

**cardfactory**

**Creating celebrations  
for all life's  
moments**



# Welcome to cardfactory – where everyone can celebrate life's special moments.

We are the UK's leading specialist retailer of cards, gifts and celebration essentials, with a profitable estate of stores across the UK & Republic of Ireland. As we continue to deliver our 'Opening Our New Future' strategy, we are broadening our celebration offer, extending access through stores, wholesale partnerships and digital, and strengthening our position as a leading celebrations destination.

Our purpose is to help customers celebrate life's moments with great value, quality and choice. Our vertically integrated model is built on three core pillars: in-house design; UK manufacturing; and specialist retailing – and is now further strengthened by the acquisition of Funky Pigeon, which expands our digital capability and supports our ambition to reach more customers through a broader omnichannel celebration offer.

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## FY26 HIGHLIGHTS

### Financial Key Performance Indicators (KPIs)<sup>1</sup>

Revenue (£m)	Adjusted PBT (£m)	Adjusted EPS (pence per share) <sup>2</sup>																														
<b>£582.7m</b>	<b>£56.0m</b>	<b>11.8p</b>																														
<table border="1"> <tr><td>FY26</td><td>582.7</td></tr> <tr><td>FY25</td><td>542.5</td></tr> <tr><td>FY24</td><td>510.9</td></tr> <tr><td>FY23</td><td>463.4</td></tr> <tr><td>FY22</td><td>364.4</td></tr> </table>	FY26	582.7	FY25	542.5	FY24	510.9	FY23	463.4	FY22	364.4	<table border="1"> <tr><td>FY26</td><td>56.0</td></tr> <tr><td>FY25</td><td>66.0</td></tr> <tr><td>FY24</td><td>62.1</td></tr> <tr><td>FY23</td><td>48.9</td></tr> <tr><td>FY22</td><td>11.1</td></tr> </table>	FY26	56.0	FY25	66.0	FY24	62.1	FY23	48.9	FY22	11.1	<table border="1"> <tr><td>FY26</td><td>11.8</td></tr> <tr><td>FY25</td><td>14.3</td></tr> <tr><td>FY24</td><td>13.5</td></tr> <tr><td>FY23</td><td>12.1</td></tr> <tr><td>FY22</td><td>2.5</td></tr> </table>	FY26	11.8	FY25	14.3	FY24	13.5	FY23	12.1	FY22	2.5
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Adjusted Free Cash Flow (£m) <sup>2</sup>	Profit Before Tax (£m)	Dividend per share (pence)																														
<b>£40.7m</b>	<b>£43.9m</b>	<b>5.0p</b>																														
<table border="1"> <tr><td>FY26</td><td>40.7</td></tr> <tr><td>FY25</td><td>28.8</td></tr> <tr><td>FY24</td><td>27.1</td></tr> <tr><td>FY23</td><td>16.7</td></tr> <tr><td>FY22</td><td>33.8</td></tr> </table>	FY26	40.7	FY25	28.8	FY24	27.1	FY23	16.7	FY22	33.8	<table border="1"> <tr><td>FY26</td><td>43.9</td></tr> <tr><td>FY25</td><td>64.1</td></tr> <tr><td>FY24</td><td>65.6</td></tr> <tr><td>FY23</td><td>52.4</td></tr> <tr><td>FY22</td><td>11.1</td></tr> </table>	FY26	43.9	FY25	64.1	FY24	65.6	FY23	52.4	FY22	11.1	<table border="1"> <tr><td>FY26</td><td>5.0</td></tr> <tr><td>FY25</td><td>4.8</td></tr> <tr><td>FY24</td><td>4.5</td></tr> <tr><td>FY23</td><td>-</td></tr> <tr><td>FY22</td><td>-</td></tr> </table>	FY26	5.0	FY25	4.8	FY24	4.5	FY23	-	FY22	-
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#### FY26 Summary:

- UK store estate saw a resilient H1 performance (LFL of +1.3%) with H2 negatively impacted by softer high street footfall (LFL of -1.7%), impacting full-year outturn.
- Strong cash performance with free cash flow of £40.7 million, representing 98.9% of Adjusted earnings, above our target range.
- Disciplined cost management through the execution of our 'Simplify & Scale' programme.
- Continued progress on evolving the business into a celebration destination, further expanding and developing range and space as we focus on meeting customers' celebration needs.
- Became the second largest online UK card and attached gift retailer following the acquisition of Funky Pigeon, creating foundations for future online growth, underpinned by delivery of £5 million synergies from FY28.
- Enhanced capability in Garven to support delivery of North America card strategy, alongside rollout of international full-service model in Australia.

See the CFO's Review on [pages 64-71](#).

The Group presents financial KPIs to demonstrate progress in sales, profit before tax, earnings and cash generation. Following the recommencement of dividends and update to the Group's capital allocation policy in the previous financial year, the financial KPIs presented here have been updated to reflect those metrics relevant to capital allocation and shareholder returns (free cash flow, Adjusted EPS and dividends per share) in addition to core financial performance KPIs. All of the measures presented are either measures calculated in accordance with IFRS (see Financial Statements starting on page 138) or Alternative Performance Measures (APMs). FY26 means the financial year to 31 January 2026.

1. The above financial KPIs are either measures calculated in accordance with IFRS (see Financial Statements starting on page 138) or are Alternative Performance Measures.
2. See the Glossary on pages 178 to 181 for Alternative Performance Measures (APMs) and other explanatory information.



Read more about us online:  
[cardfactoryinvestors.com](http://cardfactoryinvestors.com)

## INTRODUCTION

# The celebrations brand

### *Extending our relevance across life's moments*

We are delivering on our ambition of building a global celebrations business by expanding our offer through a broader range of celebration categories, strengthening our reach to more customers across more channels including through the acquisition of Funky Pigeon, and through a relentless focus on delivering value across our range.

☰ See more about Our Business Model on [pages 12 and 13](#).

***"We make sharing in and celebrating life's moments special and accessible for everyone."***





### **A brand built on celebration**

#### **Placing customers and their moments first**

Our brand places our customers and their celebrations at the centre of everything we do. It is rooted in a core truth that 'life needs celebration' and even during the continually challenging economic climate, customers still want to spend on celebrating life's moments. To deliver on this need, our brand purpose is 'to make sharing in and celebrating life's moments special and accessible for everyone', supported by our brand proposition of 'creating celebrations for all life's moments'.

#### **Broadening our celebration offer**

##### **Cards, gifts and celebration essentials for every occasion**

As a celebrations brand, we offer a broad and expanding range of value-led cards, gifts and celebration essentials. In FY26, this included a new in-house designed premium card range and an updated milestone age gift range.

#### **Making celebrating easy**

##### **Easy access across physical and digital channels**

Convenience is at the heart of our offer and to meet this need we continue to develop and expand our nationwide store estate, while investing in our digital offer and omnichannel capabilities, which we have accelerated through the acquisition of Funky Pigeon.

#### **Extending our reach**

##### **Scaling across the UK, Republic of Ireland and internationally**

Our extensive store estate provides convenient celebration destinations for customers across the UK & Republic of Ireland. This is complemented by the range we offer through our wholesale partners including Aldi and Matalan, and a growing number of international partners.

#### **Strong customer relevance**

##### **Compelling value that supports customer choice and repeat purchasing**

Our offer is value-led, providing products across a range of price points. We continue to focus on maintaining our value for money proposition with cards still starting from just 15 pence, while delivering relevant year-round promotions.

### **Number of UK & Republic of Ireland stores<sup>1</sup>**

**1,117**

### **Net new stores since FY23**

**+85**

### **Non-card as % of store sales**

**52.5%**  
(FY23: 50%)

### **Store basket value growth**

**£5.15**  
(FY23: £4.27)

### **Non-card store sales growth since FY23**

**+17%**

1. Data as at 31 January 2026.

# **Delivering at scale**

## ***A proven platform for efficient, disciplined and scalable growth***

Our business is underpinned by a scalable operating model that enables efficient expansion across our strategic channels in the UK and internationally. By leveraging our vertically integrated capabilities and channel strengths, we are able to respond quickly to changes in customer demand and buying behaviour, while maintaining strong value credentials. This platform provides the flexibility to unlock future opportunities across stores, wholesale partners and digital.



***Delivering an exceptional,  
seamless celebrations experience  
in the UK and internationally."***





### **Vertically integrated advantage Design, manufacturing and supply chain at scale**


Our design, manufacturing and supply chain capability delivers a vertically integrated model that supports consistent pricing, speed to market and availability at scale. Leveraging key elements of our vertically integrated model will help drive growth within our digital channel following the acquisition of Funky Pigeon.

### **Expanding our store footprint Reaching underpenetrated and higher-growth locations**

Our store estate expansion continues to focus on opportunities in underpenetrated locations. Growth across the Republic of Ireland demonstrates the scalability of our proposition, while our ongoing store relocation and expansion strategy has increased our presence in relevant retail park locations and further optimised our high street estate.

### **Optimising in-store space across the estate Evolving formats to maximise returns**

We continue to optimise in-store space across the estate through a flexible, data-led approach, enabling the expansion of gifts and celebration essentials, while protecting our market-leading card ranges. Capital-light interventions improve ease of shop, support category growth and increase productivity as the business evolves to capture a greater share of celebration spend.

 [Read about in-store space on page 23.](#)

 [See more about Our Strategy on pages 20 to 35.](#)

### **Strengthening our digital platform Accelerating growth through Funky Pigeon**

The acquisition of Funky Pigeon provides the opportunity to strengthen our digital capabilities and advance our online proposition by enhancing technology capabilities, expanding our customer base and strengthening our omnichannel proposition to enable seamless access to a broader celebration range across stores and online.

### **Scaling through wholesale partnerships UK and international growth through proven models**

Our wholesale partnership model continues to perform strongly in the UK and internationally, providing a scalable route to market. Existing wholesale partnerships are performing well, with plans to accelerate growth further, particularly in North America, while acquisitions made in the USA, Republic of Ireland and South Africa extended our reach into new markets.

### **Store, wholesale partner and customer momentum**

#### **Net new stores**

**+27**

**Total stores sales growth**

**+1.5%**

**Total digital sales**

**£20.6m**

**Total wholesale partnership revenue**

**+113.4%**

# Continued momentum across the business

## ***Progress delivered across the business, underpinned by disciplined execution***

FY26 was a year of disciplined execution and continued momentum towards our ambition of building a global celebrations business. Progress was characterised by the expansion of our offer through a broader range of celebration categories, strengthening our reach to more customers across more channels, and maintaining a relentless focus on delivering value across our range and managing cost inflation through productivity and efficiency initiatives.

 Read more about Our Colleagues on [pages 60–62](#).





### ***Navigating a challenging consumer backdrop Foundations for future growth continue to strengthen***

Trading in our UK stores reflected the challenging consumer backdrop, which contributed to soft high street footfall in the second half of the year. However, across the Group we were encouraged both by the performance of our international businesses and the continued on-track integration of Funky Pigeon.

### ***Driving productivity and efficiency 'Simplify & Scale' mitigating inflationary pressures***

We are mitigating the impact of inflationary pressures through the effective execution of our 'Simplify & Scale' programme, which is delivering productivity and efficiency benefits. At the same time, we continue to invest in the foundations that are driving further efficiencies including the implementation of our new human resource information system, investment in new electronic point of sale (till) system, and other initiatives that will improve demand planning and stock accuracy.

### ***Strong financial discipline Cash generation and balance sheet strength supporting investment and returns***

Financial discipline remained a core strength in FY26. The Group delivered strong cash generation, with improved operating cash flow and free cash flow supported by disciplined working capital management. This enabled continued investment in strategic priorities, including the acquisition of Funky Pigeon, while maintaining a robust balance sheet. Net Debt remained well controlled, with leverage at around 1.0x, comfortably within target levels. This strong financial position supports ongoing investment and progressive returns to shareholders.


### ***Building capability and culture Colleague engagement supporting execution***

During FY26, we continued to strengthen an inclusive, values-led culture across our store estate, embedding consistent ways of working. Investment in colleague capability, underpinned by 'The cardfactory Way', supported clear accountability, engagement and customer service. Our focus on inclusivity and belonging recognised colleague diversity, fostered collaboration and development, and reinforced shared values, helping maintain strong service standards and operational consistency through a challenging year.

### ***Integrating sustainability and social impact Progressing sustainability and social responsibility***

In FY26, we continued to integrate sustainability and social impact into decision making. Progress focused on strengthening governance, improving data and embedding responsible sourcing, waste reduction and community initiatives through 'Giving Something Back', supporting long-term resilience and responsible growth.

 [Read Our Investment Case on pages 10-11.](#)

 [Read more about Our ESG Strategy pages 36-43.](#)

# Evolving to Celebrations



**Paul Moody**  
Non-Executive Chair



**We continue to implement our strategy of evolving cardfactory into a broader celebrations retailer."**

## Introduction

FY26 was a year of both encouraging progress and challenge for cardfactory. While we delivered continued revenue growth and further advanced our strategic agenda, performance in the second half, in particular, reflected more cautious consumer behaviour and softer high street footfall, both substantially influenced, we believe, by macroeconomic conditions.

Despite these pressures, the business delivered strong free cash flow of £40.7 million enabling continued investment in the business. This reflects the disciplined execution of our strategy while maintaining a sharp focus on operational efficiency and cost management.

We continue to implement our strategy of evolving cardfactory into a broader celebrations retailer, expanding our offer across occasions and categories, while maintaining our position as the leading card specialist. This is reflected in the development of our gifts and celebration essentials offer as we increase our share of the celebration occasions market. Our focus on value and quality remains central to our customer proposition, ensuring we remain relevant to all in a more challenging economic environment.

The Board recognises the continued commitment of our colleagues across the Group. Their contribution, throughout the year, but particularly during peak trading periods, has been valuable and critical in helping us navigate a more demanding trading environment, at the same time as progressing our strategy.

## Year in review

The year was characterised by a shift in consumer behaviour. Ongoing cost-of-living pressures contributed to weaker consumer confidence and, consequently, more cautious discretionary spending. This was most evident in the second half, where reduced footfall across all retail formats impacted our UK store performance. Despite this, in Q4, cardfactory continued to grow our share of the physical UK card market, demonstrating the continued strength and relevance of our value and quality-led proposition.

We have made good progress against our strategic priorities. Our store estate expanded during the year, alongside the continued expansion of our celebration product offer.

The acquisition of Funky Pigeon has significantly strengthened our digital capability as well as growing our customer reach. Integration plans have been finalised and our operating model validated, with deployment commencing. We have a clear pathway to delivering synergies and supporting a more seamless cross-channel proposition.

Our wholesale partnerships business also performed well, with encouraging progress across acquired businesses and continued rollout of our international model.

## Outlook and macro environment

Total Group sales for the first three months of FY27, excluding the incremental benefit of Funky Pigeon, are in line with the same period in the prior year. For the full financial year we anticipate total sales across all channels to grow year-on-year, including the benefit from the full-year impact of the Funky Pigeon acquisition.

We are cognisant of the situation in the Middle East and the potential for impact on direct input costs such as container rates, energy and fuel surcharges. However, we expect the rigorous delivery of our 'Simplify & Scale' programme to substantially offset inflationary pressures, including incremental cost impacts that are currently quantifiable as a result of the Middle East conflict. This programme, together with our hedged foreign exchange and energy positions, provides a reasonable level of cost visibility for the remainder of the year.

Profit margins across the business are expected to remain broadly consistent with FY26, with profit delivery weighted towards the second half, in line with prior years. Taking these factors together, the Board expects growth in Adjusted PBT for FY27 to be in line with the current market consensus<sup>1</sup>. We, however, remain mindful of the potential implications of geopolitical developments on consumer sentiment and input costs.

Over the medium term, the Board remains confident in cardfactory's ability to deliver mid-to-high single-digit percentage Adjusted PBT growth.

In line with our capital allocation policy, the Board has recommended a final dividend of 3.7 pence per share, resulting in a total dividend of 5.0 pence per share for FY26 (FY25: 4.8 pence).

1. According to company compiled consensus estimates as at 27 April 2026, the current range of market expectations for FY27 adjusted PBT is £54.8 million to £60.5 million, with an average of £58.2 million, excluding a statistical outlier significantly in excess of company guidance.

In addition, the Board has concluded that the Group has surplus cash at the end of FY26, supported by the strong free cash generation in the period. As a result, we intend to shortly commence a share buyback programme to repurchase up to £15 million of shares during FY27.

### **ESG strategy**

The Board continues to oversee implementation of our 'Delivering a Sustainable Future' plan, ensuring that sustainability remains embedded within our strategy and operations. Progress has been made across all pillars, including climate, waste and circularity, protecting nature, people and equity, and governance.

### **Summary**

While FY26 presented challenges, particularly in the second half, the Board remains confident in the long-term growth potential for cardfactory. We have continued to strengthen our strategic foundations and see significant opportunity to increase our share of spend within the celebrations market, meaning we are well positioned to deliver sustainable profitable growth over the medium term.

**Paul Moody**  
Chair

28 April 2026

 See more about Our ESG Strategy on [pages 36-43](#).



# Delivering long-term value through disciplined execution

A strong retail investment is defined by resilient demand, earnings visibility, disciplined capital allocation and consistent cash generation. cardfactory demonstrates these characteristics through its UK market leadership, a vertically integrated operating model and a clear focus on value for customers.

FY26 was characterised by weaker consumer sentiment, inflationary cost pressures and an evolving competitive landscape. Within this context, the Group remained profitable and cash generative, continued to execute its 'Opening Our New Future' strategy and strengthened the foundations for future growth.

### Proven delivery in a challenging market

Since launching 'Opening Our New Future' in FY23, cardfactory has delivered growth through store expansion, range development and extended routes to market. In FY26, progress continued to be driven by the core store estate and the broadening of the celebration offer, alongside deliberate actions to reset parts of the business to support more sustainable performance over time.

#### Key features of delivery include:

- **Store estate expansion** into underpenetrated locations and enhanced offer across gifts and celebration essentials.
- **Deliberate actions across channels**, including the acquisition of Funky Pigeon, to strengthen the long-term digital proposition.
- **Continued investment in customer service, availability and operational foundations**, including a new point of sale (till) system and stock process improvements.
- **Ongoing cash generation**, supporting investment priorities and shareholder returns.

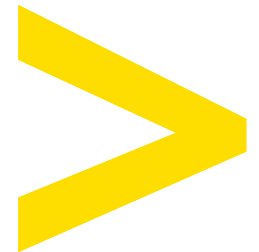
### Targeting continued value creation

cardfactory's strategy is focused on delivering sustainable growth over the medium term. Learnings from FY26 have reinforced the importance of value leadership, capital discipline and operational efficiency in delivering consistent returns.

#### Beyond FY26, the Group is targeting:

- **Mid-single-digit percentage sales growth**, driven by stores, increased share of celebration spend and selective channel growth.
- **Adjusted Profit Before Tax growth in the mid to high-single-digit range**, supported by operating leverage and efficiency gains.
- **Free cash generation of 70-90% of Adjusted net earnings**, underpinned by disciplined investment and working capital control.
- **A sustainable, progressive dividend**, based on a 2-3x dividend cover ratio on Adjusted earnings.

This framework reinforces our focus on earnings quality, cash resilience and sustainable long-term returns.



 Read more about Our Strategy on [pages 20-35](#).

 Read more in the CFO's Review on [pages 64-71](#).

# Drivers of growth

cardfactory's growth strategy is designed to deliver profitable revenue growth and strong cash generation through complementary and capital-efficient drivers.

## Reaching more customers

**Extending access across stores, digital and wholesale partners.**

The Group continues to expand its store estate across the UK & Republic of Ireland, focusing on underpenetrated locations and maintaining disciplined return thresholds. Alongside this, wholesale partnerships extend our reach beyond the owned estate with the Group owning the largest card wholesaler in South Africa and building a strong platform for growth in North America through the acquisition of Garven.

The acquisition of Funky Pigeon strengthens our digital capabilities and provides a platform for a more scalable and profitable online proposition over time.

See Reaching More Customers on [pages 26–31](#).

## Increasing share of UK & Republic of Ireland celebration markets

**Capturing more of customers' celebration spend.**

As the leading omnichannel retailer of cards, gifts and celebration essentials in the UK, we combine outright leadership in greeting cards, gift bags, wrap and balloons, with a growing presence in adjacent categories. This breadth enables us to progressively capture a greater share of our customers' annual celebration spend.

See Increasing share of UK & Republic of Ireland celebrations markets section on [pages 22–25](#).

## Driving efficiencies

**Scaling a lowest-cost operating model.**

cardfactory's vertically integrated model and multi-year 'Simplify & Scale' programme continue to deliver structural efficiencies, supporting margin resilience and cash generation, while maintaining a strong value proposition.

See Driving Efficiencies on [pages 32–35](#).

## Differentiated advantage

**Maintaining a defensible market position.**

Scale, vertical integration, value leadership and a nationwide footprint provide a differentiated competitive position that is difficult to replicate by the competition and strengthens as the business grows.

See Our Business Model on [pages 12–13](#).

## Unlocking market opportunity

**Operating in a large, resilient and fragmented market.**

Celebration occasions remain underpinned by recurring life events and habitual customer behaviour, supporting long-term growth opportunities across categories and channels.

See Our Markets on [pages 14–15](#).

## Living our purpose

**Value, accessibility and responsibility.**

Our strategy is closely aligned with our approach to value, accessibility, colleague engagement, sustainability and community impact. This is demonstrated through colleague initiatives within diversity and inclusion, and our People and Communities sustainability pillar.

See: Our ESG Strategy – People and Community on [page 41](#).

## OUR BUSINESS MODEL

# Our differentiated advantage

### Built on vertical integration

As a vertically integrated retailer, we control multiple stages of the value chain, minimising our reliance on third parties and improving visibility over costs, availability and margins. For cardfactory, vertical integration refers to controlling key stages of the product lifecycle – from design and manufacturing through to distribution and sale – creating a structurally differentiated and defensible advantage that supports consistent value, margin discipline and resilience through market cycles.



**A proven platform for efficient, disciplined and scalable growth**

### 1. Data-led design enables rapid and relevant response to changing customer trends and preferences informed by sales data, customer insights and trend analysis.

