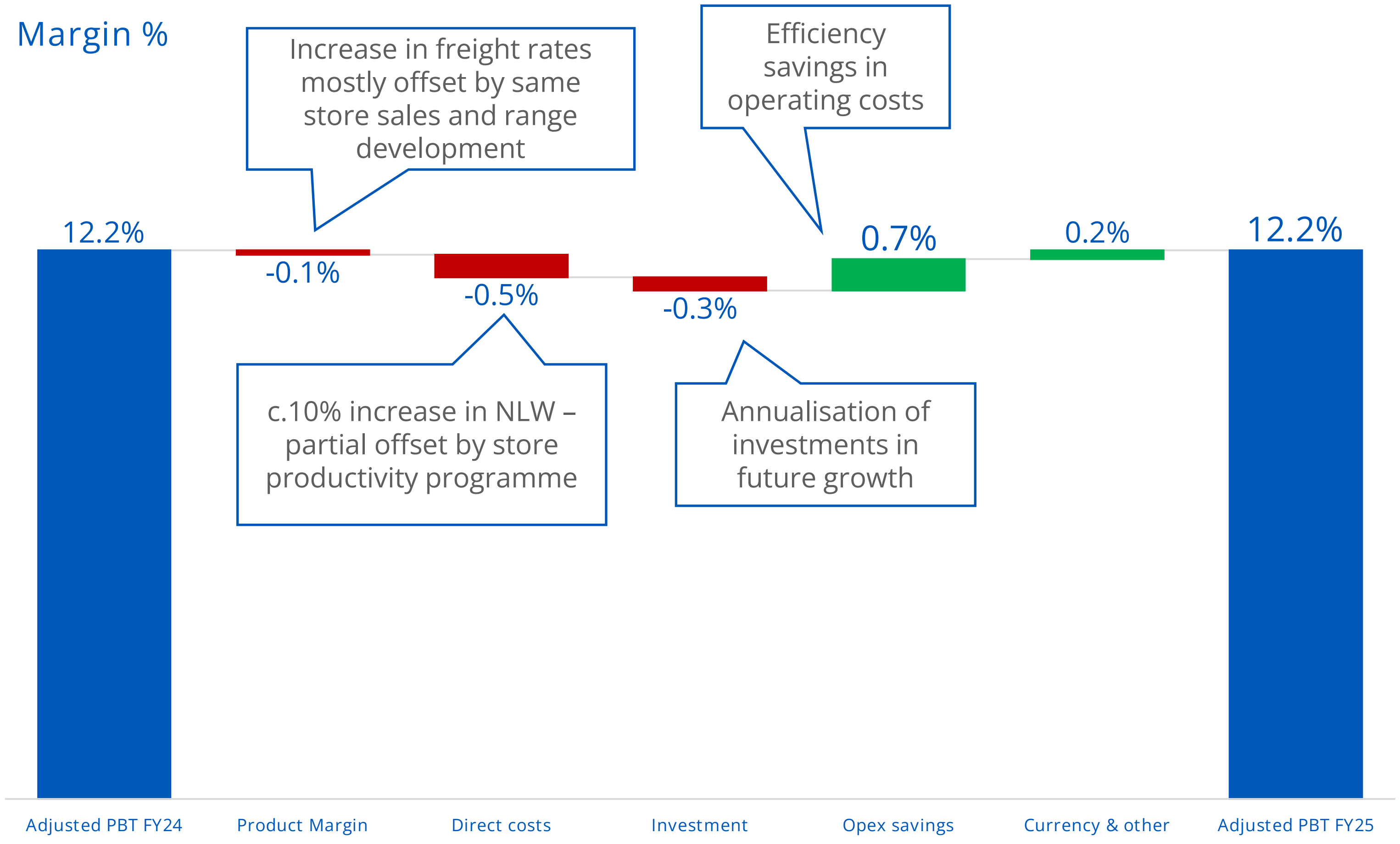
* BRC-KPMG sales monitor, January 2025, Total Retail Sales 12m ave

Sustained profit margins in challenging inflationary environment



NLW = National Living Wage. "Other" includes depreciation, amortisation and financing costs.

Adjusted PBT margin in line with prior year

- Higher costs off-set by a combination of efficiencies, productivity and range development including pricing.