- End-to-end control of the product chain allows flexible and rapid adaptation including the ability to reprint popular lines.
- Design is planned in line with our price architecture ('design to the budget') supporting consistent value-for-money, while protecting product margins.
- This enables faster reaction to demand changes, tighter control of margins and reduced reliance on third-party product development.

### 2. Our large-scale print facility in Baildon, Yorkshire (Printcraft) is a core differentiator for cardfactory now complemented by the Funky Pigeon order fulfilment capability in Guernsey for personalised cards.

- The Printcraft facility produces the majority of cards sold through our store network, wholesale partners and online channels, providing control over quality, cost and availability.
- Continued investment supports cost discipline, efficiency, speed to market and consistent product quality.
- Additional in-house and outsourced manufacturing capability within our international businesses (SA Greetings and Garven) complements our UK facility.
- Controlling production ensures we can reduce unit costs for card, respond quickly to changes in demand and limit exposure to external supply chain disruption.

### 3. A scaled and growing retail and digital footprint, complemented by wholesale partnerships, extends our reach across multiple channels.

- UK & Republic of Ireland stores remain our primary route to market, providing extensive customer reach and frequency.
- Our owned digital platforms, including Funky Pigeon, broaden customer reach, capture complementary shopper missions and support growth beyond the physical estate.
- Wholesale partnerships capabilities delivered through our acquired businesses provide additional points of presence in target markets.
- Together, this provides a low-cost, high-productivity store model alongside capital-light routes to market.

79

Worldwide design colleagues

739

Worldwide support colleagues

152

Worldwide manufacturing colleagues

330

Worldwide distribution colleagues

8,682

Worldwide colleagues

1,117

UK & Republic of Ireland retail stores

## Our business model continues to evolve to enable our transformation into a leading global celebrations brand.

As we deliver on our 'Opening Our New Future' strategy, we are evolving our business model in six areas:

### Our design capability

#### Insight-led ranges that keep customers choosing us.

Our design capability continues to evolve through use of customer insights, sales data and trend analysis. This ensures our cards, gifts and celebration essentials ranges meet the needs of loyal customers, while appealing to new demographics in the UK & Republic of Ireland, as well as for our partners internationally.

### Our production capability

#### Speed, quality and value at scale.

Our in-house manufacturing facility provides card production for our UK, Republic of Ireland and international partner stores, now complemented by our online personalised card print and fulfilment capability for Funky Pigeon in Guernsey. We can produce new ranges in as little as four weeks and remanufacture fast-selling lines in days, supporting both our quality and value-for-money credentials.

### Our buying capability

#### A more optimised global supply base.

As we expand internationally and grow across gift and celebration essentials, we continue to develop the sourcing and buying capability needed to support an optimised global supply base. This supports speed to market, with a continued focus on cost management, sustainability and product development.

### Our distribution capability

#### Capacity headroom as routes to market expand.

We have been expanding our distribution capacity to support delivery of the strategy across stores, partners and digital channels. This includes the planned integration of Funky Pigeon into our fulfilment capability.

### Our customer reach

#### More customer touchpoints across stores and digital.

We continue to grow our store estate in the UK & Republic of Ireland into underpenetrated locations. Our owned digital platforms, including Funky Pigeon, extend our reach to customers who choose to shop digitally. UK and international wholesale partnerships further broaden access to our celebration offer.

### Our global scale & reach

#### Adding capability and reach with discipline.

Our vertically integrated model operates at scale across multiple geographies, supporting high volumes, consistent quality and efficient distribution. With established operations in the UK & Republic of Ireland and a growing international footprint, this scale underpins cost efficiency and enables disciplined expansion into new markets.

## Creating value for...

### Our customers

Our unique, vertically integrated business model ensures our customers can easily access an extensive range of quality and value products to meet all of their celebration needs.

### Our colleagues

Our inclusive culture nurtures talent across the organisation and ensures we live our values every day.

### Our suppliers

We are committed to building sustainable supplier relationships to profitably deliver products and services that meet customer needs.

### Our communities

From individual store community initiatives to The cardfactory Foundation and 18-year long support of Macmillan Cancer Support, we place the communities we operate within at the heart of our business.

### Our planet

We are delivering on our vision of minimising our environmental impact with sustainability embedded within our growth strategy.

### Our shareholders

We provide consistent, profitable and sustainable growth, returning surplus cash to shareholders through a clear capital allocation policy.

 Read more about Our Stakeholders on [pages 56-63](#).

## OUR MARKETS

# The celebration occasions market we operate in

For nearly three decades, cardfactory has helped millions of customers celebrate life's moments, initially through great value greeting cards and increasingly through a broader offer spanning gifts and celebration essentials. As customer expectations have evolved, so too has the scope of the UK celebration occasions market, which is comprised of three core categories.

### Greeting cards

Cards purchased in-store or online to help customers express and share messages across a wide variety of celebrations and milestones from birthdays, weddings and new arrivals to congratulations, graduations and new home occasions.

### Gifts

Items purchased to mark an occasion, either alone or alongside a card. This includes stationery, craft, small toys, books, candles, mugs, glassware, homewares, novelty gifts and other small keepsakes.

### Celebration essentials

Products that turn a moment into a celebration, including balloons, party ranges, banners, gift wrap and gift bags.

Together, these categories form a large, mature and resilient market. Following updated market analysis, we estimate the UK celebration occasions market totalled £22.3 billion in 2025, growing by £370 million versus 2024 (+1.6% growth). Gifting represents the largest component at £19.2 billion, with 32% purchased online. This category demonstrated robust growth of 1.5%, driven by both seasonal events, where Christmas remains dominant at 39% of seasonal spend, and everyday occasions, with birthdays accounting for 24% of everyday gift sales.<sup>1,2</sup>

The UK celebration essentials market was estimated at £1.5 billion in 2025, with 26% purchased online. Like gifts, this category is strongly seasonal and grew by £28 million versus 2024. Party products form the largest sub-segment at 42%, followed by gift wrap (36%) and balloons (22%).<sup>2</sup>

### Overall consumer sentiment index<sup>3</sup>



790m

Overall UK card market volume (2025)<sup>1</sup>

The UK greeting card market reached £1.58 billion in 2025, with 21% purchased online. Annual growth was modest at 3%, driven by a combination of increased average price paid and growth in card volume.

Internationally, our research from 2022 indicates a targetable opportunity of c.£80 billion across card, gift and celebration essentials in our identified markets. The United States represents the largest opportunity at c.£65 billion.<sup>4</sup>

### Market conditions in 2025

Consumer confidence improved through 2024 and into early 2025 as cost-of-living pressures eased. However, momentum slowed in the second half as fiscal uncertainty resurfaced.<sup>3</sup>

Footfall trends reflected these conditions. UK annual footfall declined 0.8%, but with Q4 down 2.2%. In the key trading month of December, high streets performed more resiliently (-0.9%) than retail parks (-2.5%), as customers became more selective, planned purchases carefully and sought higher discounts.<sup>5</sup>

Channel mix remained broadly stable. Online retail continued its gradual post-pandemic normalisation, accounting for 27.4% of total retail sales in 2025, slightly up from 27.1% the prior year.<sup>6</sup>

### Consumer behaviour and demand trends

Despite the challenging backdrop, customers continued to shop for their celebrations. In-store shopper data from Numerator indicates that 99.2% of UK households shopped for celebration occasion products in the 52 weeks to 25 January 2026. In the same period, the frequency that households shopped for these products dipped slightly to 38.3 visits, a change of -1.5% versus the prior year.<sup>7</sup>

Within celebration occasions, greeting cards followed a similar trend. 91.8% of UK households shopped for greeting cards in the 52 weeks to 25 January 2026, dipping slightly by 0.4%. Frequency of greeting card shopping trips fell slightly to 11.3 times per year, a decline of -2.7%.<sup>7</sup>

### **An evolving competitive landscape**

Competition across the UK celebration occasions market continues to focus around value, convenience and range. Retailers sharpened pricing and entry level offers through 2025, making value a more competitive battleground. Convenience also strengthened as operators improved availability across channels and positioned occasion purchases alongside routine shopping missions.

Range differentiation intensified, with broader and more occasion-specific assortments used to drive choice and relevance. Several specialist operators expanded their store estate to extend reach and support deeper in-store selection and services such as balloon arrangements.

### **cardfactory's position within the market**

cardfactory remains a leading specialist in cards and celebration essentials, and a growing participant in the sizeable gifts market. Brand usage is significant, with 44% of UK adults shopping with cardfactory at least once a year, representing a +19ppts lead over the nearest specialist competitor. Customers also shop more frequently with +0.5 visits per year compared to the nearest competitor.<sup>8</sup>

cardfactory has also grown its presence in online channels through its website and Funky Pigeon. This scale provides material headroom for growth. We currently hold approximately c.2%<sup>1,2</sup> share of the total celebration occasions market, with further share expansion embedded in our long-term growth ambitions.

### **Looking ahead**

With continued weakness in consumer confidence and pressure on household finances, we expect customers to remain choiceful in their purchasing. Value, relevance and affordability will continue to shape decision making across celebration occasions, with shoppers seeking products that deliver quality and meaning without stretching budgets.

For retailers, this environment places increasing importance on delivering:

- Outstanding value for money;
- Depth and breadth of range; and
- Convenient and enjoyable shopping experiences across channels.

cardfactory delivers a broad range, deep value leadership and an accessible store and online footprint, supported by knowledgeable colleagues. We are positioned strongly to help customers celebrate meaningfully and affordably as the market continues to evolve.

1. cardfactory bespoke annual UK greeting card market survey 2026.
2. cardfactory bespoke annual UK celebration market survey 2026.
3. GlobalData Retail Trend Tracker Consumer Sentiment 2026.
4. GlobalData Global Expansion Project July 2022.
5. BRC-Sensormatic data 2026.
6. ONS Retail Sales Index time series (DRS) January 2026.
7. Numerator World Panel - Physical Retail, 52 w/e 25 January 2026.
8. Savanta BrandVue January 2026.



## OUR BRAND

# A value brand that customers trust

***We exist to help customers create celebrations for all their life moments***

In value retail, brand strength supports repeat purchasing, consistent footfall and customer trust on price and quality. These factors are important for delivering resilience through economic cycles. Building a resilient and differentiated brand starts with having a clear and compelling purpose, which must be executed consistently for colleagues and customers day in, day out.

### ***Our purpose drives our business***

cardfactory exists to make sharing in, and celebrating life's moments special and accessible for everyone. This is our purpose and drives all that we do. We believe that life needs celebration and celebrating is an important way to mark life's moments. Our purpose drives our business and flows through to all our brands in the UK and internationally, and routes to market. It is experienced most visibly for customers in our core cardfactory store proposition.



## Range and quality for all life's celebrations

- Our vertically integrated model, with in-house studio design teams, enables cardfactory to create bespoke ranges specific to our customers and their needs.
- With almost 5,000 card designs available across our cardfactory stores, and over 10,000 personalised options online, customers have a broad choice across everyday, seasonal and milestone occasions.
- Our studio colleagues are constantly listening to customer feedback and scanning design trends to create designs so customers can express the perfect sentiment for all their celebrations.
- Against other specialist card retailers, cardfactory ranks number one for a wide range of products, +4ppts versus nearest competitor or +6ppts versus key competitor average.<sup>1</sup>

## Great value in every purchase

- Our focus on value runs throughout the organisation from lean manufacturing to store operations and is core to enabling our low prices. Value underpins our leadership in the market. It is a core element of our competitive positioning and advantage.
- Value is visible across entry price point cards from 15 pence through to our premium collectible ranges, with intricate designs and premium materials. This helps ensure affordability across occasions.
- Customers continue to make use of our multi-buys such as our 10 for £1 on a selection of entry price-point cards and our 3 for 2 on general cards. These volume-based promotions support customers in creating and sharing in more celebrations across the year.
- cardfactory ranks number one for good value among card specialist retailers, +16ppts above the nearest competitor or +17ppts versus key competitor average.<sup>1</sup>

## Convenience that makes creating celebrations accessible

- Our retail estate, online store and knowledgeable colleagues ensure our ranges are easily accessible by all.
- We believe that cardfactory is for everyone. With 1,117 stores across the UK & Republic of Ireland, customers never have far to travel to access great value cards, gifts and celebration essentials.
- Our colleagues work tirelessly to prepare our stores and online experience. Our in-store standards programme, 'Set To Celebrate', means our environments are always ready to receive customers. And our in-store service guidelines – 'The cardfactory Way' – ensures colleagues are ready to serve.

# cardfactory is the nation's leading celebration retailer

## 1 Trusted brand

Customer loyalty is built from their trust and satisfaction in the brand. cardfactory ranks number one for being trusted among card specialist retailers, +6ppts versus nearest competitor and +9ppts above our key competitor average.

## 2 Customer satisfaction

Customers are also highly satisfied with the experience they receive. 75% of recent customers claim to be satisfied with the experience, 6ppts ahead of our key competitor average.<sup>1</sup>

## 3 Customer loyalty

This strong satisfaction underpins the high frequency that we see our customers shopping. Our typical customer shops around five times per year with the brand – around 13% of total celebration shopping frequency.<sup>2</sup>

**As we progress into FY27, we will continue to evolve our offer to ensure we delight our customers on every visit, so they return to us again and again. And ultimately, help them to create celebrations for all their special life moments.**



**44%**

of UK adults chose cardfactory for their celebrations in 2025<sup>1</sup>

1. Savanta BrandVue January 2026.

2. Numerator, World Panel Plus, Physical Retail, 52 w/e 25 January 2026.

## CEO'S REVIEW

# Increasing share of customer spend



**Darcy Willson-Rymer**  
Chief Executive Officer

### Introduction

FY26 reinforced that celebrations remain an essential part of everyday life, with customers continuing to prioritise key moments. This was despite a shift in consumer behaviour as we approached the key Christmas trading season, with customers shopping less frequently and with greater intent, resulting in more challenging trading conditions as confidence weakened and footfall declined.

As a result, while participation in celebration occasions remains high, the second half of FY26 saw customers consolidate purchases into fewer trips and plan more carefully around specific occasions, with greater emphasis on value. For cardfactory, that resulted in lower transaction volumes, which was broadly offset by higher average basket values.

However, the celebration occasions market remains resilient, with UK customer participation consistent at over 99%. Moreover, our addressable market within gifts and celebration essentials continues the growth seen since our capital markets strategy update in May 2023.

This underpins the opportunity we see to increase our share of customers' annual celebration spend across cards, gifts and celebration essentials. We are well positioned to deliver on this, serving over 24 million unique customers in our stores every year and building on our UK market leadership in cards and key celebration categories. Our strategy is focused on increasing participation across more occasions and categories across our channels and markets.

Through the year we delivered revenue growth and strong cash performance, while continuing to invest in the business and strengthen the foundations for growth in celebrations.

### FY26 performance

FY26 was a year of continued strategic execution against a more challenging consumer backdrop. Softer high street footfall and reduced transaction volumes, particularly in the second half, impacted UK store performance, with Like-for-like sales broadly flat at -0.2% and LFL transactions down 3.7%. This was largely offset by an increase in average basket value of 3.5%, reflecting more considered purchasing behaviour and continued engagement across a broader range of celebration occasions.

Group revenue increased by 7.4% to £582.7 million, supported by new store openings and the annualisation of prior-year acquisitions. Adjusted PBT of £56.0 million reflects the impact of weaker H2 trading across UK stores alongside ongoing cost inflation, although disciplined execution of our 'Simplify & Scale' programme helped mitigate a significant proportion of these pressures and supported strong free cash flow generation of £40.7 million.

Through FY26, we have continued to make clear progress against our 'Opening Our New Future' strategy, strengthening our position as a celebration destination. Since FY23, we have added £119 million of revenue and grown Adjusted PBT by 14.5%, demonstrating both the resilience of our model and the scale of the opportunity ahead.

Investment in our store estate saw the opening of 27 net new stores during the year as we expanded into underpenetrated locations, while also making further progress within our space optimisation programme. This builds on the progress we have made since FY23 in expanding our gifts and celebration essentials offer, which has driven sustained growth in non-card categories and enabled us to participate in a greater share of customer spend.

At the same time, we have strengthened our multi-channel capability through the acquisition of Funky Pigeon, which has expanded our digital customer base and contributed £13.5 million of revenue in the year. Looking ahead, this will enhance our ability to serve customers across channels. Although performance at [cardfactory.co.uk](http://cardfactory.co.uk) declined as we reset our proposition and marketing approach, these actions are focused on driving more sustainable and profitable growth over the medium term.

Our wholesale partnerships business has continued to scale rapidly, with revenue more than doubling to £47.2 million, which includes positive financial contribution from our acquired businesses and annualisation of Garven and Garlanna.

### Strategy delivery

Through the year, we have continued to deliver on our 'Opening Our New Future' strategy across the business, with a focus on strengthening our customer proposition, developing capability across our channels and continuing to leverage the benefits of our vertically integrated model.

Within our core retail business, we have progressed the evolution of our store proposition with ongoing changes to space allocation, merchandising and range presentation, which are designed to better reflect how customers shop across different occasions.

By using our enhanced data capability, we have segmented our entire store estate to further evolve space to build authority in celebrations. This will see us tailor ranges and allocations based on shopper behaviours, such as when a mission is card-led, party-led or cross-category.

A key focus for FY26 was strengthening our digital capability, with a clearer articulation of the role that online plays within the Group. While [cardfactory.co.uk](http://cardfactory.co.uk) is the UK's leading specialist card retailer, we see clear headroom to grow our online market share, particularly through a compelling card and gift attached offer that leverages our existing market strength. By acquiring Funky Pigeon, we are able to expand our presence in online and personalised cards. At the same time, integration activity is focused on aligning systems, fulfilment and customer propositions across both Funky Pigeon and [cardfactory.co.uk](http://cardfactory.co.uk), which will deliver integration synergies of £5 million and accelerate the omnichannel proposition from FY28.

Funky Pigeon also complements our nationwide store estate. As we broaden our celebrations offer, from FY28 this will create the opportunity to extend our store-based party and celebration offer, enabling both in-store and online customers to seamlessly access a wider range through our omnichannel services.

Across wholesale partnerships and international, we have continued to develop a capital-light route to market. This includes further rollout of our full-service model with The Reject Shop in Australia, as well as expansion into the New Zealand market. We have also further developed our Aldi partnership, with additional seasonal and Christmas ranges delivering strong performance in FY26.

Alongside this, we have embedded and strengthened our international operations. This includes realisation of synergies and additional sales opportunities with Garven and Garlanna, the completion of an internal restructuring at SA Greetings to improve operational efficiency through upgraded IT and logistics investment, and the development of capability within Garven to support our North America card strategy.

These initiatives have been supported by continued delivery of efficiencies across the business through our 'Simplify & Scale' programme, with a focus on improving productivity, simplifying processes and strengthening operational execution. Our unique, vertically integrated model remains central to this approach. By combining in-house design, sourcing and supply chain capability with a scaled retail and digital footprint, we are able to manage costs more effectively, respond with greater agility to changes in input costs and customer demand, and maintain a strong value proposition across our card, gift and celebration essentials ranges.

Looking ahead, our priorities are focused on strengthening brand authority in gifts and celebration essentials, targeting Like-for-like growth of around 2-3% from FY28 by helping customers fulfil celebrations shopping missions, engaging our 24 million customers more effectively, and delivering a seamless cross-channel experience.

### People and culture

Our colleagues and culture remain central to delivering our strategy and supporting our ambition to become a leading celebrations Group. We view our culture as a key enabler of growth, with a clear focus on customer, community and purpose, ensuring customers remain at the heart of decision making across the business.

During the year, we have continued to strengthen capability and leadership across the organisation, investing in colleague development, talent acquisition and the overall colleague experience. This focus supports an engaged and inclusive workforce, enabling us to deliver for our customers and progress our strategic priorities.

### ESG progress


As we continue to integrate sustainability into decision making across the business, our focus remains on the areas where we can have the greatest impact, including reducing our environmental footprint, sourcing responsibly and supporting the communities we serve.

During the year, we have advanced our initiatives across these areas, supported by improved governance and clearer accountability. This includes ongoing work to reduce emissions across our operations and supply chain, strengthen responsible sourcing practices and enhance our engagement with colleagues and communities. As we scale the business, we remain committed to embedding ESG considerations into our strategy and operations to support long-term, sustainable growth.

### Summary

Through FY26 we have expanded our role in the celebrations market and continue to see opportunities to increase our share of customers' annual celebration spend. While near-term conditions remain uncertain, our focus on disciplined execution, combined with the resilience of the celebration occasions market, provides a clear basis for sustainable growth over the medium term.

**Darcy Willson-Rymer**  
Chief Executive Officer  
28 April 2026

 [See Our Strategy in action on pages 22-35.](#)

## OUR STRATEGY

# 'Opening Our New Future' strategy

As a successful value retailer, we combine disciplined cost control with targeted growth initiatives that expand customer relevance without eroding margins. cardfactory's 'Opening Our New Future' strategy reflects these principles, strengthening our position as a leading celebration brand, while delivering sustainable and profitable growth.

In FY26, we have continued to operate in a complex trading environment and remained focused on progressing the core drivers of our strategy, refining execution where required and investing in the capabilities, channels and efficiencies that underpin our long-term opportunity. Supported by the execution and our 'Simplify & Scale' programme, we remain confident in our strategic direction.

### **Strategic focus**

#### **Progressing our transformation into a celebrations brand**

We continue to evolve from a card-led retailer to a broader celebration brand, expanding our role across cards, gifts and celebration essentials. This evolution strengthens our customer relevance and positions the business to grow within the celebration market, both in the UK and internationally.

#### **Driving revenue growth across our channels**

Our strategy is focused on building sustainable revenue growth across our three core channels – stores, digital and wholesale partnerships. We continue to strengthen execution, prioritise the most effective routes to market, and ensure each channel is positioned to contribute sustainably to growth over time. This multi-channel approach provides flexibility, resilience and scalability, allowing us to reach customers in different ways, while maintaining disciplined capital allocation.

#### **Maintaining our focus on value**

Maintaining strong value credentials remains central to our proposition and competitive position across all markets. By continuing to offer compelling value, supported by our vertically integrated model and ongoing efficiency initiatives, we retain customer loyalty, reinforce trust and protect our market-leading position.