Product margins of 69.7% in line with previous year

- Higher freight costs and higher share of non-card sales were off-set by pricing.

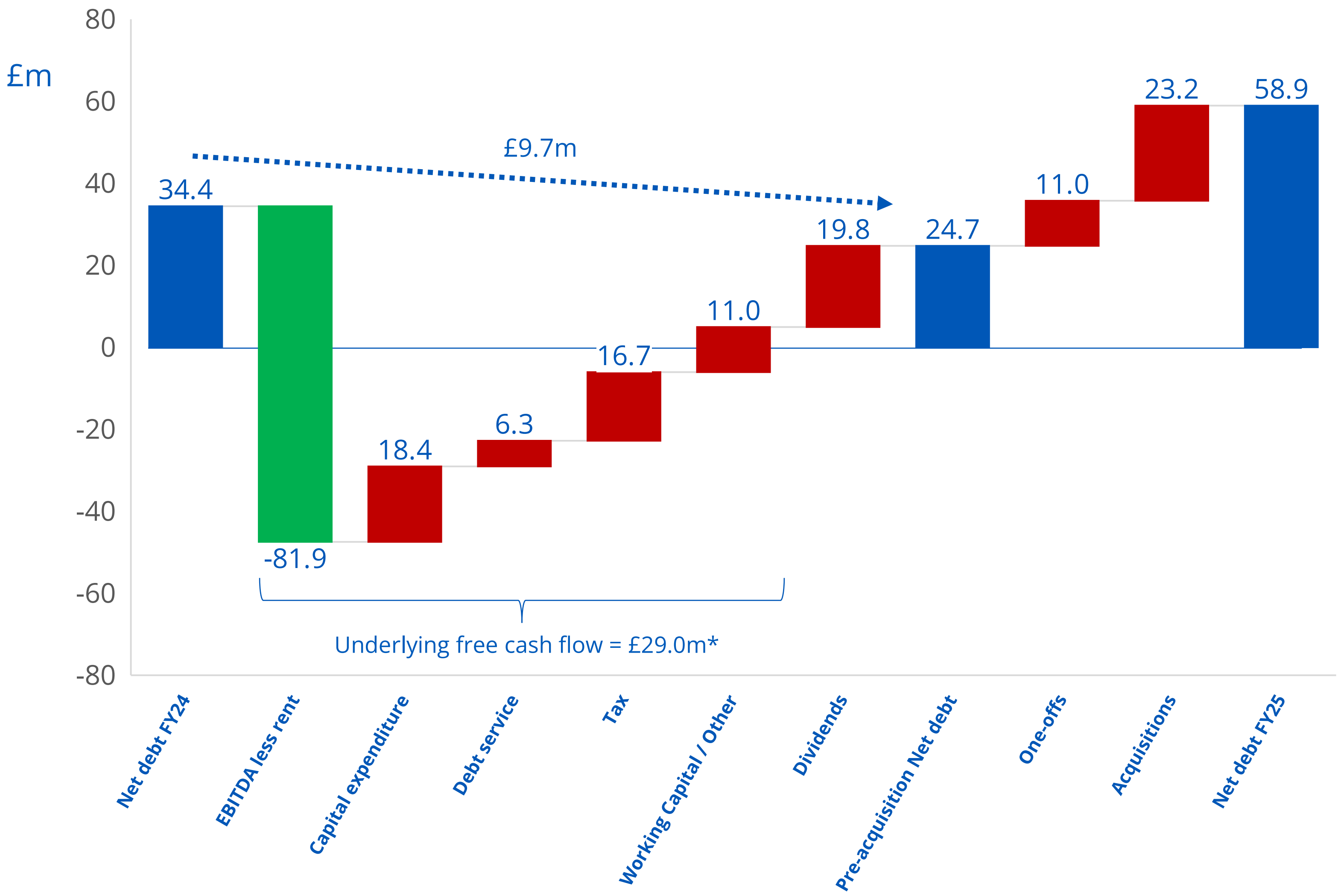
Wages impact limited to 0.5ppts margin dilution

- Cost of wages increased by £10m year on year; this was partially off-set by successful reduction in store hours for non-core activities and temporary labour in the second half of the fiscal year.