## BUILDING BLOCKS OF GROWTH

### Increasing share of celebration markets

We are focused on increasing share by strengthening our category performance, optimising space within our stores and delivering product innovation across our cards, gifts and celebration essentials ranges to support longer-term growth in our core markets.

### Reaching more customers

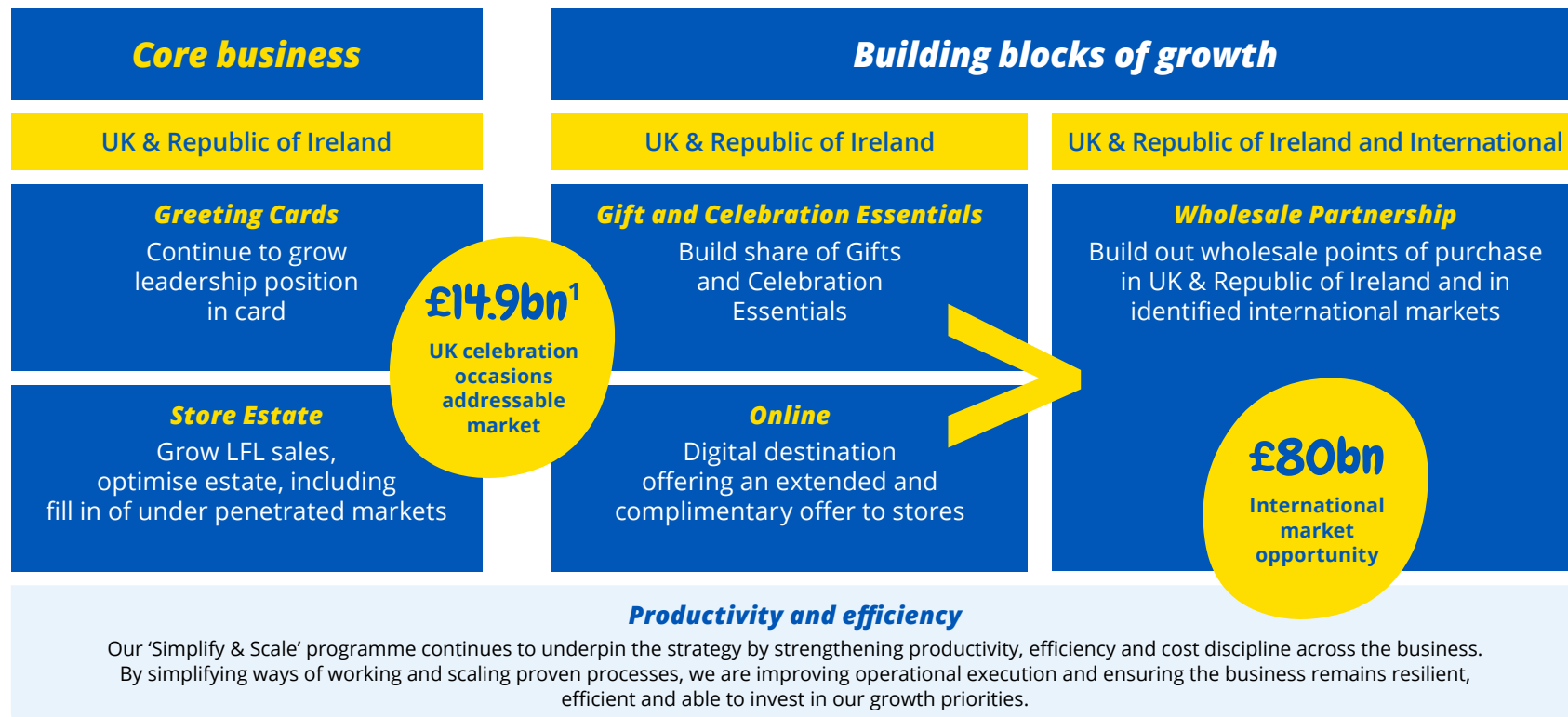
We are extending access to our celebration offer through targeted store expansion, a growing wholesale partnerships footprint and continued development of our digital proposition, including the integration of Funky Pigeon, with a focus on scalability and effectiveness.

### Unlocking international opportunity

We are taking a selective and measured approach to international growth, prioritising opportunities that align with our differentiated capabilities, value credentials and disciplined capital allocation.

### Vision:

To be a leading global celebrations Group with extensive UK & Republic of Ireland footprint and growing international presence.



1. UK addressable market comprises greeting cards (£1.6 billion), gifts (£11.8 billion) and celebration essentials (£1.5 billion): Global Data 2026.

# Increasing share of UK & Republic of Ireland celebration markets

## **Driving share growth through range development and space optimisation**

Increasing our share of the UK & Republic of Ireland celebration markets remains a core focus of our growth strategy. We are delivering this through a combination of range development and space optimisation, strengthening relevance across celebration occasions, while improving the productivity of our store estate.

## **Cards**

The spring seasons, particularly Valentine's Day and Mother's Day, performed well in FY26, contributing to an improved market share position during key events. We also saw further share gains across the UK & Republic of Ireland, driven by a more tailored approach to demographic and regional ranging, including enhanced plans for Easter, Confirmation and Communion, alongside differentiated Mam and Mom ranges to reflect local preferences.

Our shift to a more dynamic range management model continued, with targeted pocket swaps replacing full range changes, enabling faster response to trading conditions and quicker removal of slow-selling lines. Range development was further supported by the rollout of our new premium UK-designed and UK-manufactured offer, across both spring seasons and everyday categories. Value leadership was supported by promotional execution, including successful 4 for 3 multibuy mechanics and a clear price architecture.

**"Improving store productivity, supporting attachment and enhancing the customer experience."**

## **Gifts and celebration essentials**

During FY26, we continued to evolve our gifts and celebration essentials offer, with a focus on improving relevance, attachment rates and value across key categories. In wrap and bags, we refreshed the range to simplify choice, improve availability and enhance the customer shopping experience, while embedding sustainability through fully recyclable materials. A Good, Better, Best framework was introduced to support clearer customer choice, alongside the development of a premium 'Studio 41' seasonal offer.

In party, we adopted a structured test-and-learn approach to improve sales density and customer engagement, while trial ranges and new price architectures provided insight to guide future investment. This supported the successful expansion of the Halloween range, where additional space, strong value and targeted marketing delivered incremental sales growth.

In gifting, we drove incremental performance across priority categories through targeted space and range initiatives. Stationery was expanded to include back to school, and our kids ranges were strengthened through relevant licensed products, and milestone birthday gifting improved through space realignment and range simplification. We also introduced a new Secret Santa range for the Christmas season. Across the category, value perception was protected, while product mix supported average selling prices, with strategic Christmas promotions driving both value and volume. Sourcing and supply were strengthened through improved supplier collaboration and a more flexible supply base, supporting quality, innovation and cost discipline.



**Brian Waring**  
Executive Director  
Customer and Commercial

Interview with  
**Brian Waring**

**Q: What does increasing share of the celebration markets mean in practice?**

**A** It's about becoming more relevant to customers across more moments. While cards remain at the heart of what we do, by expanding our gifts and celebration essentials offer, we're able to meet more of our customers' needs in a single visit and capture a greater share of their overall celebration spend.

**Q: How has range development evolved in FY26?**

**A** We're on a continuous journey of range innovation and expansion, using insight and performance data to guide decisions on newness, range breadth and pricing. The focus has been on improving breadth and relevance, while protecting our value credentials. That approach is particularly important in the current environment.

**Q: What role does space optimisation play in supporting growth?**

**A** Space is one of our most valuable assets. As our offer expands, we need to ensure space is allocated in a way that reflects how our customers shop today. The work we've done allows us to grow newer categories without weakening our core card ranges, which is crucial to maintaining balance in the estate.

**Q: How do you ensure changes deliver returns?**

**A** We take a very pragmatic, test-and-learn approach. Space optimisation is capital-light and data-led, so we can see what works, refine it and scale it across the estate where appropriate. That discipline gives us confidence in the progress we're making.

## CASE STUDY

### Optimising space to support category growth

As cardfactory's celebration offer continues to broaden, optimising store space has become an increasingly important enabler of growth. Rather than relying on large-scale refits, the business has adopted a targeted, flexible data-led approach to space optimisation, allowing stores to adapt as ranges evolve.

In selected trial stores, space has been rebalanced to support growing categories such as gifts and celebration essentials, while maintaining clear leadership in cards. Improvements to layout, adjacencies and navigation have helped customers find products more easily and encouraged multi-category purchasing.

This approach has delivered stronger productivity from existing space, supported category growth and enhanced the customer experience. We have achieved this while maintaining a disciplined approach to capital investment through targeted, capital-light interventions.

By optimising existing space rather than relying on large-scale refits, we are improving store productivity, supporting attachment and enhancing the customer experience, while maintaining a disciplined approach to capital investment. As a result, space optimisation continues to play a key role in increasing share of the celebration market across the UK & Republic of Ireland.



## STRATEGY IN ACTION – INCREASING SHARE CONTINUED

Initiative	Objective	Progress	Results	Next steps
<b>Leadership in card</b>	Retaining position as the UK's leading provider of cards.	<ul style="list-style-type: none"> <li>• Drive seasonal performance.</li> <li>• Demographic and regional ranging including Easter, confirmation and communion, alongside differentiated mam/mom plans to meet regional preferences.</li> <li>• Dynamic range changing through targeted pocket swaps rather than full end-to-end range changes.</li> <li>• Range innovation with new 'Studio 41' premium range.</li> <li>• Strategic promotional planning to support value leadership.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong growth across key seasons of Valentine's Day and Mother's Day driving market share improvement.</li> <li>• Rapid removal of slow selling lines, optimised stock flow and reduced operational pressures to improve overall productivity.</li> <li>• Successful execution of 4 for 3 multibuy promotions, combined with consistent great-value product across all price points supported customer retention, and grew card sales volume by over 10% during the promotional periods.</li> </ul>	Further strengthen card market authority through continued range innovation and disciplined curation, supported by an enhanced in-house product development pipeline and collaboration with key supply partners. We will deliver cost-efficient newness through targeted range updates, maintain demographic and regional ranging, and support value perception through considered promotional and pricing initiatives.
<b>Authority in gifts and celebration essentials</b>	Grow market share within the £13.3 billion gifts and celebration essentials market.	<ul style="list-style-type: none"> <li>• Wrap and bags range modernisation with roll wrap kit implementation to improve availability and reduce in-store complexity.</li> <li>• Sustainability embedded across the wrap category.</li> <li>• Clearer value and choice architecture – introduction of Good/Better/Best framework across wrap and bags.</li> <li>• Party category development through test-and-learn through space realignment trials, clearer zoning and trial ranges/new price architectures.</li> <li>• Gifting range and space initiatives – back to school stationery expansion, kids licensed ranges, milestone birthday simplification/space realignment, spring seasonal open gift ranges.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved proposition clarity and execution in wrap and bags, strengthening availability and simplifying store operation.</li> <li>• Reduced packaging impact and strengthened sustainability credentials.</li> <li>• Clearer customer choice and stronger future range discipline, with a consistent framework to support range architecture, pricing and promotions.</li> <li>• Improved space productivity and customer navigation in party.</li> <li>• Incremental growth delivered across gifting sub-categories, with stronger seasonal execution and improved relevance/credibility.</li> </ul>	Continue to grow UK market share of the £13.3 billion gifts and celebration essentials market through targeted expansion of key categories, including kids, licensed and wedding, supported by disciplined promotional planning, considered pricing actions and ongoing space and range optimisation to drive attachment and category growth.

Initiative	Objective	Progress	Results	Next steps
<b>Optimising store space</b>	Stronger alignment of range development and store space optimisation enabling growth in key categories.	<ul style="list-style-type: none"> <li>Targeted space rebalancing across the estate to support the continued expansion of gifts and celebration essentials alongside market-leading card ranges.</li> <li>Flexible, data-led approach to space allocation, enabling stores to adapt space in line with category performance and customer demand.</li> <li>Capital-light delivery model, prioritising targeted interventions over full store refits.</li> <li>Improved product adjacencies and navigation, making it easier for customers to shop across multiple categories in a single visit.</li> </ul>	<ul style="list-style-type: none"> <li>Improved support for category growth without diluting the strength of the core card offer, enabling broader celebration missions to be fulfilled in-store.</li> <li>More responsive use of store space, allowing stores to adjust as customer behaviour and range mix evolved through FY26.</li> <li>Strong returns on investment, with space changes delivered efficiently and minimal disruption to trading.</li> <li>Clearer customer journeys and improved ease of shop, supporting attachment and multi-category purchasing.</li> </ul>	Continue to scale space optimisation selectively across the estate, prioritising stores and categories with the greatest growth potential. Further align space allocation with range development and seasonal planning to strengthen execution around key trading events, while refining space principles as our celebration offer continues to expand.



# Extending access to our celebration offer across stores, wholesale partnerships and digital

Reaching more customers is a central pillar of our growth strategy and reflects our focus on building multiple, complementary routes to market. By strengthening our store estate, scaling wholesale partnerships and developing our digital proposition, we are extending access to our celebration offer in ways that support both near-term performance and long-term growth.

***“We are evolving the store estate to continuously improve how our stores operate and serve customers.”***

## **Store estate**

In FY26, we continued to take a disciplined approach to store expansion with 43 new stores opened, 16 stores closed, of which nine were relocations, bringing our total at year-end to 1,117. We plan to open a similar number of new stores in FY27. Estate expansion focuses on opportunities in underpenetrated locations, with the Republic of Ireland demonstrating the scalability of our proposition, while our ongoing store relocation and expansion strategy increased our presence in relevant UK retail park locations and optimised our high street estate.

We are investing in initiatives to enhance the in-store customer experience and improve operational effectiveness. This includes the phased test-and-learn rollout of a new hybrid point of sale (till) system (see page 33), designed to reduce queuing, improve customer service and support better on-shelf availability through more effective management of store labour hours.

## **Wholesale partnerships**

Wholesale partnerships provide a scalable and capital-efficient way to reach new customers beyond our owned estate, both in the UK and internationally. During FY26, we successfully delivered the first phase of the new The Reject Shop contract in Australia, with the second phase now completed and our new third-party logistics provider delivering high levels of on-shelf availability. Like-for-like sales are improved, including across the Christmas period. In the UK & Republic of Ireland, our everyday range continues to perform robustly in Aldi through our full-service model, while at Christmas we expanded the offer to include gift bags, cards and boxed cards, with sales ahead of expectations.

## **Digital**

In digital, FY26 marked a period of reset and integration. Following the closure of Getting Personal and in light of the acquisition of Funky Pigeon, we took the opportunity to reset and restructure the ranging and fulfilment approach for our digital business to improve profitability within [cardfactory.co.uk](https://www.cardfactory.co.uk). The acquisition enhances our technology capabilities, expands our customer base and provides the potential to further strengthen our omnichannel proposition so that customers can seamlessly access a broader celebration range across stores and online.

While cardfactory remains the UK's leading card retailer, there is clear headroom to grow online market share, particularly through a scalable card and gift-attached offer that can leverage the extensive 24 million store customer base to drive our digital growth. This will provide a structurally profitable online platform within cardfactory, built around key elements of our vertically integrated model, especially our studio and fulfilment capabilities.



**Steve Lilley**  
Executive Director  
for Retail

Interview with  
**Steve Lilley**

**Q: How are you evolving the store estate to improve the customer experience, while maintaining disciplined growth?**

**A** We are evolving the store estate to continuously improve how our stores operate and serve customers, while taking a disciplined and selective approach to investment. Alongside our store expansion strategy, we are investing in initiatives that improve the in-store experience, including layout optimisation and colleague capability. The cardfactory Way' training programme continues to play a key role, equipping colleagues with the skills and behaviours needed to deliver consistent, high-quality service as our offer broadens.

**Q: What role does the store estate play in reaching more customers as the offer continues to broaden?**

**A** The store estate remains the primary way customers experience cardfactory and is central to how we reach and retain customers. By enabling customers to meet multiple needs across cards, gifts and celebration essentials in a single visit, stores support repeat visits and help us capture a greater share of customers' overall celebration spend.

**Q: How has your approach to store expansion and relocations evolved as the business grows?**

**A** Our approach to expansion and relocations continues to reflect the need to adapt to changing consumer footfall trends, while maintaining a highly resilient store portfolio. We remain focused on operating a predominantly low-cost estate, supported by flexible lease structures,

typically with three-to-five-year break clauses, and with exceptionally few loss-making stores across the portfolio. Relocations play an important role in this, allowing us to move stores to better trading positions within existing catchments, while maintaining a disciplined cost base.

**Q: How do you ensure stores remain productive and resilient, while continuing to invest in value?**

**A** Productivity and resilience come from balancing efficiency with continued investment in value and service. We focus on simplifying operations, improving the use of store labour hours and managing cost pressures, while maintaining strong value credentials that drive footfall. Our point of sale (till) trial and future rollout (see page 33) is an example of this approach. Together, these actions ensure stores can adapt as customer behaviour evolves, while continuing to play a central role in driving footfall and progressive growth.

## CASE STUDY

### Expanding our store estate in the Republic of Ireland

The Republic of Ireland provides a clear example of how cardfactory's store strategy is enabling the business to reach more customers through disciplined, profitable expansion. Since entering the Irish market in 2017, we have grown the estate steadily, building a meaningful presence in an underpenetrated market, while applying the same principles that underpin the UK store strategy.

Now totalling 48 stores (as of 31 January 2026), growth in the Republic of Ireland has been entirely organic, allowing the business to apply a consistent and established approach to site selection built around the core principle of lower cost, flexible leases with a target three-to-five-year break clause. The focus has been on getting locations right first time by selecting appropriate store sizes and locations to meet local demand, while maintaining a low-cost operating model that delivers payback in 24 months.

In the UK, alongside a similar underpenetrated location expansion approach, relocations are a normal and established part of how the estate is actively managed, allowing the business to respond to changes in footfall patterns, improve store economics and address operational constraints where required. While no relocations have been undertaken in the Republic of Ireland to date, the same disciplined approach will be applied in future where it supports improved performance or customer experience, as the estate continues to mature.

As the Irish estate has expanded, cardfactory has moved from a more regional presence that was initially focused around Dublin to achieving nationwide coverage so that there are cardfactory stores within convenient reach of the majority of the population. The opening of two new shopping centre locations on the main M50 corridor (around Dublin) has been particularly significant, completing a nationwide footprint and improving accessibility to the brand across key population centres. This milestone strengthens brand awareness and provides a platform for continued growth.

Together, these factors have supported the development of a resilient and scalable store portfolio in the Republic of Ireland, with very limited cannibalisation given the level of remaining white space. This will see the Irish estate grow by approximately 50% over the next five years with future expansion focused on selectively filling underpenetrated locations, while applying proven estate disciplines to support sustainable performance.

#### New stores in the Republic of Ireland in FY26

**+7 (+17%)**

## STRATEGY IN ACTION – REACHING MORE CUSTOMERS CONTINUED

Initiative	Objective	Progress	Results	Next steps
<b>Stores</b>	To deliver profitable growth from an extensive and disciplined store estate by driving footfall, productivity and customer relevance.	<ul style="list-style-type: none"> <li>Disciplined store expansion and relocations, targeting underpenetrated locations and improving performance within existing catchments.</li> <li>Continued growth in the Republic of Ireland, alongside selective expansion in the UK.</li> <li>Investment in customer service and experience, supported by layout optimisation and colleague capability.</li> <li>Rollout of 'The cardfactory Way' training programme continued, strengthening service consistency, colleague capability and customer engagement in stores.</li> <li>Phased rollout of the new hybrid point of sale (till) system, improving service flexibility and operational efficiency.</li> <li>Strong focus on cost discipline, supported by low-cost, flexible lease structures and active portfolio management.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable growth in store reach, while maintaining a highly resilient estate with exceptionally few loss-making stores.</li> <li>Improved performance across priority locations, strengthening returns within existing catchments.</li> <li>Consistent in-store service standards, supporting customer satisfaction and repeat visits as the offer broadens.</li> <li>More consistent service delivery and colleague engagement, reinforcing the customer experience at the point of interaction.</li> <li>More efficient use of store hours and improved transaction flow, supporting productivity and service at peak times.</li> <li>A robust store portfolio, well positioned to perform through changing footfall patterns and cost pressures.</li> </ul>	Continue disciplined store expansion and active estate management, including relocations, with a clear focus on footfall strength and cost control. Progress the rollout of the hybrid point of sale (till) solution (see page 33) to optimise store configuration and labour deployment, while further strengthening productivity and service delivery as our celebration offer continues to broaden.
<b>Digital</b>	Unlocking digital growth through a card attached gift and celebration and party focus.	<ul style="list-style-type: none"> <li>Acquisition of Funky Pigeon, strengthening the Group's market position and capability in online 'card plus' and direct-to-recipient market segment following the orderly exit from Getting Personal.</li> <li>Integration of Funky Pigeon into the Group, upweighting in-house technology capabilities and advantage from the Funky Pigeon platform.</li> <li>Reset of digital ranging and fulfilment, leveraging combined studio, sourcing and fulfilment capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced digital capability in personalised celebrations creating a structurally profitable business with strong foundation for growth.</li> <li>A more resilient and controlled digital operating model.</li> <li>Improved flexibility in digital fulfilment and content creation, supporting future growth and scalability.</li> </ul>	Complete the integration of Funky Pigeon across systems, fulfilment and commercial planning to establish a scalable and structurally profitable digital platform. Leverage the Group's 24 million store customer base to drive digital acquisition and engagement, while continuing to evolve the online offer and customer journey in alignment with our vertically integrated model.

Initiative	Objective	Progress	Results	Next steps
<b>Wholesale partners</b>	To extend the reach of the cardfactory proposition through scalable, capital-light wholesale partnerships.	<ul style="list-style-type: none"> <li>• Delivery of the first phase of the new The Reject Shop contract, with Phase 2 now completed.</li> <li>• Expansion of the Aldi partnership, including the introduction of additional ranges at Christmas.</li> <li>• Continued development of international wholesale businesses, including Garven and Garlanna.</li> <li>• Restructuring SA Greetings to support the operating model.</li> </ul>	<ul style="list-style-type: none"> <li>• Successful execution of the new contract with The Reject Shop, supporting improved performance.</li> <li>• Robust performance in Aldi, with everyday ranges performing well and Christmas ranges trading ahead of expectations.</li> <li>• Growth in international wholesale, with Garven and Garlanna performing in line with expectations and expanding customer reach.</li> <li>• A stable and focused operating model at SA Greetings, providing the platform for future performance.</li> </ul>	Build on existing wholesale relationships through ongoing range development and operational enhancements, and further strengthen international wholesale platforms, with North America remaining a key target market for growth.



# Funky Pigeon: accelerating our digital capability

## Extending our celebration offer through a scalable digital platform

In August 2025, we completed the acquisition of Funky Pigeon, a significant step in accelerating our digital strategy and strengthening our position as a leading celebrations retailer.

While cardfactory is the UK's leading specialist card retailer, we see clear headroom to grow our online market share through both our existing cardfactory.co.uk site and Funky Pigeon. In particular, we are well placed to drive growth through a compelling card and gift attachment offer online that leverages our existing market strength.

Funky Pigeon also complements our nationwide store estate and existing omnichannel capabilities. As we continue to broaden our celebration offer, the opportunity is to extend our store-based party and celebration offer through cardfactory.co.uk. This will enable both in-store and online customers to seamlessly access an extended range through our omnichannel services.

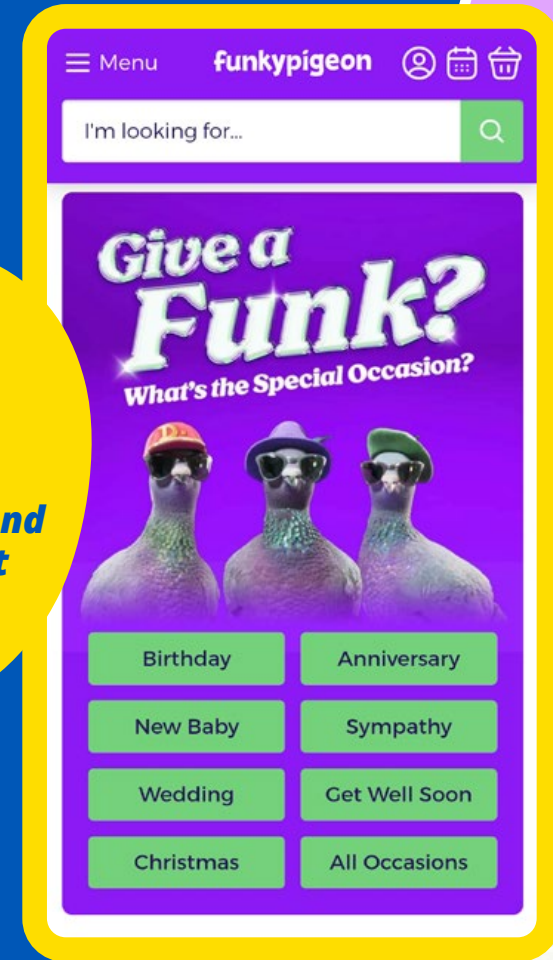
The integration of Funky Pigeon strengthens this proposition by enhancing our technology capabilities and accelerating our card and gift attached online offer, alongside the benefit of a large, established customer base.

Integration is progressing in line with expectations. Our priorities are to reconfigure the manufacturing and fulfilment approach to make best use of our manufacturing facility in Yorkshire alongside the existing Funky Pigeon fulfilment facility in Guernsey. This will provide the flexibility required to offer direct delivery or an in-store collection service for our customers at advantageous costs for our business.

At the same time, we are progressing at pace the strategic planning that will determine how we take full advantage of the Funky Pigeon platform for both our sites. And finally, we are undertaking extensive product review and planning, so that we are offering the right range.

Looking ahead, we also plan to enhance data capabilities across our 24 million unique store customers, enabling us to leverage insight more effectively across digital and omnichannel touchpoints. Together, these actions support the development of a structurally profitable online platform within cardfactory and provide a strong foundation for disciplined digital growth.

**“Well placed to drive growth through a compelling card and gift attachment offer online.”**





# A structured, multi-year programme to mitigate inflation and protect performance

Over the past three years, inflation added more than £60 million to the Group's cost base. While inflation itself is outside our control, our response to it is not. Through our structured, multi-year 'Simplify & Scale' programme, we consistently mitigate inflation through efficiencies, productivity improvements and disciplined range and pricing actions.

'Simplify & Scale' is embedded across the business and focuses on eliminating non-value-added and manual activities, reducing duplication, streamlining operations and optimising how we range, price and operate. The programme spans stores, supply chain, sourcing, online fulfilment and the support centre, and is designed to deliver sustainable efficiencies rather than short-term cost reduction.

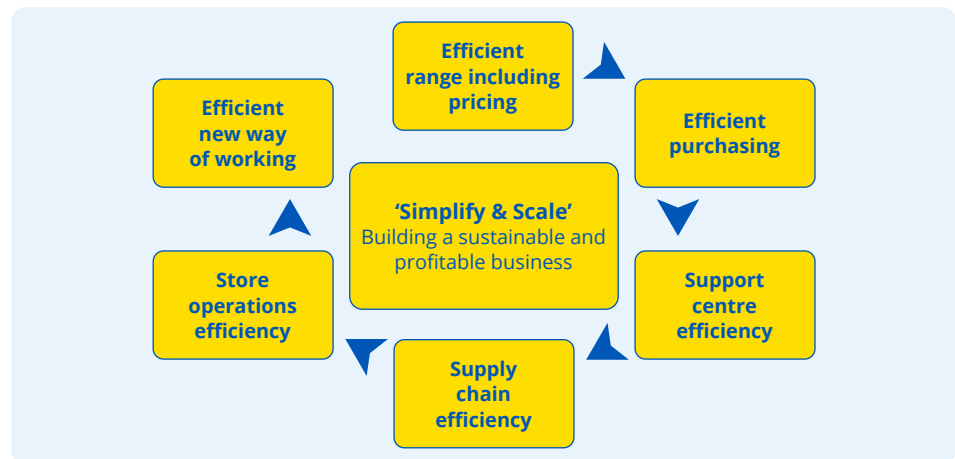
During FY26, the programme delivered meaningful progress. In the first half of the year, we achieved £9 million of efficiencies through a combination of end-to-end operational streamlining and range optimisation, including pricing.

Actions included the insourcing of printing and distribution of store merchandising materials, optimisation of warehouse and

agency labour, and the delivery of a 9% efficiency improvement across the store estate. As in prior years, the phasing of benefits was weighted towards the second half, reflecting the timing of implementation.

Across the full year, 'Simplify & Scale' enabled the business to offset £21 million of inflation, which was the significant majority of inflationary pressures. Further efficiencies were delivered through the automation of support centre back-office tasks and processes, alongside additional store labour efficiencies enabled by the rollout of the new point of sale (till) system (see case study on page 33). This included streamlined back-of-store activities and the pilot of hybrid tills, supporting more effective use of store hours, while maintaining service standards.

'Simplify & Scale' remains a core enabler of the Group's strategy. By mitigating inflation and improving productivity, the programme protects our ability to invest in growth, maintain strong value credentials for customers and support disciplined financial performance. It has proven effective through FY26 and continues to underpin the resilience and sustainability of the business.





**Matthias Seeger**  
Chief Financial Officer

Interview with  
**Matthias Seeger**

**Q: Why is 'Simplify & Scale' a permanent feature of how the business operates, rather than a short-term response to inflation?**

**A** 'Simplify & Scale' is designed to be structural, not reactive. Inflation may change year to year, but the need to operate efficiently does not. The programme provides a consistent framework for challenging how we work, removing complexity and ensuring that productivity improvements are sustained, rather than relying on one-off actions.

**Q: How do you ensure efficiency initiatives do not undermine service or the value proposition?**

**A** Efficiency for us is about removing waste, not reducing capability. We focus on eliminating duplication, manual activity and complexity so that time and resource can be redirected towards serving customers and protecting value. That discipline ensures efficiencies support, rather than compromise, the customer experience.

**Q: What distinguishes 'Simplify & Scale' from traditional cost-saving programmes?**

**A** The key difference is that 'Simplify & Scale' is embedded across the organisation and linked to how decisions are made day to day. It spans stores, supply chain, sourcing and the support centre, and is focused on productivity and effectiveness, not just reducing cost lines.

**Q: How does 'Simplify & Scale' support delivery of the wider strategy?**

**A** By mitigating inflation and improving productivity, the programme creates headroom to invest elsewhere in the business. It supports disciplined financial performance, while enabling continued investment in growth initiatives and maintaining strong value credentials for customers.

## CASE STUDY

### Hybrid point of sale enabling store productivity

During FY26, we completed an initial trial of a new hybrid point of sale till (PoS) solution for our stores as part of our 'Simplify & Scale' programme. This investment is designed to improve productivity, in-store customer service, and operational flexibility within our store estate. The trial was deliberately designed to test the solution across different trading environments and customer profiles.

Three stores were selected to reflect the diversity of the estate: a large, high-volume flagship location, a smaller high-street store serving a more mature customer demographic, and a retail park store. The trial was launched ahead of the Christmas trading period so that we could assess performance both outside of, and during, a peak season.

The hybrid PoS solution is a first for UK retailers. The system can act as either a normal staffed till or, by turning the till screen around, as a self-service checkout for customers. By operating seamlessly alongside traditional staffed tills we have the benefit of flexible transaction options that allow the service model to be adapted by store type rather than applying a single, standardised approach. The trial demonstrated that the optimal configuration varied by location, store type and demographic, reinforcing the importance of tailoring solutions to customer behaviour and store dynamics.

Early learnings highlighted several potential benefits, including improved transaction flow, reduced queuing at peak times and greater flexibility in colleague deployment. During the trial, an average of c.40% of customers used the self-serve PoS systems with over 60,000 transactions processed. As part of our wider PoS upgrade, tasks that were traditionally completed in the back office could also be carried out on the shop floor, increasing colleague presence with customers and supporting more efficient use of store hours. The new system also addressed legacy technology and security considerations.

The trial has provided valuable insight into how the hybrid PoS model will support both service and efficiency objectives. Based on these learnings, the next phase will expand the trial to a broader group of stores to inform future decision making on configuration and rollout, ensuring the approach remains disciplined, scalable and aligned to store performance.

#### Transactions processed

**60,000**

#### Customer engagement

**40%**

## STRATEGY IN ACTION – DRIVING EFFICIENCIES CONTINUED

Initiative	Objective	Progress	Results	Next steps
<p><b><i>'Simplify &amp; Scale' productivity and efficiency programme</i></b></p>	<p>To mitigate inflationary cost pressures and protect the Group's ability to invest in growth and value.</p>	<ul style="list-style-type: none"> <li>Continued delivery of the multi-year 'Simplify &amp; Scale' programme, embedded across stores, supply chain, sourcing and the support centre.</li> <li>End-to-end operational streamlining, removing non-value-added and manual activities and reducing duplication.</li> <li>Range and pricing optimisation, supporting productivity and value.</li> <li>Insourcing of merchandising print and distribution, reducing cost and complexity.</li> <li>Optimisation of warehouse, agency and store labour, supported by process improvements and new systems.</li> <li>Automation of support centre back-office processes, improving efficiency and scalability.</li> <li>Phased rollout of the new point-of-sale system, including hybrid PoS, enabling more efficient store operations and labour deployment.</li> </ul>	<ul style="list-style-type: none"> <li>A structured and repeatable approach to efficiency, enabling consistent delivery rather than one-off cost actions.</li> <li>Improved operational productivity across the business.</li> <li>More efficient range execution and pricing discipline, protecting value for customers.</li> <li>Reduced external dependency and improved cost control in merchandising operations.</li> <li>Improved use of labour hours across stores and distribution, supporting productivity and service.</li> <li>A more efficient and scalable support centre, better aligned to the needs of the business.</li> <li>Greater flexibility in store labour deployment and transaction processing, supporting productivity, while maintaining service standards.</li> </ul>	<p>Continue to scale the 'Simplify &amp; Scale' programme across the business, embedding productivity and efficiency improvements in core operations. Progress further automation and process simplification within the support centre, build on PoS-enabled efficiencies to enhance store productivity, and maintain disciplined cost management to mitigate inflationary pressures.</p>



## Our ESG Report

# 'Delivering a Sustainable Future'

**At cardfactory, our purpose – making, sharing in, and celebrating life's moments special and accessible for everyone – is supported by effective environmental, social and governance (ESG) practices. Together, these reduce risk and support efficient growth and long-term value creation, key elements of enabling resilience in retail.**

This year, we continued to embed our 'Delivering a Sustainable Future' strategy across decision making and operations. Our approach focuses on delivering measurable progress across environmental impact, responsible sourcing, colleague wellbeing and strong governance, while improving efficiency and creating value for every celebration for our customers.

We have strengthened our governance measures, completing a new materiality assessment (see page 37) and strengthening sustainability risk management to ensure that we focus on the environmental and social topics that matter most to our stakeholders and long-term growth. These activities guide board decisions and align sustainability with our wider business strategy.

Policies to realise the priorities focus initially on minimising of waste, phasing out non-essential single-use plastic, ensuring compliance with new packaging and waste legislation and reduction of Scope 1 and 2 emissions.

Details of our progress, including climate-related financial disclosures, can be found on pages 39 to 55.



***Our approach focuses on delivering measurable progress."***



# 2025 materiality assessment

## Findings and resulting priorities

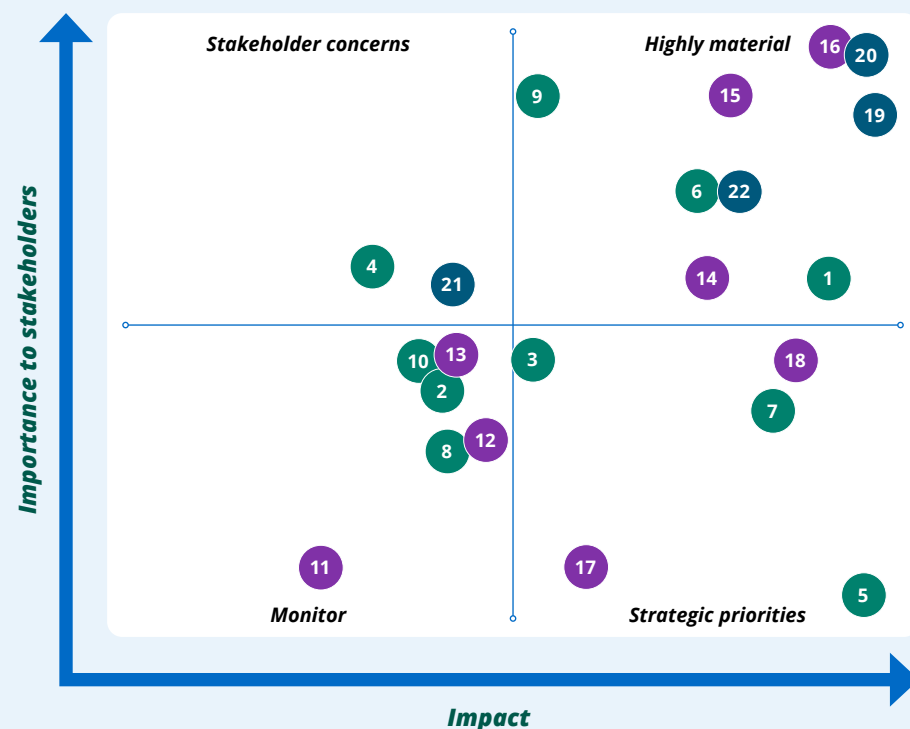
In 2025, we engaged external specialists to complete a comprehensive materiality assessment for our core UK & Republic of Ireland cardfactory business. This assessment applied a double materiality lens, evaluating both how ESG factors impact cardfactory's financial and strategic performance, and how our operations impact people and the planet. The process engaged over 1,300 stakeholders, including colleagues, customers and suppliers, alongside internal workshops, sector benchmarking and desk research to reflect investor and partner priorities. The assessment evaluated ESG topics most relevant to the retail sector and cardfactory specifically.

The resulting materiality matrix (see graphic) maps 22 ESG topics by their importance to stakeholders and impact on cardfactory, with nine found to be highly material. Findings show a balanced spread across ESG themes within our highly material issues, with a notable emphasis on colleague-related topics and governance fundamentals. Fair pay and employment terms, employee health and wellbeing, and data security and privacy emerged as top priorities, reflecting cost-of-living pressures and heightened cybersecurity risks. Environmental topics such as protecting nature and wildlife, carbon and other Greenhouse Gas (GHG) emissions, and waste from operations also rank highly, driven by regulatory requirements, stakeholder expectations and financial impact.

These insights have informed a review of our 'Delivering a Sustainable Future' Group sustainability strategy and where we place most focus. The findings indicated that the strategy and related risk mitigations currently address our most material issues, but we have updated our supporting commitments to ensure these reflect areas with greatest impact and stakeholder interest. Fair pay and employment terms, and colleague wellbeing will remain a priority. In terms of the environment, protecting nature and wildlife and supply chain transparency will require greater focus as we continue to expand our gifting and celebration essential categories. Reducing waste from our operations will remain a priority from both a financial and sustainability perspective, with increased emphasis placed on reducing helium waste.

Governance priorities, including responsible business conduct and data security, will remain central to our reporting and risk management. In addition, emerging issues impacting retailers and highlighted within the assessment, including supply chain transparency, impact of climate change on colleague wellbeing, and responsible use of AI, will be monitored closely.

Focusing our strategy and commitments on these material priorities will enable us to continue to deliver meaningful and measurable progress on ESG risks and opportunities, ensuring long-term value for all our stakeholders. The refreshed Group strategy will also underpin further engagement with our acquired businesses, building on their existing GHG emissions reporting to ensure alignment and support localised implementation.



● Environmental topic ● Social topic ● Governance topic

- |  |   |
|--|---|
| 1. Waste from our operations   | 11. Community engagement  |
| 2. Product and packaging waste in customers' homes                   | 12. Inclusive product ranges  |
| 3. More eco-friendly products  | 13. Hiring and training practices that help get people into the workplace |
| 4. Single-use plastic  | 14. Diversity, equality & inclusion                                       |
| 5. Helium use in balloons  | 15. Employee health & wellbeing   |
| 6. Carbon and other GHG emissions (Scope 1, 2 and 3)                 | 16. Fair pay & employment terms   |
| 7. Working with suppliers to improve their environmental performance | 17. Colleague education & training  |
| 8. Adapting to impacts of climate change                             | 18. Human rights in our supply chain                                      |
| 9. Protecting nature and wildlife                                    | 19. Responsible running of the business                                   |
| 10. Water use  | 20. Data security & privacy   |
|  | 21. Responsible communications  |
|  | 22. Sustainability embedded in decision making                            |

# Our refreshed 'Delivering a Sustainable Future' strategy

The following updated strategy reflects the findings of our 2025 materiality assessment



## Climate Action

We will reduce our emissions to deliver Net Zero by 2050.

- Establish and deliver a Net Zero pathway for the Group.
- Decarbonise operations through clean energy and energy optimisation.
- Improve operational efficiency across our business and supply chain.
- Collaborate with our top suppliers to decarbonise.



## Waste Reduction

We will minimise waste generated across our business and in our customers' homes.

- Reduce waste by driving efficiency and optimising use of materials and natural resources.
- Reduce product waste through better use of data and insight.
- Address product end-of-life, identifying opportunities for re-use and recycling.



## Protecting Nature

We will operate in a way that reduces harm to our planet and helps restore our natural environment.

- Design and source products and packaging that minimise virgin material use and maximise recyclability.
- Work with our suppliers to reduce their impact on nature and the environment.
- Develop partnerships to restore nature.



## People and Community

We will actively champion the wellbeing of everyone within our business and communities by creating an environment that allows them to thrive.

- Support colleague health and wellbeing through a strong colleague offering and fair reward.
- Maintain an inclusive culture where difference is celebrated.
- Extend our care beyond our business to support the communities we serve.



## Governance

We will build our resilience and operate with transparency and integrity, embedding sustainability in everything we do.

- Identify, monitor and manage sustainability risks.
- Strengthen sustainability data, measurement and reporting to inform decision making and demonstrate progress.
- Embed sustainability into decision making and operational processes across the Group.
- Maintain and strengthen our sustainable business policies and procedures.



## Climate Action

We will reduce our emissions to deliver Net Zero by 2050.

### Goals

- Become a Net Zero business by 2050.
- Deliver our science-based near-term targets:
  - Reduce absolute Scope 1 and 2 GHG emissions by 54.6% by 2033.<sup>1</sup>
  - Reduce Scope 3 emissions by 61.1% by 2033 on an economic intensity basis.<sup>1</sup>
- Align top suppliers to cardfactory Net Zero targets.

### FY26 progress highlights

Full emissions data and climate disclosures are detailed on pages 44 to 55.

- We have delivered two key decarbonisation initiatives across our UK operations:
  - Completed rollout of an artificial intelligence energy management platform<sup>2</sup> across all cardfactory sites, delivering 507,197 KWH and £143k savings, equivalent to powering 20 stores for a year.
  - Replaced our 25 diesel vans with plug-in hybrid electric vehicles and added one fully electric van for short journeys, reducing total average emissions by 144 tCO<sub>2</sub>e each year.

- Following our acquisitions, we have focused on strengthening our emissions data to create a solid foundation for our Net Zero transition plan and ensure this reflects the current boundaries of our business and growth plans.
- We are reviewing supply chain climate risks as part of our annual climate-related disclosures analysis, with a wider review of climate-related risk ongoing as part of our sustainability risk register.



**Over the last year, we have delivered reductions across Scope 1 and 2 emissions. This progress has been driven by the steps we've taken towards decarbonisation of our UK operations, creating a solid foundation for further action over the coming months as we continue to find new ways to drive down our emissions."**

*cardfactory*  
Sustainability Manager

### How did we do?

- Achieved
- In progress
- Still to be achieved



### Plans for FY27

- Develop a robust, practical decarbonisation strategy and supporting action plan aligned with our growth objectives. This strategy will include transitioning to clean energy sources and the supplier engagement required to reduce our Scope 3 emissions.
- Continue to monitor evolving climate change-related risk across our operations and supply chain.
- Undertake review of export shipping logistics and packaging to optimise routes and loads from the UK to our international operations, reducing transport-related emissions.