PBT margin in H2 was 17% compared with H1 of 6%

- Timing of cost inflation vs efficiency savings materialised and operational leverage in second half.

Strong cash generation supported dividends and acquisitions



Underlying free cash generation of £29 million underpinned reduction in net debt of £9.7 million before acquisitions (excluding one-off impacts)

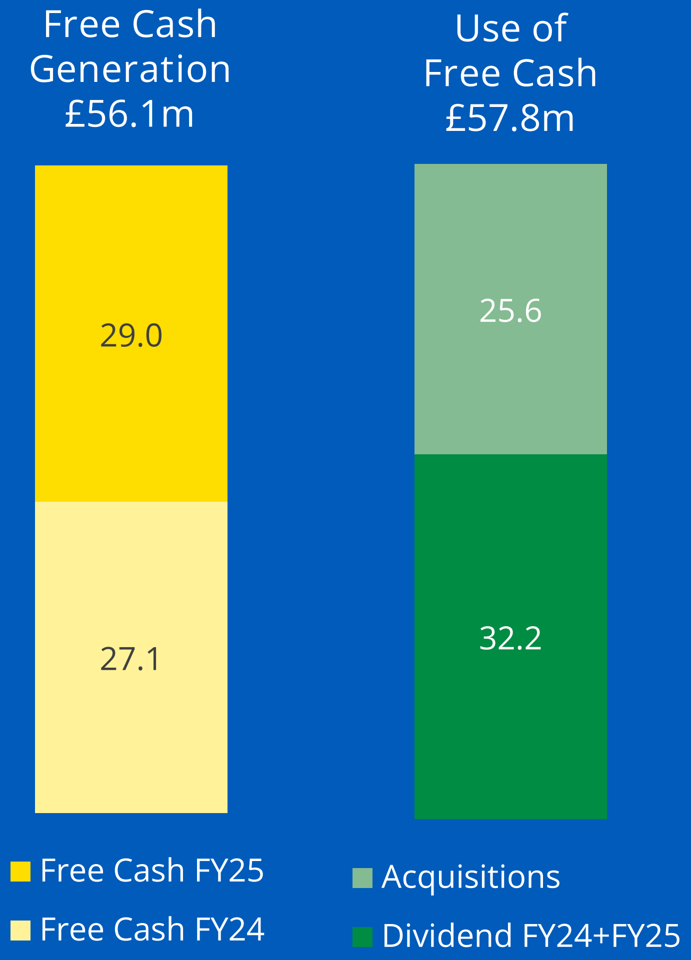
- Capex of £18.4 million was lower than prior year and included investments in digital development, POS till system upgrade and store estate expansion.
- Cash dividends in respect of FY24 final (£15.5m) and FY25 interim (£4.3m).
- One off items included £6m adverse timing impact and £3m covid grant repayment plus £1.7m refi costs.
- £23.1m net acquisition consideration plus costs for Garven and Garlanna.
- Adjusted Leverage of 0.7x at 31 January 2025, comfortably below 1.5x target.
- Seasonal working capital requirement adds c.0.6x leverage at peak.

*Working capital / Other includes £0.5m share proceeds not included in underlying free cash flow

Free cash invested in high-return acquisitions and returned to shareholders via progressive dividends

Capital Allocation Policy

- Maintain a strong balance sheet
- Invest to deliver our plans
- Sustainable, growing dividends
- Return surplus cash to shareholders