1. Targets set in 2024 (compared to the FY22 base line) adopting the SBTi industry approach, which are subject to review in line with any changes to the baseline year.
2. AI platform analyses site-specific energy consumption behaviour and provides site teams with immediate alerts of issues and advice on how to fix them.



### Waste Reduction

We will minimise waste generated across our business and in our customers' homes.

#### Goals

- Find opportunities to use less materials and reduce waste across our business.
- Identify initiatives and partnerships to address product end of life.

#### FY26 progress highlights

- Our own-label soft toy fillings are now made from 100% recycled materials. ✔
- Our new own-label roll wrap is now fully recyclable and no longer includes cellophane wrap. ✔
- Our Printcraft manufacturing facility has eliminated use of bubble wrap, replacing it with cardboard shredding to reduce single-use plastics and reuse waste materials. ✔
- We have made further progress in introducing fully recyclable own-label products and packaging, and reducing non-essential single-use plastics; we have retained limited non-recyclable options where required, including for some gift bag handles, to reflect wider sustainability considerations or to maintain product quality and value. ⚠

#### Plans for FY27

- Deliver further product packaging improvements to support reduction, recyclability and regulatory compliance.
- Reduce virgin plastic use by increasing recycled content in products and packaging, in line with current and upcoming regulation.
- Explore export shipping waste reduction options, including better packaging to reduce product waste, and use of reusable/recyclable transit packaging.
- Implement and measure helium waste reduction strategy, in line with materiality assessment findings, eliminating system leaks and driving more efficient in-store use through colleague training.



#### How did we do?

- ✔ Achieved
- ⚠ In progress
- ❌ Still to be achieved



### Protecting Nature

We will operate in a way that reduces harm to our planet and helps restore our natural environment.

#### Goals

Identify and mitigate impacts of our business on nature.

#### FY26 progress highlights

- We have aligned our nature impact review with European Deforestation Regulation (EUDR) requirements, with completion now planned for December 2026 following the extension of the regulatory deadline. ⚠
- We signed a two-year biodiversity partnership with GreenTheUK in September 2025 to plant 24,000 climate-resilient trees and restore five hectares of wildflower-rich meadows. ✔

#### Plans for FY27

- All products in-scope will be compliant with EUDR requirements by 30 December 2026.
- Continue our partnership with GreenTheUK.



## People and Community

We will actively champion the wellbeing of everyone within our business and our communities by creating an environment that allows them to thrive.

### FY26 progress highlights

For updates on our colleague initiatives, please see the Our Colleagues section on pages 60 to 62.

### Goals

- Continue to support The cardfactory Foundation.
- Continue to identify and support charity and community partners that align with our values and business.
- Continue to support colleagues who are engaged with local causes and charities.

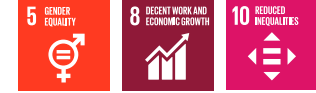
- Donated £1.3 million raised from carrier bag sales to The cardfactory Foundation. ●
- Donated £517k to Macmillan Cancer Support, taking the total raised since 2006 to more than £9.2 million. ●

### Plans for FY27

Continue to support The cardfactory Foundation and charity partners.

#### How did we do?

- Achieved
- In progress
- Still to be achieved



***In FY26, cardfactory donations have funded a transformational year for the Foundation."***

***Pushpinder Gill***  
*Head of The cardfactory Foundation*

We are incredibly proud to have launched a major new flagship partnership with Centrepont through the Foundation's Life Moments Fund, committing £1.5 million over three years to support young people experiencing homelessness. In its first year alone, the partnership has delivered specialist mental health therapy, trauma-informed training for hundreds of frontline staff and the physical transformation of Centrepont properties into safe, welcoming homes.

This is helping ensure young people facing homelessness have the professional support and stable foundations they need to move toward independent living and a brighter future.

Also this year, our Matched Giving Fund has donated almost £59,000 to double cardfactory colleagues' fundraising for the causes that matter most to them, and our Local Community Fund has awarded 91 x £5,000 grants to charities. Together, these initiatives demonstrate our unwavering commitment to empowering cardfactory colleagues and strengthening the communities where we live and work.



# Sustainability and climate-risk governance

## Governance

### Oversight of sustainability and climate-related risks

Cardfactory operates with transparency and integrity, embedding sustainability and climate considerations into all aspects of governance, operations and decision making. Actions and initiatives within our sustainability strategy are assigned to individual leads within a range of relevant business areas across our Group.

Our governance framework ensures:

- Clear Board oversight of sustainability-related matters, including climate-related risks and opportunities.

- Defined management responsibilities for implementing sustainability and climate strategy.
- Integration of sustainability and climate considerations into risk management, strategic planning and executive-level remuneration.
- Compliance with mandatory climate-related financial disclosure requirements.

For more information see the Corporate Governance Report on [pages 84–89](#).



### Board oversight of climate-related risks and opportunities

The Board ensures that climate-related risks and opportunities are appropriately considered within strategic planning, financial decision making and the Group's broader risk management processes. This oversight includes:

- Reviewing the resilience of the Group's strategy against relevant and/or emerging climate-related risks.
- Considering climate-related factors when reviewing major plans of action, annual budgets, business plans and risk management.
- Using insights from sustainability and emissions reduction activity, and climate risk assessments across the Group to inform strategic decisions.

While the impact of climate change on the business is factored into decision making, it is considered a strategic risk rather than a critical risk within the Group's framework, due to the mitigation measures in place. As such, the Board has delegated oversight to the Audit & Risk Committee, which reviews the risk status annually, with the processes for managing risks, outlined on pages 72 to 77.

The Group has not undertaken divestitures and climate considerations have not historically formed a material component of major capital projects or acquisitions. However, the Board keeps under review the potential relevance of climate-related factors to future investment decisions as the external risk landscape continues to evolve.

### Management's role in identifying, assessing, and managing climate-related issues

Cardfactory's management is responsible for the day-to-day identification, assessment and management of sustainability and climate-related risks and opportunities in line with the Group Risk Management Framework. Senior leaders review climate-related risks through the Sustainability Steering Group (SSG) and functional governance forums, which maintain the sustainability and climate risk registers, and oversee delivery of the 'Delivering a Sustainable Future' climate action plan.

Management receives climate-related information through monthly SSG meetings, periodic risk reviews, sustainability performance reporting and engagement with stakeholders on emerging issues. These structured processes ensure that material risks or significant developments are escalated promptly through the Chief Financial Officer to the senior management team, the Board and its Committees via established reporting and oversight channels.

The diagram below shows cardfactory's sustainability and climate risk governance structure, and the flow of information between each element.

## Board responsibilities

### Board

- Ultimate accountability and oversight of sustainability and climate-related risks and opportunities.
- Evaluates ESG and climate change as strategic risks within the Group Risk Registers.
- Approves the Group's sustainability strategy and ensures progress against agreed milestones.
- Receives biannual updates on ESG and climate performance, including risk assessments and mitigation plans.



### Remuneration Committee

- Oversees compensation and benefits, including how sustainability and climate-related performance metrics are reflected in senior management team variable pay outcomes.
- Executive remuneration includes ESG underpins to reinforce accountability.

### Audit & Risk Committee

- Oversees and advises the Board on risk-related matters, including climate and key ESG risks.
- Reviews ESG compliance and climate change risk on annual reporting.
- Any potential emerging risks are reviewed at each Committee meeting.
- Receives annual updates on principal risks, including 'ESG compliance and climate change'.



## Management responsibilities

### Chief Financial Officer

- Holds executive-level accountability for sustainability strategy implementation and ownership of climate risk.
- Receives regular and detailed updates on climate risk management from key stakeholders.
- Member of Sustainability Steering Group, overseeing senior-level integration of ESG and climate considerations into operational decision making.
- Responsible for Board and senior management team updates.

### Senior management team

- Receives regular updates on actions and priorities from the SSG and Prevention & Compliance Committee.
- Discusses emerging risks to determine whether to escalate to Audit & Risk Committee.
- Reviews Group risks and mitigations on a rolling basis.

### Prevention & Compliance Committee

- Forum to discuss cross-functional issues ahead of escalation to senior management team.
- Receives ESG compliance and reporting updates at least six-monthly.



### Functional leadership teams

- Identifies and supports the assessment of sustainability and climate-related risks and mitigation.

### Sustainability Leader

- Operates sustainability and climate risk registers.
- Oversees delivery of sustainability strategy and action plans.
- Provides bi-monthly updates to the CFO, and quarterly to Prevention & Compliance Committee on risk and progress of sustainability strategy.



### Sustainability Steering Group

- Includes representatives from the business.
- Meets monthly to support and direct delivery of sustainability strategy and climate action plan.
- Maintains and supports the sustainability risk register and delivery of the sustainability strategy.
- Review ESG and climate reporting and progress to targets.

# Climate-related financial disclosures

This section of the Annual Report outlines how the Group identifies, manages and responds to climate-related risks and opportunities to protect long-term value and support resilient growth. It presents our climate-related financial disclosures in accordance with the Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022 and Listing Rule 6.6.6(8). We consider our disclosures to be consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the exception of (a) full Scope 3 greenhouse gas emissions and (b) the emissions from Funky Pigeon (acquired August 2025). Work to integrate additional emissions sources and the re-baselining of emissions for Funky Pigeon is underway and expanded Scope 3 disclosures are expected to be included in the next Annual Report and Accounts.

The greenhouse gas emissions reported in this disclosure, are prepared in alignment with the requirements of the Streamlined Energy and Carbon Reporting (SECR) framework.

Our current assessment indicates that climate change does not pose a material threat to the Group's commercial viability in the short term; however, it remains an important strategic and operational consideration.

These disclosures outline how climate related considerations are embedded within our governance and risk management processes, and summarises the actions we are taking to mitigate risk and support our transition to a low carbon, climate-resilient business. Together with the wider ESG section of this report, these disclosures provide transparency on the resilience of the Group's strategy and our approach to long-term sustainable value creation.

## Climate strategy

We recognise climate-related risk as both strategic and operational in nature, with climate considerations fully integrated into our strategic planning processes, investment decisions, cost management activities and operational planning processes.

## Identified climate-related risks and opportunities

In assessing the potential impacts and opportunities associated with climate change, including those that influence investment choices, cost efficiency and operational planning, we apply the following time horizons, aligned with our business strategy, future planning, and (with consideration of climate transition scenarios) when they are expected to have the greatest impact:

- **Short term (up to 5 years, FY26–FY31):** Focuses on a short-term period relevant to business planning, investment decisions and the long-term viability of the business (see page 127.)
- **Medium term (5–15 years; FY31–FY41):** A foreseeable period to monitor and address emerging risks, including the timeframe for our science-based 2033 carbon reduction targets.
- **Long term (over 15 years, to 2050 and beyond):** captures more uncertain, longer-range risks. It aligns with our 2050 Net Zero goal and ensures we consider how the business might be affected by climate change in the far future.

We identify climate-related risks and opportunities across two primary categories: physical and transition risks. These, along with relevant ESG-related risks, are recorded in our Sustainability Risk Register and assessed based on commercial impact – the disruption to operations and impact on finances or reputation.

- **Low:** limited commercial impact.
- **Medium:** moderate commercial impact.
- **High:** significant commercial impact.



## Scenario assessment

Having considered the climate-related risks, we conducted scenario analysis against two distinct scenarios, outlined below, to assess the resilience of our strategy. Our analysis indicates that the Group's strategy remains resilient to these risks under both scenarios.

Scenario	Definition & key assumptions	Primary business impacts
<b>1. Gradual transition (&lt;2°C)</b>	<p><b>Aggressive climate action:</b> A scenario where strict global policies and carbon pricing are introduced to limit warming, aligned with the Paris Agreement.</p> <p><b>Key assumptions:</b></p> <ul style="list-style-type: none"> <li>• Rapid decarbonisation of the global economy.</li> <li>• High carbon taxes introduced in the UK and manufacturing regions (China/Far East).</li> <li>• Shift in consumer preference towards fully circular/sustainable products.</li> </ul>	<p><b>Transition risks focus:</b></p> <ul style="list-style-type: none"> <li>• <b>Legal &amp; policy:</b> Increased compliance costs for carbon reporting and potential levies on imported goods (carbon border taxes).</li> <li>• <b>Market:</b> Risk of reduced demand for non-sustainable products (e.g. helium balloons, plastic packaging).</li> <li>• <b>Reputation:</b> Investor and customer scrutiny on Net Zero progress and supply chain transparency.</li> </ul>
<b>2. Business as usual (&gt;3-4°C)</b>	<p><b>Climate inaction:</b> A scenario where no further climate policies are enacted, leading to high global warming.</p> <p><b>Key assumptions:</b></p> <ul style="list-style-type: none"> <li>• Emissions continue to rise at current rates.</li> <li>• Significant increase in frequency and severity of extreme weather events.</li> <li>• No additional transition policies implemented.</li> </ul>	<p><b>Physical risks focus:</b></p> <ul style="list-style-type: none"> <li>• <b>Supply chain:</b> Disruption to the availability of raw materials (paper/pulp) due to droughts or forest fires in sourcing regions; disruption to product supply due to impact of extreme weather (flooding/heatwaves) on manufacturing facilities.</li> <li>• <b>Operations:</b> Distribution centre or store closures due to extreme weather (flooding/heatwaves).</li> <li>• <b>Trading:</b> Reduced high street footfall during extreme temperature events (e.g. heatwaves).</li> </ul>

In this year's disclosure, we took the decision to reduce the assessment of the risks from three to two scenarios reflecting the UK's commitment to a gradual transition, aligned with the Paris Agreement. This position will be reviewed annually, based on the latest climate science findings.

## CLIMATE CHANGE AND TCFD CONTINUED

### Climate-related risks

We define a climate-related risk as any risk that could materially affect, or pose a threat to, the resilience of our operational cost base or broader business model, taking into account the assessed likelihood of occurrence. These risks are recorded in our Sustainability Risk Register, alongside the associated mitigating actions, and are summarised in the table below. They are also reflected within our two principal risks: 'ESG & climate change' and 'Business continuity'.

The identified risks represent the potential negative financial and operational impacts that can result from physical climate-related risks and the transition to a low-carbon economy.

Risk	Risk description	Impact	Impact time horizon	Impact level	Mitigation actions and opportunity	Impact of future scenario
<b>Transition risks</b>						
<b>Policy and legal</b>	Increased climate-related policies, regulations, taxation and legal requirements may lead to brand risk and higher operational costs.	<p>cardfactory is mandated to comply with several regulatory regimes (e.g. SECR – Streamlined Energy &amp; Carbon Report, ESOS – Energy Saving Opportunities Scheme and EPR – Extended Producer Responsibility). While current financial impacts are minimal, relative to total operating costs, the regulatory burden will continue to increase.</p> <p>Failure to comply with reporting standards could damage investor and customer confidence and increase operational costs.</p> <p>Emerging eco-design regulations may require the substitution of existing raw materials with lower-emission alternatives, increasing product and production costs. Carbon pricing and taxation will further increase cost pressures.</p>	Short – medium term	Low	<p>cardfactory's sustainability strategy and actions to manage transition risks provide an opportunity to strengthen brand reputation.</p> <p>Governance and risk processes are in place, including the Sustainability Risk Register, which supports the identification, assessment and review of emerging risks.</p> <p>The sustainability team, supported by the Sustainability Steering Group, conducts horizon scanning to monitor new and upcoming regulatory developments.</p>	Warming limited to <2°C. Increasing time/cost burden but likely minimal cost impact over time.

Risk	Risk description	Impact	Impact time horizon	Impact level	Mitigation actions and opportunity	Impact of future scenario
<b>Transition risks</b> continued						
<b>Market and reputational</b>	Changes in consumer behaviour driven by actual or perceived environmental impacts of products.	Consumers are increasingly assessing and expecting the sustainability of products and their supply chains. Unsustainable sourcing of raw materials (e.g. paper, cardboard) can negatively impact the environment and damage brand reputation. This may lead consumers to switch to companies and products that better align with their environmental preferences.	Short – medium term	Low	<p>We remain committed to reviewing and reducing the environmental impacts of our products, including the active management of waste and environmentally sensitive product lines.</p> <p>To strengthen the identification and management of supply chain risks, the Group appointed a Head of Technical &amp; Sustainable Sourcing in FY26.</p> <p>Example mitigation areas include Timber sourcing: Ensuring responsible sourcing standards (e.g. FSC); Helium management: Waste reduction strategy will be implemented in FY27.</p>	Warming limited to <2°C. Increasing time/cost burden but likely minimal cost impact over time.
<b>Technology</b>	Transitioning to a low-carbon business model increases costs from third-party logistics partners as they invest in electric vehicle (EV) fleets. There is also a risk of aging machinery at Printcraft becoming energy-inefficient, increasing our direct carbon footprint and manufacturing costs.	Indirect costs will rise as partners undertake significant capital investment to replace ageing diesel vehicles. Direct investment is required for older printing equipment. There is a risk of supply chain disruption if partners select technologies (e.g. specific EV truck models) that prove unsuitable for our distribution needs.	Medium – long term	Medium	<p>We are collaborating with logistics partners to leverage their investments in EV fleets for our distribution. Internally, we are investing in state-of-the-art energy-efficient presses at Printcraft and have transitioned our small corporate fleet to electric/hybrid vehicles. We utilise telematics to optimise load efficiency and reduce total road miles.</p>	Warming limited to <2°C. Risk of price shocks due to geo-politics; mitigation actions in place to manage that risk and spread the cost.

**CLIMATE CHANGE AND TCFD** CONTINUED

Risk	Risk description	Impact	Impact time horizon	Impact level	Mitigation actions and opportunity	Impact of future scenario
<i>Transition risks</i> continued						
<b>Energy market volatility</b>	Grid transition and price shocks: Volatility in energy prices affecting the cost of operating our UK & Republic of Ireland estate, for example our distribution centre, and c.1,117 stores.	Sharp increases in electricity prices – consistent with recent market experience – impact store profitability and manufacturing costs. Whilst we have managed price rises within our operational costs, this has future potential to increase our cost base. Potential supply interruptions could also affect our ability to conduct business, our store openings, and printing and production schedules for Printcraft.	Medium – long term	Medium – high	<p>We have a comprehensive energy management programme aimed at reducing exposure to price volatility and improving operational resilience. Key measures include:</p> <p>Smart metering: Installation of smart meters across the estate to monitor energy use, supported by an AI energy management system to detect and prevent energy waste.</p> <p>Energy procurement strategy: Working closely with energy suppliers to manage risk around energy procurement.</p> <p>On-site renewables: Exploring installation of on-site solar generation at our main manufacturing and distribution hubs.</p> <p>Commodity hedging: Utilising hedging strategies for energy and foreign exchange, while managing raw material volatility through procurement agreements.</p>	Warming limited to <2°C. Increasing time/cost burden but likely minimal cost impact over time.

Risk	Risk description	Impact	Impact time horizon	Impact level	Mitigation actions and opportunity	Impact of future scenario
<b>Physical risks</b>						
<b>Acute and chronic changes in temperature (1)</b>	Increased frequency and severity of extreme weather, resulting in disruption to our supply chain logistics, distribution, and manufacturing sites.	Our global supply chain presents a risk in the event of more frequent extreme weather events, that could impact product quality and availability, and result in price volatility. This also includes potential loss of trading days and disruption to the logistics network affecting the ability to deliver to shops.	Short – long term	Low	Current impact is assessed as low, as we deploy logistics and route planning technology to reduce the impact of extreme weather. We have robust Business Continuity Plans in place and have designed our supply chain to mitigate the risk of localised disruptions causing single points of failure.	>4°C results in increasing disruption over time.
<b>Acute and chronic changes in temperature (2)</b>	Increased frequency and severity of extreme weather events, resulting in damage to infrastructure and our estate, as well as reduced customer footfall.	Negative impact on revenue. Our two main UK sites, Printcraft, near Bradford and the distribution centre at Wakefield, have been assessed as low flood risk to 2060. There have been some flood events at a small number of stores, the impact of which in relation to the estate is considered low.	Short – long term	Low	Our emergency recovery plans mean we can recover any affected systems such as IT, which are incorporated in our Business Continuity Risk Management.  We conduct flood risk assessments for existing critical sites and work closely with insurers to identify risk, for stores we monitor flood events, with emergency response to reinstate the store. The reason for the flood is assessed and action taken to avoid recurrence.  We have diversified our business model with online sales, which will help mitigate reduced store traffic during adverse weather conditions.	>4°C results in increasing damage over time.

## CLIMATE CHANGE AND TCFD CONTINUED

Risk	Risk description	Impact	Impact time horizon	Impact level	Mitigation actions and opportunity	Impact of future scenario
<b>Physical risks</b> continued						
<b>Acute and chronic changes in temperature (3)</b>	High temperatures affecting health and wellbeing of staff. High temperatures impacting raw materials such as timber.	Rising temperatures increase the risk of summer days exceeding safe working temperatures, necessitating policy changes or additional cooling. Global temperature changes may impact crop yields for ingredients and timber availability, leading to price volatility and increased cooling costs in our supply chain.	Medium – long term	Low	<p>We monitor our estate for high temperature impacts and review working practices.</p> <p>We ensure existing cooling systems are maintained and temperature set-points managed.</p> <p>In new and retrofit stores, we implement cooling technologies where required and have an annual budget for installing new air conditioning at risk sites.</p>	>4°C results in increasing temperature impacts over time.
<b>Changing customer behaviour</b>	Extreme weather alters shopper habits: Impact of climate change (hotter weather, more storms/ rainfall) on shopper behaviour, reducing footfall to stores and impacting revenues.	Fewer store visits and lower in-store sales during extreme weather events. This results in disruption to shop operations (loss of trading days) and significantly increased cooling and refrigeration costs due to higher average temperatures.	Short – long term	Medium	<p>We review and monitor customer expectations and adapt our sales channels.</p> <p>We have diversified our business model with online sales to compensate for fluctuations instore traffic and have also installed air conditioning systems to help maintain comfortable in store conditions year round.</p>	>4°C results in increasingly influencing behaviours over time.

### Climate-related opportunities

The opportunities identified support delivery of the Group's growth strategy: by strengthening product innovation, improving cost efficiency and enabling enhanced digital and market capabilities.

The opportunities outlined represent the positive outcomes that can result from mitigation and adaptation activities. These opportunities stem from the shift towards a low-carbon economy such as policy and regulatory changes, market shifts and reputational impacts.

Opportunity category	Identified opportunities
<b>Product &amp; services</b>	<p>Increased revenue through:</p> <ul style="list-style-type: none"> <li>• Development and expansion of new, low emissions products e.g. paper and cardboard; move to the use of recycled content in products.</li> <li>• Demonstrating the sustainability credentials of our products and the Group e.g. ESG and sustainability product disclosure standards.</li> </ul>
<b>Markets</b>	<p>Enhanced market positioning and improved access to financing, driven by stronger sustainability performance:</p> <ul style="list-style-type: none"> <li>• Increased access to markets, for example the recent acquisition of Funky Pigeon to enhance online offering.</li> <li>• Access to preferential borrowing.</li> <li>• Improved levels of design to meet sustainable design regulations e.g. digital product passports.</li> </ul>
<b>Operational (efficiency and energy)</b>	<p>Reduced operating costs through efficiency:</p> <ul style="list-style-type: none"> <li>• Resource and energy efficiency, reducing operational costs related to energy and fuel use, and material and waste reduction.</li> <li>• Efficiency in logistics due to improved planning.</li> <li>• Participation in the circular economy.</li> <li>• Use of lower emissions sources of energy.</li> <li>• Improved stock management, reducing waste.</li> <li>• Operational efficiency for example leaner manufacturing and reduced resource use.</li> </ul>
<b>Resilience</b>	<p>Improved working practice, procedure and environment:</p> <ul style="list-style-type: none"> <li>• Adoption of mitigation and adaptative measures that improve and strengthen our operations.</li> <li>• Reduction of the environmental risk of our supply chain.</li> </ul>

### **Impact of climate-related risks and opportunities**

Under a transition scenario limited to less than 2°C, the strategic and financial impacts on our UK & Republic of Ireland operations come largely from evolving regulations, energy market volatility and changing consumer behaviour. These climate-related risks and opportunities directly affect our cost base, capital investment decisions, procurement activity and operational planning, as well as informing the products we sell and wider commercial decision making.

In the medium term, transition risks will continue to influence investment choices, supply chain arrangements and operational cost forecasts. Climate risk and opportunities could also affect procurement decisions, product development and overall operating cost trends as regulatory and market dynamics evolve.

Under a higher warming 4°C scenario, physical risks become more pronounced, with greater potential for disruption to logistics and supply chains, and for extreme weather to affect store footfall and local infrastructure.

The risk of climate change on our international subsidiaries has been qualitatively assessed as low, but further integration into our risk management framework will support deeper assessment of medium and long-term risks and opportunities.

### **Resilience of cardfactory's strategy**

Our scenario analysis indicates that cardfactory's strategy remains resilient for both gradual transition and high warming climate futures. The mitigation mechanisms are already in place; our governance processes, risk management framework and operational planning provide the flexibility needed to respond to evolving climate conditions without fundamentally altering the viability of our business.

In the short term, under a transition limited to less than 2°C, existing strategic and financial planning help ensure the impacts identified remain within tolerable levels and do not materially alter the Group's risk profile. Ongoing risk monitoring, together with our logistics planning, implementation of 'Delivering a Sustainable Future', and the development of our Net Zero transition plan, will further act to strengthen our ability to anticipate, manage and reduce these risks over time.

In the medium term, our financial planning processes, supply chain strategy and ongoing investment in operational efficiency provide further resilience by ensuring we can continue to adapt to evolving transition risks as regulatory and market conditions change.

Under a higher warming 4°C scenario, although physical risks increase in likelihood and intensity, our diversified estate, business continuity arrangements, enhanced online retail channel, and strengthened logistics and stock planning mitigate potential disruption to stores, logistics and customer access to our services. Forward-planning measures, such as estate monitoring, flood risk reviews and continued investment in operational efficiency, will provide additional resilience and support long-term adaptability. The ongoing integration of acquired businesses into our risk framework further strengthens our ability to manage and adapt to climate-related risks consistently across the Group.

Overall, the analysis shows that the Group's long-term strategy is robust, with the capacity to absorb and adapt to the climate-related risks currently identified.

### **Climate risk management**

cardfactory's approach to risk management is outlined on pages 72 to 77. Climate-related risks are assessed by utilising the Group's risk management framework, ensuring they are evaluated with the same rigour and consistency as all other risks.

#### **Process for identifying and assessing climate-related risks**

The Group's established risk management framework is used to identify and assess climate related risks, covering both transition risks (including regulatory, technological and reputational change) and physical risks (such as extreme weather events and longer-term climatic shifts). Climate-related risks are evaluated using the same structure and criteria applied to other principal risks, ensuring consistency in assessment.

The relative significance of climate-related risks is reflected within the Group's principal risks and uncertainties. Transition and physical climate risks are captured within the strategic principal risk 'ESG compliance and climate change', while physical risks with potential operational impacts are also considered within the operational principal risk 'Business continuity'. This approach recognises the potential for climate-related risks to disrupt operations and affect the achievement of business objectives over different time horizons.

In line with the Group's risk framework, 'ESG compliance and climate change' is not currently classified as a critical risk and is therefore, subject to periodic review as part of the Group's established risk governance processes.

In FY26, the Group completed a double materiality assessment, evaluating both the financial materiality of ESG and climate-related risks. The outputs of this assessment are presented on page 37 and will be reviewed every three years.

### Processes for managing climate-related risks

The Group's risk management framework provides a structured basis for mitigating, escalating and managing principal risks, including climate-related risks. Each principal risk defines ownership, controls, assurance, monitoring and reporting requirements (for more information, please see Risk Management on pages 72 to 77). For climate-related risks, these tools ensure clear accountability and alignment with the governance structures outlined in this disclosure.

The Sustainability Leader, supported by the Sustainability Steering Group (SSG), monitors mitigation actions, risk indicators and emerging issues to ensure climate-related considerations are integrated into operational and strategic decision making. Risks are prioritised based on their likelihood, potential impact and relevance to the Group's operations and strategy.

Responsibility for the 'ESG compliance and climate change' principal risk, including the monitoring of mitigation actions, sits with the Chief Financial Officer (CFO). The Sustainability Leader coordinates the delivery of the Group's 'Delivering a Sustainable Future' strategy, which guides our mitigation actions, supported by the Sustainability Manager and SSG, which brings together senior leaders and subject matter experts.

Day-to-day management of climate-related risks is embedded across relevant business areas, including store operations, logistics, supply chain, commercial, facilities management and data functions. Senior management in these areas implement controls, monitor performance and escalate risks in line with the Group risk management framework.

To strengthen supply chain risk management, the Group appointed a Head of Technical & Sustainable Sourcing in FY26, enhancing cardfactory's capability to identify and manage climate-related risks associated with materials, sourcing practices, product specifications and supplier resilience.

### Integrating climate-related risks into overall risk management

Climate-related risks are considered within the same cycle, criteria and governance processes as all other Group risks. The 'ESG compliance and climate change' risk is reviewed annually with the risk owner. Any changes are presented to the senior management team for review and then submitted to the Audit & Risk Committee.

The CFO maintains oversight of the principal risk, ensuring it is reflected appropriately within the Group's risk cycle and financial reporting.

The Audit & Risk Committee review the Group's principal risks quarterly. This ensures climate considerations are embedded in overall risk governance and informs strategic planning, capital allocation and business resilience.



## Climate-related metrics and targets

### Metrics used to assess climate-related risks and opportunities

The Group has determined that carbon emissions are the most appropriate metric to evaluate its impact on, and exposure to, climate-related risks and opportunities, and to inform strategic and operational decision making. Monitoring emissions also supports the Group's wider approach to improving operational efficiency and managing transition-related climate risks as part of its long-term sustainability strategy.

The below table summarises the Group's energy consumption, carbon emissions and emissions intensity, and constitutes the Group's Streamlined Energy and Carbon Reporting (SECR) disclosure for the reporting period.

### Group GHG emissions and energy consumption by Scope

Activity category	FY26	FY25	Baseline year: FY22	Percentage change FY22-FY26	Percentage change FY25-FY26
<b>Scope 1: Direct emissions from the combustion of fuel in operation of owned and controlled facilities and equipment</b>					
Stationary combustion	77.3	101.7	102.8	-25%	-24%
Fugitive emissions	94.7	144.7	157.9	-40%	-35%
Mobile combustion	724.5	893.4	414.6	75%	-19%
<b>Scope 1 Total Group (tCO<sub>2</sub>e)</b>	<b>896.5</b>	<b>1,139.8</b>	<b>675.2</b>	<b>33%</b>	<b>-21%</b>
<b>Scope 1 Total UK (tCO<sub>2</sub>e)</b>	<b>537.2</b>	<b>716.1</b>	<b>671.8</b>	<b>-20%</b>	<b>-25%</b>
<b>Scope 1 Total Rest of World (RoW) (tCO<sub>2</sub>e)</b>	<b>359.3</b>	<b>423.7</b>	<b>3.4</b>	<b>&gt;100%</b>	<b>-15%</b>
<b>Scope 2: Indirect emissions from the production of purchased energy</b>					
<b>Scope 2 Location-Based Total (tCO<sub>2</sub>e)</b>	<b>4,501.5</b>	<b>5,809.2</b>	<b>4,283.0</b>	<b>5%</b>	<b>-23%</b>
<b>Scope 2 Location-Based Total UK (tCO<sub>2</sub>e)</b>	<b>3,764.5</b>	<b>4,738.0</b>	<b>4,238.0</b>	<b>-11%</b>	<b>-21%</b>
<b>Scope 2 Location-Based Total RoW (tCO<sub>2</sub>e)</b>	<b>737.0</b>	<b>1,071.2</b>	<b>45.0</b>	<b>&gt;100%</b>	<b>-31%</b>
<b>Scope 3: Indirect emissions from the value chain</b>					
<b>Scope 3: Fuel and energy-related activities (tCO<sub>2</sub>e)</b>	<b>1,880.5</b>	<b>1,907.1</b>	<b>1,713.0</b>	<b>10%</b>	<b>-1%</b>
<b>Total Gross Emissions – Location-Based (tCO<sub>2</sub>e)</b>	<b>7,278.5</b>	<b>8,856.0</b>	<b>6,671.3</b>	<b>9%</b>	<b>-18%</b>
<b>Revenue (£m)</b>	<b>582.7</b>	<b>542.5</b>	<b>364.4</b>	<b>60%</b>	<b>7%</b>
<b>Intensity Ratio tCO<sub>2</sub>e per £m</b>	<b>12.5</b>	<b>16.3</b>	<b>18.3</b>	<b>-32%</b>	<b>-23%</b>
<b>Energy consumption</b>					
Activity category	FY26	FY25	Baseline year: FY22	Percentage change FY22-FY26	Percentage change FY25-FY26
<b>Total energy use UK (kWh)</b>	<b>23,926,787</b>	<b>25,240,574</b>	<b>22,269,614</b>	<b>7%</b>	<b>-5%</b>
<b>Total energy use RoW (kWh)</b>	<b>2,413,021</b>	<b>3,656,657</b>	<b>225,256</b>	<b>&gt;100%</b>	<b>-34%</b>
<b>Group energy use (kWh)</b>	<b>26,339,808</b>	<b>28,897,231</b>	<b>22,494,870</b>	<b>17%</b>	<b>-9%</b>
<b>Revenue (£m)</b>	<b>582.7</b>	<b>542.5</b>	<b>364.4</b>	<b>60%</b>	<b>7%</b>
<b>Intensity Ratio kWh per £m</b>	<b>45,203</b>	<b>53,267</b>	<b>61,731</b>	<b>-27%</b>	<b>-15%</b>

### Climate-related targets

The Group has set a Net Zero target for 2050, supported by near-term science-aligned carbon reduction targets measured against a FY22 baseline:

- Reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 54.6% by 2033.
- Reduce Scope 3 emissions by 61.1% by 2033 on an economic intensity basis.

### Energy and carbon performance

Between FY25 and FY26, the Group delivered reductions across all reported emissions scopes, with total operational emissions reducing by 18%. These reductions reflect the impact of operational efficiency measures, including the transition away from fossil fuel company vehicles and the implementation of wider energy-efficiency initiatives.

Similarly, when FY26 performance is compared with the FY22 baseline year for UK operations, emissions have reduced by 20%. However, at Group level, cardfactory's total carbon emissions are 33% higher than the baseline level. This increase reflects the growth of the Group through acquisitions and the subsequent incorporation of emissions from acquired businesses into the Group's GHG inventory.

As a result, we no longer believe that the FY22 baseline provides a meaningful direct comparison with current emissions performance. The scale of change has exceeded the thresholds that trigger a re-baselining of emissions, requiring the establishment of a new baseline that more accurately reflects the Group's current operational boundaries.

The acquisition of Funky Pigeon and the requirement to incorporate emissions from this business into the GHG inventory will further impact reported Group emissions, as will ongoing work to improve understanding and coverage of the Group's full Scope 3 emissions.

Considering these developments, it is our intention to reset the emissions baseline to better reflect current operations and to assess the implications for the Group's emissions reduction targets and pathway.



### Methodology

The carbon emission metrics have been calculated following the guidance in the UK Government's Environmental Reporting Guidelines (2019), and the methodology set out in The GHG Protocol Corporate Accounting and Reporting Standard (revised edition). The applied energy and carbon emission factors are those published in the UK Government's GHG Conversion Factors for Company Reporting 2025, alongside factors from the International Energy Agency for subsidiaries outside the UK.

An operational control approach has been used to define the organisational boundary for emissions reporting. The reported emissions cover cardfactory's operations for the period from 1 February 2025 to 31 January 2026, aligned with the Group's fiscal year.



**The Group delivered reductions across all reported emissions scopes, with total operational emissions reducing by 18%."**

The GHG emissions and energy consumption included in this Disclosure include all material emissions, in line with the requirements of SECR. It incorporates cardfactory's UK and international operations (including acquisitions) with the exception of the recent acquisition of Funky Pigeon, which will be incorporated into GHG reporting once full operational data becomes available.

# Our stakeholders

**As custodians of the cardfactory business, the Board continues to engage with a range of stakeholders and to consider their preferences in its decision making, to ensure the business is sustainable and grows over the long term.**

This section summarises how the Board engages with the key stakeholder groups: customers, colleagues, shareholders, suppliers and communities; the key issues identified from this engagement and the actions taken in response to that engagement. The Board is provided with updates from all key stakeholder engagement at Board meetings, with cascades of relevant information via members of the senior leadership team. The Board recognises a wider range of stakeholders who support the business, including landlords, wholesale customers, debt funders, tax authorities, regulators, insurers, advisers, and takes account of the interests and expectations of these wider stakeholder groups in its decision making.

Key aspects of engagement with colleagues, our communities and environment are also reflected in the ESG section of this Annual Report (see pages 36 to 43), with consideration of matters affecting our suppliers also reflected in our risk reporting (see pages 72 to 77).

## **Section 172(1) Statement on stakeholder engagement**

The Board recognises the Group's long-term future is reliant on a range of stakeholders who enable the business to flourish and grow, including those who fund the Group, the teams and businesses that design, manufacture, distribute and sell its products, the customers and the communities it works with.

Card Factory plc engages with the following stakeholder groups to ensure they understand their views and to ensure these are considered in decisions made by the Board and by the senior leadership team to have full regard to their duties to promote the success of the Company pursuant to section 172(1)(a) to (f). This includes engagement with key stakeholder groups (customers, colleagues, shareholders, suppliers and communities), understanding their priorities and balancing these (often conflicting) priorities in decision making for the long-term benefit of all stakeholder groups, whilst protecting the cardfactory brand and the business' reputation and minimising the businesses impact on the environment.



## **Our customers**

### **How we engaged**

cardfactory's insight and customer experience team prioritise the understanding of our customers' needs and preferences through a robust programme shared monthly to the Board and senior leadership, including:

- **Market and category context:** Numerator Worldpanel tracking of category and market performance, annual market and category understanding via Dynata and GlobalData across cards, gifting and celebration essentials and broad market and macro analysis from GlobalData.
- **Customer voice:** more than 20,000 monthly pieces of customer feedback via tellcardfactory, ad-hoc 'OnePulse' polling to gain fast customer and consumer feedback and ad-hoc segmentation analysis, bespoke surveys and analytics to help inform.
- **Trend forecasting:** WGSN trend forecasting.
- **Brand insight:** Savanta BrandVue tracking of brand health, consideration and sentiment.
- **Complaints and compliments:** sourced from the customer service team.
- **Transactional data:** sales, basket analysis.
- **Frontline insight:** colleague feedback.



**Discussions, topics and actions**

- **Declining footfall, frequency and basket size** due to macroeconomic pressures and rising postage costs.
- **Erosion of value perception and consideration** in some customer segments, prompting targeted price- point investment.
- **Opportunities to grow gifting and celebration essentials**, with lower awareness of certain gift offerings.
- **Stronger understanding of lapsed and lapsing customers**, helping prioritise retention strategies.

These insights guided Board discussions on pricing, proposition focus and customer experience and actions required in an increasingly challenging consumer environment.

**Outcomes**

- **Reinforced value leadership**, with price point experimentation and clearer communication strengthening value for money perception (+8 percentage points (ppts) in value perception during trial<sup>1</sup>; a stabilising of year-on-year (YoY) customer value perception thereafter).

- **More targeted pricing**, balancing customer expectations with the need to protect margin, informed by category and mission-based sensitivity analysis.
- **Range and space optimisation trials**, improving customer satisfaction (+1.5ppts) among customers in trial stores.
- **Online journey improvements** including work undertaken on the mobile navigation experience, SEO strategy, upsell experience, and a simplified user experience at large - resulting in -5% abandonment rate upper funnel, +4.6% average order value and 21% uplift in organic traffic.
- **Investment to strengthen customer listening capability**, introducing enhanced feedback channels and improved data capture to ensure broader, richer and more timely insight for management and the Board.
- While we have seen a decline in **Net Promoter Score** YoY (-3.1 points), this is reflective of both brand-level sentiment and a broader softening in consideration of card. However, in the main, we see a stable state in most customer outcomes (value for money, customer satisfaction, trust) and improved customer outcomes in quality (+6ppts).

1. Indicative data based on N=56 cardfactory customers in May 2025.



## Our shareholders



### How we engaged

The Board support engagement from all shareholders, with more regular engagement with the largest shareholders. Engagement includes:

- Ongoing two-way shareholder engagement by the Board, including Q&A opportunities for all shareholders to engage with the Board at the AGM and with the CEO and CFO following the preliminary results and interim results presentations.
- Regular meetings and calls between the CEO and CFO with material shareholders (and prospective shareholders), including investor roadshow meetings. Targeted engagement by the Chair and Non-Executive Directors, including ad-hoc meetings with shareholders.

- Shareholder consultation with the Chair with invitations issued to the largest 13 shareholders (58% of shares) following the 2025 AGM (see details on page 80).
- Site visits, including meetings (including Q&A sessions) with the senior management team.

### Discussions, topics and action

Specific issues arising from the various engagement channels included:

- Concerns regarding shareholder dilution arising from issue of shares to satisfy employee share awards.
- Focus on understanding greater clarity on our digital strategy and US growth plans.
- A range of views on areas of strategic focus and investment between the three sales channels: stores, digital and wholesale partnerships.
- Preferences regarding the development of the capital allocation policy, including views ranging from returning all capital generated as dividends or buyback of capital and the role of acquisitions to support realising the strategic growth.
- Board composition and diversity, with shareholders generally supportive of the Board's approach to maintaining gender diversity at 33%, below the 40% recommendation.

### Outcomes

- Share buyback launched in October 2025 to acquire shares into treasury to satisfy employee share awards (buyback completed by 19 December 2025 with a total of 5,795,564 shares acquired).
- Announcement of additional share buyback using free cash from FY26 (following the period-end).
- Additional clarity on our digital strategy and US growth strategy was provided in the FY26 Preliminary Results presentation.
- Following review, the Board substantially retained the existing structure of the capital allocation policy, reflecting its view that returning surplus cash while maintaining prudent leverage best supports long-term shareholder value and resilience.





# Communities and environment

## How we engaged

- As part of our 2025 materiality assessment, we engaged with more than 1,300 stakeholders, including colleagues, customers and suppliers, to identify the environmental and community issues they felt were most important to cardfactory (see page 37).
- We gathered input from colleagues both directly and through our Sustainability Steering Group to identify and progress opportunities to reduce waste and emissions within our business and supply chain.
- Our colleagues represent our communities across the UK & Republic of Ireland, identifying opportunities where cardfactory and The cardfactory Foundation can support our local communities and the environment.



## Discussions, topics and actions

- Materiality assessment stakeholder feedback prioritised environmental issues including protecting nature and wildlife, and reducing our greenhouse gas emissions and waste. While these are already included in our sustainability strategy, we have amended our focus areas to ensure they reflect this feedback.
- Other issues raised by our stakeholders, including impact of climate change on colleague wellbeing and responsible use of artificial intelligence, have been raised with our senior leadership team for monitoring across the business.
- We continue our ongoing commitment to progress our ESG programmes (see pages 36 to 43).

## Outcomes

We have updated our sustainability strategy and supporting plans to ensure they reflect the issues prioritised by our stakeholders. Examples include implementing new helium and shipping waste reduction strategies to reduce waste, emissions and cost, and new policies and procedures to increase the transparency of our product supply chain.





## Our colleagues

### How we engaged

Throughout FY26, we engaged with colleagues through a range of formal and informal channels, including:

- Colleague forums and engagement surveys, providing insight into colleague sentiment, priorities and areas for improvement, with results and themes reported to the Board, including through the colleague listening group.
- Consistent communications, including monthly business updates, leadership briefings and revived colleague connection days, creating opportunities for two-way dialogue across stores, supply chain, support centre and international teams.
- Direct engagement by Board members and senior leaders, including store, distribution centre and support centre visits, supporting visibility and open discussion.
- Community and colleague network groups, supporting dialogue, education and awareness across key areas including wellbeing, inclusion and diversity.

These mechanisms ensure colleague views are visible at Board level and inform decision making.