Total underlying free cash flow* generation of £56 million across FY24-FY25

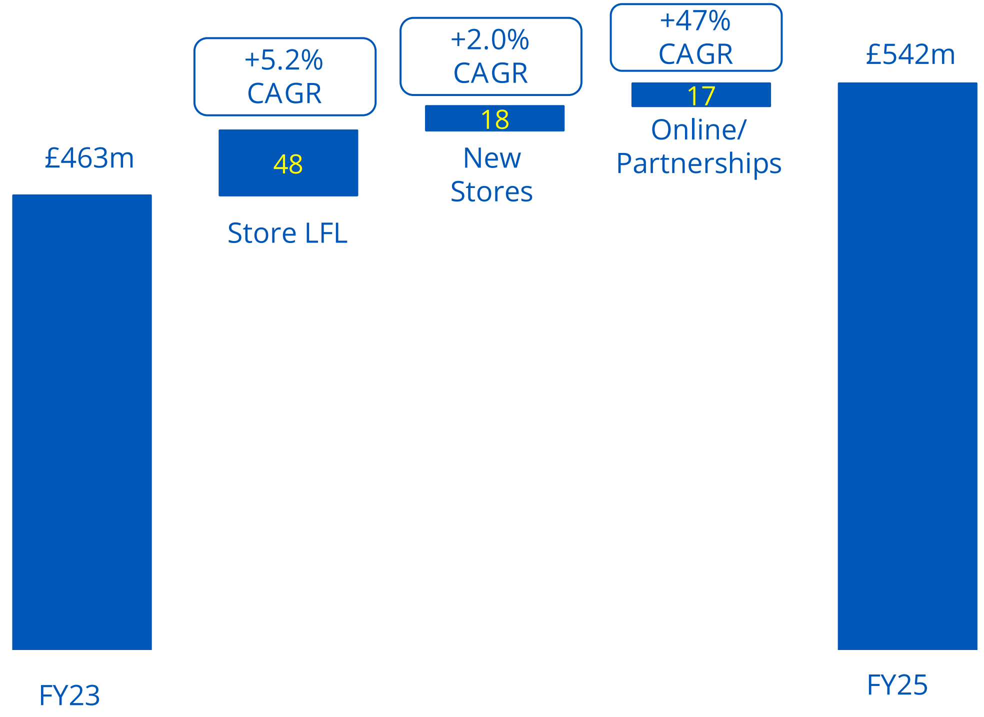
- Return of Cash to Shareholders via Dividends of £32 million.
  - FY24 Full & Final dividend, 4.5p, £15.6m, Dividend Yield of 4.5%.
  - FY25 Full year dividend, 4.8p, £16.6m, Dividend Yield of c. 5%.
    - Interim dividend, 1.2p, £4.2m.
    - Final dividend, 3.6p, £12.4m.
- Investment of £26 million in acquisitions to accelerate strategy; returns significantly exceed cost of capital.

* Underlying free cash flow is cash generated before M&A, dividends, debt repayments and excludes one-off items (see slide 10)