### Discussions, topics and actions

- Feedback from forums and the materiality assessment highlighted the importance of colleague wellbeing.
- Reward and fairness, with emphasis on competitive pay and recognition. This informed continued commitment to paying at median market levels alongside targeted recognition activity.
- Inclusion, diversity and belonging, including the need for improved diversity data and representation to better reflect the communities served by the business.
- Feedback from the engagement survey highlighted the value to our colleagues of 'Giving Something Back' to our communities.



### Outcomes

As a result of our colleague-centred approach and Board consideration during FY26, we delivered meaningful operational and cultural benefits.

- Improved colleague retention, with overall turnover (the number of colleagues leaving the business in a 12-month rolling period) reducing from 38.6% to 29.1%, surpassing our target (35%) and supporting productivity, capability and service quality.
- Launched our wellbeing brochure to simplify access to support via our internal benefits portal, myCardfactory.

- Transitioned our employee assistance programme to the Retail Trust (delivering strengthened sector-specific support), continued development of mental health first aiders, and introduced wellbeing leadership for our senior leadership team to embed local wellbeing actions.
- Supported the nationwide 'Respect In Retail' campaign.
- Continued recognising colleagues through 'Colleague Moment Awards', with over 900 nominations received.
- Colleague fundraising was doubled through the cardfactory foundation 'Matched Giving Fund' to £59,000.
- Through the 'Local Community Fund', 91 x £5,000 grants were awarded to charities nominated and chosen by our colleagues.

**75%**

participation in colleague engagement survey

**900**

nominations received through 'Colleague Moment Awards'

**Values-led leadership, inclusive performance**

Our relationships with stakeholders are underpinned by a clear set of values (see below) that shape how we lead, how we make decisions and how we drive performance. At cardfactory, our purpose – to make sharing in, and celebrating, life’s moments special and accessible for everyone – unites colleagues across our business and markets, providing a consistent lens through which we consider impact, accountability and long-term value.

Diversity, Equity and Inclusion (DE&I) is integral to delivering this purpose and to building a culture where everyone feels included, inspired and able to perform at their best. As we continue our strategic pivot towards celebrations and expand into more global markets, our success increasingly depends on our collective understanding of, and accountability for, inclusive decision making. DE&I considerations are not viewed as standalone activity, but as a core enabler of effective leadership, better decisions and sustainable performance.

See our workforce diversity data on [pages 122-123](#).

Our values guide how we work together every day, shaping an inclusive culture where colleagues feel supported, trusted and empowered. This culture is foundational to our internal high-performance development programme, which focuses on building capability, consistency and confidence at every level of the organisation. By aligning our values with clear expectations of performance and leadership behaviours, we enable colleagues to take ownership of outcomes and deliver for customers and stakeholders alike.

Our engagement survey in March 2025 demonstrated strong levels of colleague commitment, with a 75% completion rate and retention of our two-star company rating. While this represented a slight decrease compared to the prior year, results remained robust – particularly across management effectiveness and team connection – while clearly highlighting opportunities to further strengthen our colleague proposition. These insights are being actively used within our high-performance development programme to sharpen accountability, capability and engagement at all levels.



Our purpose	We lead the way	We celebrate our differences	We make it happen	We do the right thing	We care
We are united by this purpose	We stay curious, agile and strive for better	We know that diversity is a superpower	We take personal accountability	We make time to think and act with fairness	We nurture our communities
cardfactory					

CASE STUDY

### Accelerate: Building a capable, engaged and scalable organisation

To enable disciplined execution and scalable growth in a challenging retail environment, cardfactory must develop leaders who can confidently handle increasing complexity and drive performance through their people. Our Accelerate High Potential Programme was launched to build this capability, strengthening our succession pipeline and supporting colleagues identified as having the greatest potential to grow into future leadership roles. The programme focuses on confidence, enterprise mindset, storytelling, critical thinking and the leadership behaviours needed to deliver disciplined growth.

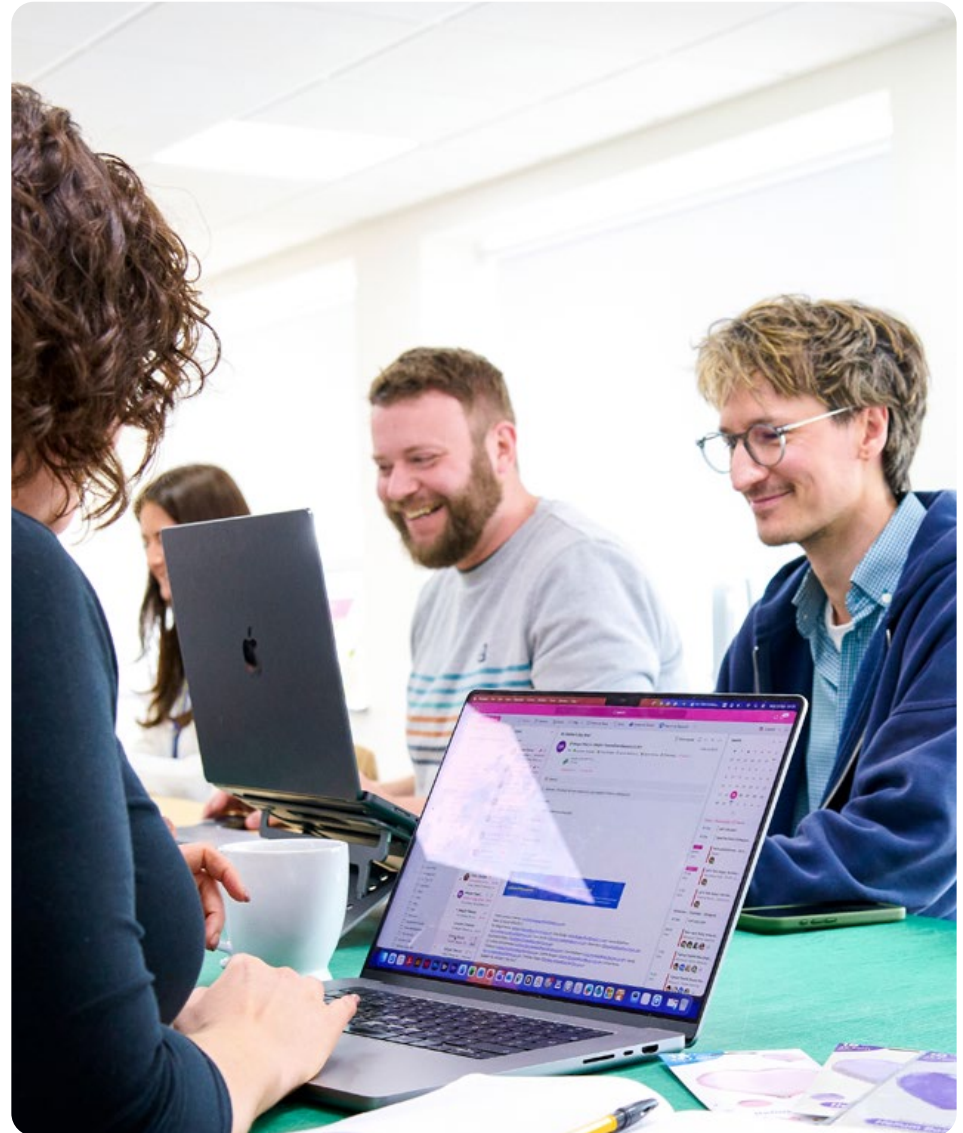
Accelerate blends reflective practice, action learning, coaching fundamentals, storytelling and cross-functional collaboration to build self-awareness, strategic thinking and impactful communication. Participants consistently describe the experience as stretching, energising and transformative – helping them become more confident, reflective and ready for increased responsibility.

One colleague was described as “always learning, always growing – already onto the next goal before the rest of us catch up,” reflecting the heightened learning agility we aim to cultivate.

The programme is also strengthening behaviours essential for scalable growth. Participants were recognised as active listeners, knowledge sharers, stand-out coaches and engaging storytellers, demonstrating increased capability in collaboration, feedback, influencing and coaching – all foundational to building high-performing teams. Colleagues showed greater openness, curiosity and constructive challenge, with peers highlighting how their proactive sharing of techniques, insights and alternatives directly strengthened team performance.

Accelerate is already delivering impact: colleagues are applying learning directly in their roles, building stronger internal networks, challenging the norm and increasing their readiness for future leadership opportunities. In doing so, the programme is helping us build a capable, engaged and scalable organisation equipped to deliver disciplined growth in FY26 and beyond.

50% of the cohort have had a promotion or an increase in responsibility while on the course.





## Our suppliers

### How we engaged

Strong, long-term supplier relationships support value leadership, quality and product availability.

Oversight is maintained through regular reporting to senior leadership and the Board.

During FY26, engagement with suppliers took place through:

- Regular in-person supplier meetings and negotiations, supporting collaboration on pricing, quality, availability and sustainability.
- Ongoing supplier visits and quality reviews, assessing capability, compliance and alignment with cardfactory standards, including ethical sourcing and supply chain policies, which include modern slavery and 'no audit, no order' requirements.
- Cross-functional engagement across buying, quality assurance, sustainability, supply chain and technology.
- Data-led collaboration, including the rollout of a product information management (PIM) programme to improve product data accuracy and transparency.

### Discussions, topics and actions

- Maintaining value leadership and margin resilience amid inflationary pressures.
- Quality and delivery assurance, including adherence to critical path timelines, to ensure the right product is delivered at the right quality and on time.

- Long-term supplier partnerships to support range expansion, faster availability of new products, and greater control over cost and quality.
- Sustainability and regulatory compliance including supplier readiness for Extended Producer Responsibility (EPR), EU Deforestation Regulation (EUDR) and continued FSC commitments.
- Improving data accuracy and scalability with discussion on the role of PIM in supporting efficiency, compliance and growth across wholesale partnerships.

### Outcomes

- Continued structured monitoring of ethical audit compliance, supplier onboarding standards and on-time shipment performance, with plans to broaden KPI coverage through enhanced quarterly supplier reviews.
- Strengthened collaboration with key suppliers to support cost control and margin resilience, while maintaining quality and availability.
- Advanced supplier readiness for EPR, EUDR and FSC requirements, with progress on packaging reduction initiatives detailed in the Sustainability section.
- Launched the PIM programme to improve product data accuracy, transparency and scalability across channels.

Progress on packaging reduction initiatives is detailed in the ESG section on page 40.



# Strong cash generation



**Matthias Seeger**  
Chief Financial Officer



**In FY26 we grew our store estate, expanded celebration sales and acquired Funky Pigeon."**

#### Store revenue

**£514.6m** (+1.5%)

#### Total sales

**£582.7m** (+7.4%)

#### Adjusted PBT

**£56.0m** (-15.2%)

#### Store portfolio

**+27**  
net new stores

#### Available financing

**£160m**  
Committed facilities

#### Financial highlights

The Group delivered sales growth of 7.4% in FY26, which reflects contributions from acquired businesses and the benefit of new stores.

Profitability was impacted by consumer confidence in the UK, which led to lower footfall and transactions in our UK stores through the important Christmas season. Cash performance significantly improved year on year and we maintain our progressive regular dividend.

- Total Group revenue of £582.7 million increased by +£40.2 million (+7.4%) year on year.
- Completed the acquisition of Funky Pigeon for total cash consideration of £25.7 million (plus transaction costs) in August 2025, accelerating delivery of our digital strategy.
- Previous acquisitions of Garven in the US and Garlanna in Republic of Ireland performed well, contributing to £25.0 million growth in sales from wholesale partnerships.
- Adjusted PBT of £56.0 million declined year on year due to impact of low consumer confidence and high-street footfall in the UK on our UK stores. Our store estate remains highly profitable and cash generative with low levels of loss-making stores.
- Free cash generation of £40.7 million, representing 98.9% of Adjusted earnings.
- Strong balance sheet, with net debt of £67.9 million and adjusted leverage of 1.0x.
- Store portfolio in UK & Republic of Ireland stands at 1,117 stores at 31 January 2026, up by +27 from 1,090 stores on 31 January 2025.
- Final dividend of 3.7 pence, bringing progressive total dividend to 5.0 pence per share (approximately £17.5 million), 4.2% increase compared to FY25.
- Surplus cash to be returned to shareholders via £15 million share buyback.

## Financial performance

### Introduction

	FY26	FY25
Revenue	<b>£582.7m</b>	£542.5m
EBITDA	<b>£116.8m</b>	£127.5m
Adjusted Profit Before Tax	<b>£56.0m</b>	£66.0m
Profit Before Tax	<b>£43.9m</b>	£64.1m
Adjusted earnings per share	<b>11.8 pence</b>	14.3 pence
Basic earnings per share	<b>9.0 pence</b>	13.8 pence
Dividend per share	<b>5.0 pence</b>	4.8 pence
Net Debt (excluding leases)	<b>£67.9m</b>	£58.9m
Adjusted free cash flow	<b>£40.7m</b>	£28.8m
Cash from operations	<b>£122.3m</b>	£105.6m
Free cash conversion	<b>98.9%</b>	58.2%
Adjusted Leverage (excluding leases)	<b>1.0x</b>	0.7x

Adjusted PBT excludes transactions that are either one-off in nature or otherwise not part of the Group's underlying trading performance. In FY26, this includes one-off restructuring/transformation costs (£0.4 million), acquisition-related costs (£3.8 million), intangible asset write-off (£3.2 million) and unrealised losses on derivative contracts (£4.7 million). Alternative performance measures are defined, calculated and reconciled to relevant IFRS measures in the glossary on pages 178 to 181.

FY26 was a year of further strategic progress. We continued to expand our store estate, celebration and party products continued to grow as a proportion of our overall sales, our recent international wholesale acquisitions performed in line with our expectations and contributed positively to the bottom line, and we acquired Funky Pigeon, a key step in accelerating our digital strategy.

However, financial performance in our UK stores was impacted by a challenging consumer environment, particularly in the important final quarter, which impacted our overall profitability due to lower footfall and consequently fewer transactions. This meant we were unable to leverage the benefit of operational gearing over Christmas to offset inflationary impacts to the extent previously expected, and profitability was further impacted by associated inventory provisions and impairment charges related to stores.

cardfactory remains a highly profitable, cash-generative business and we remain committed to our policy to deliver a sustainable and progressive dividend to shareholders. Since reinstating dividends in FY24, we have returned 73% of the free cash we have generated, to shareholders, whilst making strategic acquisitions and maintaining a strong balance sheet.



## CFO'S REVIEW CONTINUED

All this, despite absorbing an estimated £60 million+ of inflation headwinds over the same three year period.

The environment in which we operate, like many businesses, remains uncertain driven by external factors and we are not immune to the broader effects of the current conflict in the Middle East. However, the steps we have taken over the last three years to make our business more efficient and more resilient put us in a better position to navigate the current period of macroeconomic and geopolitical instability.

In this context, our value credentials across cards, gifts and celebration essentials have never been more important and we remain focused on helping our customers celebrate all of life's moments.

We remain confident in our strategy to reach more customers in more locations across all of our channels and growing our share of their overall celebration spend as we continue to target mid-to-high single-digit percentage Adjusted PBT growth per annum across the medium term.

### Sales

	Total sales		
	FY26 £m	FY25 £m	Change %
Stores	514.6	506.8	+1.5%
Digital	20.6	13.2	+56.8%
Wholesale partnerships	47.2	22.2	+113.4%
Other	0.3	0.3	-15.5%
<b>Group</b>	<b>582.7</b>	<b>542.5</b>	<b>+7.4%</b>

	LFL sales	
	FY26	FY25
cardfactory stores	-0.2%	+3.4%
cardfactory online	-19.9%	+0.1%
<b>cardfactory LFL</b>	<b>-0.5%</b>	<b>+3.3%</b>

Total Group revenue for FY26 was £582.7 million, an increase of £40.2 million or +7.4% compared to FY25. Despite the impact of lower footfall and fewer transactions in UK stores, Group revenue growth remained in line with our medium-term guidance for mid-to-high single-digit percentage sales growth each year, with sales growth delivered across all channels.

Growth was underpinned by our recent acquisitions, including the contribution of Funky Pigeon since acquisition in August 2025, plus annualisation of Garven and Garlanna acquired during the second half of the previous financial year.

Our UK & Republic of Ireland store estate remains the core of our business, and we continue to grow our store footprint. We opened +27 net new stores in FY26, bringing the total store portfolio to 1,117 stores (1,069 in the UK and 48 in the Republic of Ireland). We continue to see opportunities to grow the estate and expect to deliver net new stores at a similar rate for the foreseeable future.

This expansion underpinned total revenue growth in stores of +1.5%, although Like-for-like store sales declined slightly (-0.2%) as we saw low footfall and, as a result, fewer transactions in the final quarter of the year due to low consumer confidence in the UK as a result of challenging macro conditions for consumers and a perceived decline in disposable incomes, particularly among lower-income demographics.

In this context, we continued to perform broadly in line with the wider non-food market and increased our share of physical UK card market sales in Q4. However, the lower-than-expected sales has a disproportionate impact on our profitability, limiting our ability to leverage operational gearing to offset cost base inflation in the final quarter of the year, resulting in a net impact of approximately £4 million on our PBT performance in the period.

Total digital sales increased by +56.8% to £20.6 million. This reflects the closure of Getting Personal from 31 January 2025 and the acquisition of Funky Pigeon from August 2025. LFL sales from the cardfactory.co.uk platform declined year on year as we continued to focus on developing a more profitable range and offer.

Our priority for digital now lies in integrating Funky Pigeon and moving both brands on to one technology platform which supports a lower cost to operate and delivery of synergies from the acquisition.

We expect sales from digital to grow in FY27 due to the annualisation of the Funky Pigeon acquisition and are focused on delivering growth in our share of online card plus attached gift sales from FY28 when we are scheduled to accelerate the omnichannel proposition.

Sales from our wholesale partnerships business increased significantly (+113.4%) compared to FY25, largely due to annualisation of the Garven and Garlanna acquisitions. Both businesses performed well in FY26, in line with the anticipated acquisition economics, adding top-line sales with PBT margins favourable to the wider Group.

### Gross profit

	FY26 £m	FY26 % Sales	FY25 £m	FY25 % Sales
<b>Group sales</b>	<b>582.7</b>		542.5	
COGs	(189.0)	(32.4%)	(164.4)	(30.3%)
<b>Product margin - constant currency</b>	<b>393.7</b>	<b>67.6%</b>	378.1	69.7%
FX (losses)/gains	(5.5)	(0.9%)	(0.8)	(0.1%)
<b>Product margin</b>	<b>388.2</b>	<b>66.6%</b>	377.3	69.5%
Store and warehouse wages	(143.3)	(24.6%)	(134.4)	(24.8%)
Property costs	(27.4)	(4.7%)	(25.0)	(4.6%)
Other direct costs	(28.8)	(4.9%)	(24.1)	(4.4%)
<b>Gross profit</b>	<b>188.7</b>	<b>32.4%</b>	193.8	35.7%
<b>Adjusted gross profit</b>	<b>193.2</b>	<b>33.1%</b>	192.9	35.6%

Product margin calculated on a constant currency basis using a consistent GBP/USD exchange rate across both periods. FX gains and losses reflect conversion from the constant rate to prevailing market rates.

Product margin, which includes the purchase price of goods along with inbound freight, carriage and packing, increased, when calculated using a constant rate of currency exchange, by £15.6 million to £393.7 million.

However, product margin rate on a constant currency basis fell by 2.1 percentage points to 67.6%. As we execute our strategy, we expect product margin rates to gradually reduce. This reflects our objective to grow our share of the celebrations market in which we operate, with non-card products attracting a lower rate, but higher absolute value of product margin, than cards. In addition, the growth of our wholesale business has a similar impact with lower product margins but, on average, higher PBT margins than other channels.

In FY26, we also saw some one-time impact from range-change and promotional activity in the first half of the year as we positioned ourselves for the key Christmas season. For the full year, COGs includes a charge of £2.1 million related to inventory provisions, due to slower than expected sell-through rates linked to the impact of fewer transactions on UK stores sales in the year.

The Group purchases approximately half of its goods for resale in US Dollars (USD) from suppliers in the Far East. Our well-established currency hedging policy continues to protect us from short-term volatility in currency rates. Foreign exchange (FX) losses includes two components, the underlying exchange differences to convert purchases in the year from the constant currency rate to the actual exchange rate achieved in the period, plus the non-underlying valuation movements that relate to the components of our FX hedging portfolio that do not qualify for hedge accounting under the applicable accounting standards.

Underlying FX losses reduced year on year, from £2.3 million in FY25 to £0.8 million in FY26, principally reflecting an improved effective rate on USD deliveries in the year. Our average USD delivered rate in FY26 was 1.2842, compared to 1.2589 in FY25.

Non-underlying FX losses increased significantly, reflecting volatility in market FX rates between 31 January 2025 and 31 January 2026, and the resulting impact on the balance sheet valuation of our portfolio of FX derivatives for delivery in future periods. These non-cash, non-trading losses amounted to £4.7 million in FY26.

Looking forward, if current market GBP/USD rates are maintained, we would expect delivered rates to trend gradually higher over the next two to three years.

Store and warehouse wages increased by £8.9 million, or approximately 6.6%. The impact of living wage and national insurance changes from April 2025 was estimated to be £15 million, with a further increase in the size of the store estate of approximately 2.7%. These inflationary impacts were offset by a continued focus on store productivity, which resulted in a 9% reduction in store hours and lower levels of temporary and seasonal staff recruitment.

Property costs include business rates, service charges and insurance, and have increased year on year due to the increase in size of the store estate and business rates increases from April 2025. Other direct costs include direct insurance premiums, utilities, maintenance and marketing costs. The increase from FY25 is predominantly due to the Funky Pigeon acquisition and associated direct marketing costs, which are highest in the period immediately prior to the Christmas season.

As a result, total gross profit for the Group was £188.7 million, a year-on-year reduction of £5.1 million. However, when non-underlying FX and other transactions are excluded, adjusted gross profit increased slightly to £193.2 million, as calculated in the glossary on pages 178 to 181.