FY23-FY25: Delivering profitable growth against a challenging backdrop

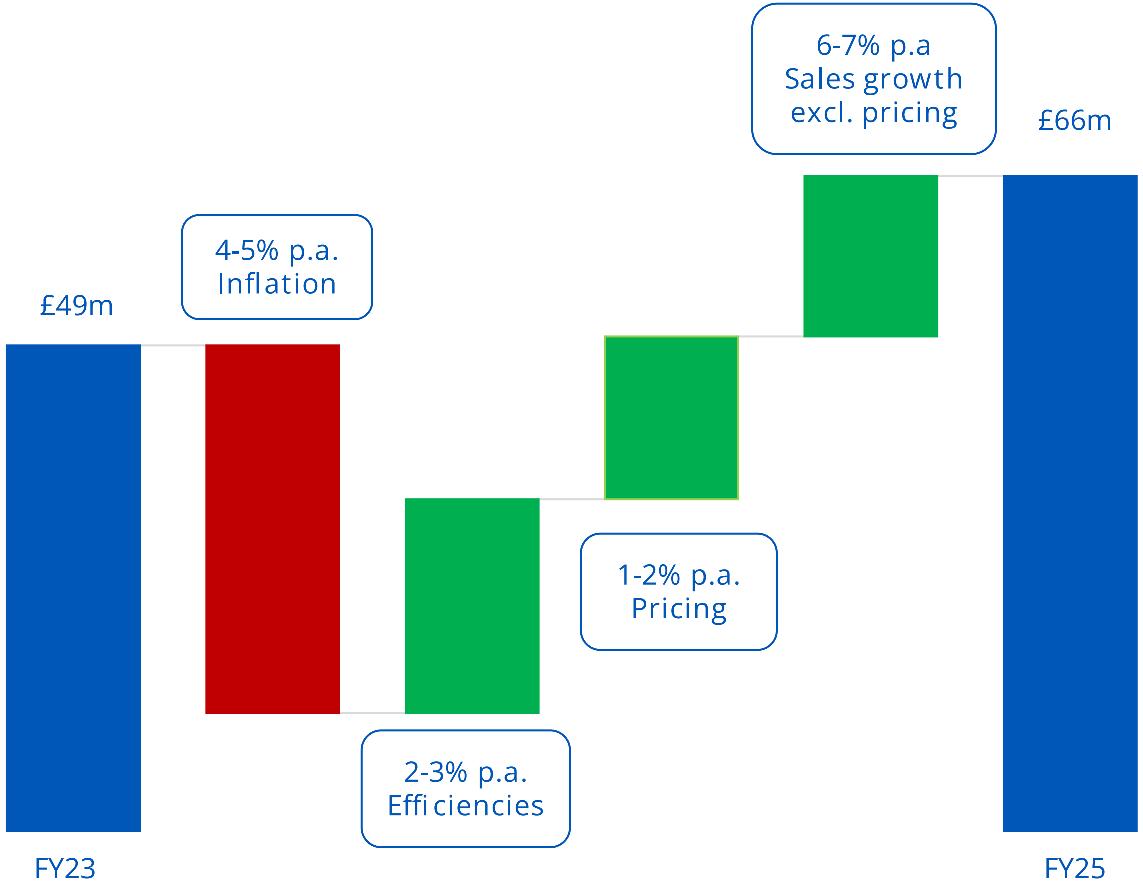
Sales +£80m / +17%

Sustainable, robust growth against a challenging backdrop



Adjusted PBT +£17m / +35%

Successfully off-setting inflation



Success Factor: Growing the core profitably

Robust growth in retail stores business:

	FY23	FY24	FY25
Sales	+31.3%	+8.7%	+5.8%
# of Stores	1,032	1,058	1,090
% LFL	+7.6%	+7.7%	+3.4%
% of gift & celebration essentials	47%	50.5%	51.8%
ABV	£4.37	£4.73	£5.06

- More than 100 million shopper visits every year.
- Strong value proposition and strong brand wins with consumers.
- Robust growth based on opening new stores, building card market share through value proposition.
- Driven LFL through extending gift and celebration essentials ranges and higher ABVs.

Efficient, high return business model:

- End-to-end value chain enables quality products at low prices.
- Low cost, low capital store model with payback in less than two years and very strong ROI.
- Highly profitable store portfolio due to disciplined and agile management.

Success Factor: Managing Inflation, Protecting Margins

Track record of successfully mitigating inflation

4-5%
Inflation

- FY24/25 cost inflation of +4.4% p.a. (total c£35m) driven by increases in NLW and energy prices.
- In FY26, expected avg inflation of 4-5% across cost base including c.£14m from changes to NLW & NI contributions.

2-3%
Efficiencies & Productivity

2-3%
Range & Pricing

- Efficiency and productivity savings enabled by E2E value chain.
- Range development to higher price/ higher margin products, whilst maintaining strong consumer value proposition.

'Simplify & Scale'

Structured multiyear programme

FY26 Outlook: Continued growth

- Encouraging start to FY26 with trading to date in line with management expectations.
- Good momentum continued across Valentine's Day and Mother's Day.
- Well-positioned to continue growth behind strong value proposition and strategic focus areas.
- 'Simplify & Scale' programme continues the proven systemic and structured approach to offsetting inflation.
- FY26 profit margin expected to be in-line with FY25.
- PBT delivery profile weighted to H2 in line with FY25.
- Expect to deliver mid-to-high single-digit percentage increases in Adjusted PBT in FY26.

Section 3

Strategy Update

Darcy Willson-Rymer, CEO

Transforming cardfactory into a leading global celebrations group through our drivers of growth

Stores:

Leverage and grow profitable store estate

Card, Gifts & Celebration Essentials:

£13.4bn UK Celebration Occasions addressable market

Online & Omnichannel:

Deliver a seamless celebration experience

Partnerships:

£80bn international market opportunity

Highly profitable store estate growing sales significantly ahead of the retail sector

+32 net new stores opened in FY25.

In-store innovations such as stationery and kids zones contributing to strong growth seen from key expanded categories.

Target pricing action drove around a third of store LFL growth in FY25.

FY26 priorities:

- Continue to grow store network at similar rates achieved in FY24 and FY25.
- Further unlock gift and celebration essentials range expansion while maintaining our authority and choice for card.

Growing share of the celebration occasions market through leadership in card and gift and celebration essentials offer

Strong LFL growth across gifts and celebration essentials of +5.7% driven by range expansion and development.

Authority in card continuing to drive positive LFL growth across seasonal and everyday cards.

Growth in ABV and approx. half of all baskets now include gift or celebration essentials items.

FY26 priorities:

- Leverage our leadership in card to underpin celebration and gift attachment rates.
- Further card range curation to release space for new and expanded gifts and celebration essential ranges.

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Encouraging partnerships progress with new agreements and market entries

Accelerated plans to create international footprint through acquisitions.

New and expanded agreements secured with Aldi in UK & Ireland and The Reject Shop in Australia.

First wholesale supply agreement with a nationwide US retailer.

FY26 priorities:

- Integration of acquired businesses and identify organic growth opportunities.
- Continue positive discussions with new prospective partners.
- Refocus partnership model in the Middle East market in the near-term to wholesale agreements.

Partnerships: Targeting future growth in North America

Garven acquisition provides in-market experience and expertise in the largest celebration occasions market.

Leveraging learnings from the introduction of our proven wholesale model in the US market.

Opportunities to introduce card offer in North America through existing Garven customer base.

Progressing our opportunity in FY26:

- Annualised benefit of existing Garven revenue and profitability in FY26.
- Proactive approach to navigate uncertain geo-political backdrop.
- Progress positive discussions with potential new partners.

Continued focus on developing our online offer and omnichannel propositions

Range and proposition development driving profitable growth.

Continued to develop omnichannel propositions to leverage USP of extensive store estate.

Strategic focus on cardfactory.co.uk. following closure of gettingpersonal.co.uk.

FY26 priorities:

- Rebalance offer and experience on 'direct to recipient'.
- Further online range curation to drive online attached gifting.
- Continue to develop omnichannel propositions including new balloon appointment trial in Q1 FY26.

Delivering a sustainable future

Strategic focus on embedding sustainability consideration across the business.

Progressed greenhouse gas emission reduction initiatives, including successful trial of AI energy management system.

Evolved our 'Giving Something Back' community programme.

FY26 priorities:

- Deliver net zero pathway activity.
- Begin supply chain climate risk review.
- Cellophane removal from all own label roll wrap.

Section 4

Summary

Darcy Willson-Rymer

FY25 Summary: Strategic progress and financial discipline driving performance

- Strong top and bottom-line growth driven by effective execution of strategy.
- Revenue growth reflects strength of profitable store estate and developing celebrations offer.
- Targeted acquisitions accelerating international routes to market.
- Disciplined financial performance with efficiency and productivity programme alongside strong sales growth, successfully offsetting inflationary impacts.
- Maintained strength of the balance sheet.
- Progressive approach to shareholder returns.
- Expect to deliver mid-to-high single-digit percentage increase in Adjusted PBT in FY26.

A compelling growth opportunity: Our drivers of growth

Reaching more customers, in more locations, through our channels and markets.

- New store open rate to continue at similar rate of prior two years.
- Significant opportunity through retail partnerships to address £80bn global celebrations market.

Increasing our share of the £13.4 billion UK Celebrations Occasions market.

- Capture more of our customers celebration spend, having grown share of wallet over past two years.
- Leverage authority in card to grow gift and celebration essential attachment rates.

Leveraging our vertically integrated model to drive efficiency and lowest cost to operate.

- Vertically integrated model supports our value and quality credentials and rapid response to consumer trends.
- 'Simplify and Scale' efficiency programme continues to deliver structural reduction in underlying cost base.

A compelling growth opportunity: Delivering sustainable, progressive returns

By delivering on our growth drivers, we will deliver sustainable, progressive returns underpinned by profitable, cash-generative growth which beyond FY26 will target:

- Mid-single-digit percentage sales growth each year.
- Adjusted profit before tax growth in the mid-to-high single digit percentage range.
- Free cash generation of 70-80% of adjusted earnings underpinned by disciplined investment.
- Simplify and Scale efficiency programme targeting 1-2ppts per annum reduction in underlying cost base.
- Sustainable, progressive dividend based on a 2-3x dividend cover ratio on adjusted earnings.

Section 5

Q&A

Darcy Willson-Rymer, CEO

Matthias Seeger, CFO