### EBITDA & operating profit

	FY26 £m	FY26 % Sales	FY25 £m	FY25 % Sales
<b>Group sales</b>	<b>582.7</b>		542.5	
<b>Gross profit</b>	<b>188.7</b>	<b>32.4%</b>	193.8	35.7%
Operating expenses	(71.9)	(12.3%)	(66.3)	(12.3%)
<b>EBITDA</b>	<b>116.8</b>	<b>20.0%</b>	127.5	23.4%
<b>Adjusted EBITDA</b>	<b>123.6</b>	<b>21.2%</b>	128.6	23.7%
Depreciation & amortisation	(16.2)	(2.8%)	(12.2)	(2.2%)
Right-of-use asset depreciation	(36.6)	(6.3%)	(36.4)	(6.7%)
Impairment reversals/(charges)	(4.6)	(0.8%)	0.4	0.1%
<b>Operating profit</b>	<b>59.4</b>	<b>10.2%</b>	79.3	14.6%
<b>Adjusted operating profit</b>	<b>71.5</b>	<b>12.3%</b>	80.7	14.9%

Operating expenses (excluding depreciation and amortisation) include remuneration for central and regional management, business support functions, design studio costs and business insurance, together with central overheads and administration costs.

Total operating expenses have increased £5.6 million compared to the prior year, to £71.9 million, £7.1 million of which is attributable to new and annualised acquisitions. On an organic basis, operating costs have reduced year on year due to savings as a result of restructuring activities activated at the end of FY25 and reductions in indirect marketing expenditure. In addition, we incurred £1.7 million of one-off transaction costs associated with the Funky Pigeon acquisition, which have been excluded from Adjusted results as a non-underlying item.

EBITDA was, therefore, £116.8 million in FY26, compared to £127.5 million for the prior year.

Right-of-use asset depreciation has increased modestly in FY26, as increases resulting from new stores were offset by savings on renewals, including reallocation of renewal costs between depreciation and interest charges as a result of changes in the underlying interest rate implicit in the lease. We maintain an average lease term at inception across the portfolio of five years, with a break clause typically at three years, meaning, in many cases, the time to the next lease event is less than 2.5 years. On average, 20% of the lease portfolio renews each year, enabling us to negotiate reductions in market rents where available.

EBITDA after deducting depreciation and interest charges relating to store leases was £70.4 million (a margin of 12.1%) in FY26 compared to £83.5 million in FY25 (a margin of 15.4%).

## CFO'S REVIEW CONTINUED

Depreciation and amortisation increased £3.9 million to £16.1 million in FY26. Of the increase, £1.3 million relates to acquisitions and a further £1.8 million comes from amortisation of acquired intangibles. There was a small increase as a result of continued capital investment, with total capital expenditure of £19.4 million in FY26.

Impairment charges include a net charge of £1.5 million associated with store lease assets, reflecting the deterioration in performance of certain stores year-on-year and anticipated impact on earnings over the remaining lease term. Less than 2% of the total store estate makes a negative contribution, despite the reduction in footfall and transactions in the year.

Following the acquisition of Funky Pigeon, we have worked to integrate a number of core business systems quickly, which was successfully concluded around the end of the financial year. Simultaneously, we have validated the plan to integrate and combine Funky Pigeon with our existing digital business, which will drive future revenue and annualised cost synergies of at least £5 million per annum from FY28.

As a result of this work, assets associated with the existing cardfactory digital platform and technology stack will become obsolete in the next 12 months and, accordingly, these assets have been fully written down in FY26 as a one-off, non-cash, non-underlying item. Total digital impairment charges in the period were £3.2 million.

### Profit Before Tax

	FY26 £m	FY26 % sales	FY25 £m	FY25 % sales
<b>Group sales</b>	<b>582.7</b>		542.5	
<b>Operating profit</b>	<b>59.4</b>	<b>10.2%</b>	79.3	14.6%
Net finance costs	(15.5)	(2.7%)	(15.2)	(2.8%)
<b>Profit Before Tax</b>	<b>43.9</b>	<b>7.5%</b>	64.1	11.8%
Non-underlying transactions	12.1	2.1%	1.9	0.4%
<b>Adjusted Profit Before Tax</b>	<b>56.0</b>	<b>9.6%</b>	66.0	12.2%

The composition of net finance costs is set out in the table below.

	FY26 £m	FY25 £m
Interest on bank loans and overdrafts	6.5	6.4
Interest received on deposits	(0.3)	(0.2)
Other finance costs <sup>1</sup>	0.6	1.0
IFRS 16 leases interest	8.7	8.0
<b>Total finance expenses</b>	<b>15.5</b>	15.2

1. Other finance costs includes loan issue cost amortisation and other financing costs.

Net finance costs increased by £0.3 million to £15.5 million, which includes interest paid on bank debt, amortisation of refinancing costs and lease interest, offset by interest income earned on cash investments.

The average cost of our senior group facilities in FY26, taking into account margin, indexation and the impact of hedging activity, was 6.5% (FY25: 7.1%). The decrease principally reflects the gradual reduction in market rates of interest during the year.

Other finance costs in FY25 included a £0.5 million one-off charge as a result of the April 2024 refinancing.

	FY26 £m	FY25 £m
IFRS 16 depreciation	37.7	36.0
IFRS 16 leases interest	8.7	8.0
<b>Total IFRS 16</b>	<b>46.4</b>	44.0

IFRS 16 depreciation includes impairment and gains/losses on disposal. Total costs in this table reflect lease costs not included in the calculation of EBITDA.

IFRS 16 leases interest has increased, reflecting both the increase in size of the store portfolio and changes in market interest rates reflected in renewals. Our average lease term is five years, with higher rates of interest applicable on new and renewed leases compared to those entered into five years ago.

Adjusted Profit Before Tax (PBT), which excludes the impact of one-off transactions in the period that are not reflective of the Group's underlying trading performance, was £56.0 million compared to £66.0 million in FY25, a reduction of 15.2%, which principally reflects the challenging trading conditions for UK stores in the final quarter of the year.

Adjusted PBT margin has reduced as a result to 9.6%.

Reported Profit Before Tax for the year was £43.9 million, down from £64.1 million for the previous year.

The total reported Profit Before Tax for the year includes non-cash unrealised losses on derivative contracts of £4.7 million, impairment charges in relation to digital assets of £3.2 million, plus amortisation of acquired intangible assets of £2.1 million in addition to cash charges relating to transaction and integration costs of £2.1 million. These items are not reflective of the underlying trading performance of the Group and/or are one-off in nature and, as such, have been excluded from Adjusted PBT.

### Taxation

The majority of the Group's profits are made and, therefore, subject to taxation, in the UK. The tax charge for FY26 of £12.7 million (FY25: £16.7 million) reflects an effective tax rate of 28.9% (FY25: 25.4%).

The reduction in the tax charge in part reflects lower profitability, with the higher effective rate principally due to the impact of adjustments related to the effect of expenses not deductible for tax purposes which increased in FY26 due to the one-time effect of transaction costs related to the Funky Pigeon acquisition. On an Adjusted basis, excluding the tax impact on non-underlying transactions, the effective tax rate was 26%.

Going forward, we expect the effective tax rate to continue to be similar to the headline rate of corporate tax in the UK (currently 25%) in future periods.

The Group makes UK corporate tax payments under the 'Very Large Companies' regime and thus pays its expected UK tax bill for the financial year in quarterly instalments in advance. Total net corporation tax payments for the Group in FY26 totalled £12.0 million (FY25: £16.7 million), the reduction reflecting the reduction in expected taxable profits, which was known before the final UK instalment became payable in January 2026.

### Earnings per share

The net result for the year was a profit after tax of £31.2 million (FY25: £47.8 million). As a result, basic earnings per share (EPS) for the year was 9.0 pence, with diluted EPS of 8.9 pence.

	FY26	FY25
Profit after tax (£m)	<b>31.2</b>	47.8
Adjusted EPS (pence)	<b>11.8 pence</b>	14.3 pence
Basic EPS (pence)	<b>9.0 pence</b>	13.8 pence
Diluted EPS (pence)	<b>8.9 pence</b>	13.7 pence

Adjusted EPS, which excludes the post-tax effect of one-off transactions in the period, was 11.8 pence compared to 14.3 pence in FY25. A reconciliation of all Alternative Performance Measures is set out on pages 178 to 181.

### Cash flows

	FY26 £m	FY25 £m
Cash from Operating Activities (after tax)	<b>110.3</b>	88.9
Cash used in Investing Activities	<b>(44.8)</b>	(40.5)
Cash used in Financing Activities	<b>(64.2)</b>	(42.9)
Impact of foreign currency exchange rates	<b>(0.4)</b>	(0.1)
<b>Net cash flow for the year</b>	<b>0.9</b>	5.4
<b>Operating cash flows less lease repayments</b>	<b>64.6</b>	43.3
<b>Free Cash Flow</b>	<b>40.7</b>	17.2
<b>Adjusted Free Cash Flow</b>	<b>40.7</b>	28.8
<b>Free cash conversion (%)</b>	<b>98.9%</b>	58.2%

Cash performance in FY26 was strong, underpinned by disciplined investment in working capital, particularly through careful inventory management as stores sales didn't meet our expectations towards the end of the year. This enabled us to maintain a broadly flat working capital position, compared to a £22.1 million outflow in FY25, supporting an increase in operating cash flows.

Going forward, we expect working capital cash flows to be broadly matched to revenue growth, with a small level of investment as our business grows.

Capital expenditure was £19.4 million, compared to £18.4 million in FY25 as we continue to invest in new stores and infrastructure, and growth projects to support our strategy.

Free Cash Flow in FY26 was £40.7 million, reflecting a conversion rate compared to adjusted earnings of 98.9%, above our target range of 70–80%. We define free cash as cash flow before M&A activity, distributions and changes in debt drawn.

This level of free cash generation enables us to maintain a progressive regular dividend despite the reduction in earnings year on year.

We invested £27.4 million (inclusive of transaction costs) in the acquisition of Funky Pigeon and made distributions totalling £22.2 million.

The Funky Pigeon acquisition was funded by an incremental drawdown on our Group RCF facility.

### Balance sheet

#### Acquisition of Funky Pigeon

On 14 August 2025, the Group completed the acquisition of 100% of the issued share capital of funkypigeon.com Limited ('Funky Pigeon') from WH Smith Group for total cash consideration of £25.7 million (after customary completion adjustments for cash, debt and working capital). The acquired business operates funkypigeon.com, an established online personalised card and attached gifting business, which is supported by its standalone teams in Bristol and Guernsey.

The acquisition strengthens the Group's position within the online card and attached gifting market in the UK and accelerates cardfactory's digital strategy, providing a platform for online growth, particularly in the direct-to-recipient card and attached-gifting market. Further operational synergies will be unlocked by utilising both Funky Pigeon's existing order fulfilment capability in Guernsey for personalised cards and cardfactory's in-house manufacturing and fulfilment facility in Baildon, West Yorkshire for card and attached-gifting orders.

The acquisition was funded by the Group's existing debt facilities, as we extended the facility size by £35 million (to £160 million total) using the accordion option in the facility agreement. A further £40 million of accordion remains available to the Group in future if required. The additional facility draw over and above the initial acquisition cost and provides the Group with flexibility to provide targeted investment into the acquired business as we aim to grow our overall online presence and manage short-term working capital flows.

The accounting for the acquisition has been completed and has resulted in the recognition of intangible assets of £19.7 million and £7.4 million of goodwill. See note 29 in the consolidated Financial Statements for more information. We expect to exclude the amortisation of acquired intangibles from our adjusted PBT going forward.

**Capital expenditure**

Total capital expenditure in FY26 was £19.4 million, increased from £18.4 million in FY25.

Our investment programme continues to include the rollout of new stores and refresh and renewal of the store estate, as well as targeted investments in infrastructure and growth projects to deliver our strategy.

Key investments in FY26 included a system upgrade to our store till systems (PoS), further enhancements of our SAP-based ERP system and store fit outs for new stores opened in FY26.

We continue to expect that capital expenditure will be in the range of £20–25 million per annum going forward. In FY27, we anticipate capital expenditure will be at the upper end of this range reflecting the investment needed to deliver the target operating model for digital and development of our manufacturing capabilities. Consequently, free cash and cash conversion are likely to be towards the lower end of our target range in FY27.

**Net Debt**

	FY26 £m	FY26 Leverage	FY25 £m	FY25 Leverage
Current borrowings	1.5		-	
Non-current borrowings	83.8		74.0	
<b>Total borrowings</b>	<b>85.3</b>		74.0	
Add back capitalised debt costs	1.4		1.4	
<b>Gross bank debt</b>	<b>86.7</b>		75.4	
Less cash	(18.8)		(16.5)	
<b>Net Debt (excluding leases)</b>	<b>67.9</b>		58.9	
<b>Leverage (excluding leases)</b>		<b>0.6x</b>		0.5x
<b>Adjusted Leverage (excluding leases)</b>		<b>1.0x</b>		0.7x
Lease liabilities	123.2		110.4	
<b>Net Debt (including leases)</b>	<b>191.1</b>		169.3	
<b>Leverage (including leases)</b>		<b>1.6x</b>		1.3x

Our balance sheet remains strong. The Group's cash generative profile enables us to maintain low levels of Net Debt and leverage, whilst continuing to make disciplined investments to grow the business and accelerate delivery of our strategy.

Net Debt increased by £9.0 million in FY26, closing the year at £67.9 million, resulting in an adjusted Leverage ratio just below 1.0x, comfortably within our longer-term target to keep this measure below 1.5x.

This represents a strong cash generation performance, while investing in the acquisition of Funky Pigeon and making cash returns to shareholders totalling £22.2 million during the financial year.

The Group focuses on Net Debt excluding lease liabilities, this reflects the way the Group's covenants are calculated in its financing facilities. Leverage compares the ratio of Net Debt to EBITDA as calculated, adjusted Leverage reflects adjustments in the Group's bank facilities to deduct lease-related EBITDA charges from EBITDA. A full description, calculation and reconciliation of Alternative Performance Measures is provided in the glossary on pages 178 to 181.

The Group's banking facilities and amounts drawn in the current and prior periods are summarised in the table below:

Facility	31 January 2026 £m	31 January 2025 £m
£160m Revolving Credit Facility (FY25: £125m)	85.0	75.0
Other facilities	1.7	0.4
<b>Gross Bank Debt</b>	<b>86.7</b>	75.4

The Group's primary financing facilities are comprised of a £160 million revolving credit facility (RCF), provided by a syndicate of banks, which meets the investment and working capital needs of the Group. Other facilities are primarily comprised of local overdrafts used for day-to-day cash management purposes.

The RCF was extended from £125 million to £160 million on 13 August 2025 in order to fund the acquisition of Funky Pigeon.

Further, on 31 October 2025, the Group exercised and had approved the first option to extend the RCF, which will now mature in November 2028. The Group has a further extension window during FY27, which if exercised and approved, would extend the maturity to November 2029.

The RCF includes a further accordion of up to £40 million, which can be drawn subject to lender approval. The interest margin on the facilities is dependent upon the Group's Adjusted Leverage position, with margins between 1.9% and 2.8%. The facility includes covenants for a maximum leverage ratio (calculated as net debt excluding leases divided by EBITDA less rent costs for the prior 12 months) of 2.5x and a fixed charge cover ratio of at least 1.75x (calculated as the ratio of EBITDA plus IFRS 16 interest and depreciation to net finance charges plus IFRS 16 interest and depreciation). The leverage covenant is consistent with the Group's definition of Adjusted Leverage. The Group expects to operate comfortably within these covenant levels for the foreseeable future.

At 31 January 2026 the Group had undrawn committed facilities of £73.7 million (FY25: £48.8 million), resulting in total cash and committed facilities of £92.5 million (FY25: £65.3 million).

The Group's cash generation profile typically follows an annualised pattern, with higher cash outflows in the first half of the year associated with lower seasonal sales and investment in working capital ahead of the Christmas season. The inverse is then usually true in the second half, as Christmas sales led to reduced stock levels and higher cash inflows. As a result, Net Debt at the end of the year is usually lower than the intra-year peak, which typically occurs during the third quarter and also higher than the intra-year low, which is usually at the end of December. The Group's intra-year working capital requirement (reflecting the difference between these two points) is typically £70–80 million).

### **Capital structure and distributions**

The Group has a disciplined capital allocation approach, which aims to balance investing to deliver the strategy with sustainable, progressive cash returns to shareholders and long-term growth in shareholder value.

Our capital allocation policy has four key tenets, each with relevant guardrails and controls designed to ensure balanced application:

1. Maintain a strong balance sheet, targeting a maximum leverage of 1.5x during the year.
2. Invest to deliver the strategy, investment to accelerate progress must deliver attractive returns relative to cost of capital.
3. Regular, progressive cash returns to shareholders, via an ordinary dividend with dividend cover between 2–3x adjusted earnings.
4. Disciplined use of surplus cash, total returns will not exceed free cash generated.

Investment may include M&A activity, where the Board considers that the proposed transaction delivers both attractive returns and a significant enhancement or acceleration to our strategic objectives. However, our near-term focus is on integration of Funky Pigeon and delivering the anticipated synergies.

On 30 September 2025, the Board declared an interim dividend for FY26 of 1.3 pence per share, which was paid on 12 December 2025 to shareholders on the register on 7 November 2025.

On 30 October 2025, we commenced a share buyback programme with the intention to acquire shares to settle future employee share scheme issuances. The programme concluded on 19 December 2025 at a total cost of £5.0 million. In aggregate, 5,795,564 shares were acquired and transferred to treasury.

1. According to company compiled consensus estimates as at 27 April 2026, the current range of market expectations for FY27 adjusted PBT is £54.8 million to £60.5 million, with an average of £58.2 million, excluding a statistical outlier significantly in excess of company guidance.

Following a review of the Group's financial performance, prospects, Net Debt and Leverage position, as well as available investment opportunities, the Board has concluded that the Group has excess cash at the end of FY26, supported by the strong free cash generation in the period. As a result, we will shortly commence a share buyback programme with the intention to repurchase up to £15.0 million of shares during FY27, subject to the normal authority to repurchase shares being renewed at the upcoming AGM. All shares purchased under this programme will be cancelled.

The Board remains committed to further share purchases, where required, to settle future employee share scheme issuances and avoid dilution of existing shareholdings, subject to relevant approvals being in place. Any requirement for such purchases will be considered later in FY27.

At the Annual General Meeting to be held on 25 June 2026, the Board will recommend to shareholders a resolution to pay a final dividend of 3.7 pence per share for the year. If approved, the dividend will be paid on 3 July 2026, with a record date of 29 May 2026.

### **Outlook**

Despite the macroeconomic and consumer challenges experienced in FY26, the Board remains confident in the medium-term growth opportunity for cardfactory, and we continue to believe in our ability to generate substantial free cash flows to support sustainable, progressive regular dividends to shareholders, balanced with continued investment to deliver future growth.

Our mid-term target to deliver mid-single-digit percentage growth in sales and mid-to-high single-digit percentage growth in Adjusted PBT is unchanged.

Group sales, excluding the incremental benefit of Funky Pigeon, through the first three months of the financial year have been in line with the same period last year.

We are cognisant of the situation in the Middle East, the potential for impact on direct input costs and the forward-looking uncertainty this creates in relation to inflation and consumer sentiment.

While we remain mindful of this external backdrop, we expect to deliver Adjusted PBT in FY27 in line with the current market consensus.<sup>1</sup>

As in recent years, delivery of Adjusted PBT will be weighted to the second half of the year.

**Matthias Seeger**  
Chief Financial Officer

28 April 2026

## RISK MANAGEMENT



***Risk management is an essential part of doing business, and must be given the attention it deserves."***

### **Managing our risks**

Risk management, an integral aspect of conducting business, involves striking a balance between risk and reward, dictated by careful assessment of potential outcomes, impacts and risk appetite. It is also a key driver in highlighting how our principal risks affect our capacity to deliver strategic objectives.

### **Approach to risk management**

cardfactory's risk management framework establishes the identification, assessment, mitigation and monitoring of risks that could potentially impede our objectives. This framework uses a top-down approach to pinpoint the Group's principal risks and a bottom-up strategy for identifying operational risks.

A Group risk register evaluates the business' gross level of risk (likelihood and impact), the extent of mitigating controls and the resultant net level of risk. It also details any forthcoming plans to mitigate or reduce risks. Risk appetite and target risk are designated to each risk.

Each risk has an assigned member of senior management. Critical net rated risks are examined and updated four times a year, while all others undergo at least an annual review. Risks are discussed at the senior management team's monthly meeting on a rolling basis.

The Head of Internal Audit & Loss Prevention produces a risk management update at each Audit & Risk Committee meeting, including an overview of changes to specific risks reviewed during the period, along with a summary of the Group risk register.

With the oversight of the Board and detailed scrutiny by the Audit & Risk Committee, members of the senior management team are responsible for identifying emerging risks, any risks and opportunities to the future success of the business in meeting its strategic objectives and executing appropriate plans. A comprehensive review of all risks and the adequacy of the process to identify up and coming risks was conducted at the end of the financial year.

The Audit & Risk Committee assists the Board in maintaining a robust risk management framework by approving the risk management process and frequently reviewing the Group's principal risks and risk appetite. More information on risk governance can be found in the Audit & Risk Committee Report on pages 90 to 95.

Internal Audit also offers independent assurance to management and the Audit & Risk Committee over specific risk areas as part of the Group's annual internal audit plan.

### **Risk management process**



**Principal risks and uncertainties**

Over the last two years updates have been made to the risk management framework, and this year has seen a key development in that the approach to risk appetite has been updated with appetite levels being set at a Group, risk category and individual risk level. The senior management team assigned risk appetite levels and these were approved by the Audit & Risk Committee in January 2026. The overall Group risk appetite level has been set as “Balanced; we pursue opportunities allowing measured risk-taking consistent with strategy.”

The Audit & Risk Committee performs a thorough review of the principal risks facing the Group at each meeting. These reviews take into account how risks and impacts arising from business relationships, products and services affect the Group risks and principal risks and uncertainties including reputational risks.

In March 2025, at the approval of the senior management team and the Audit & Risk Committee, the buying element of the ‘supply chain risk’ was separated to create its own risk on the Group risk register as this is crucial to the success of the Group. The remaining elements of this risk were re-titled ‘supply chain logistics’. For the purposes of Principal Risks and Uncertainties this risk has remained as ‘supply chain’.

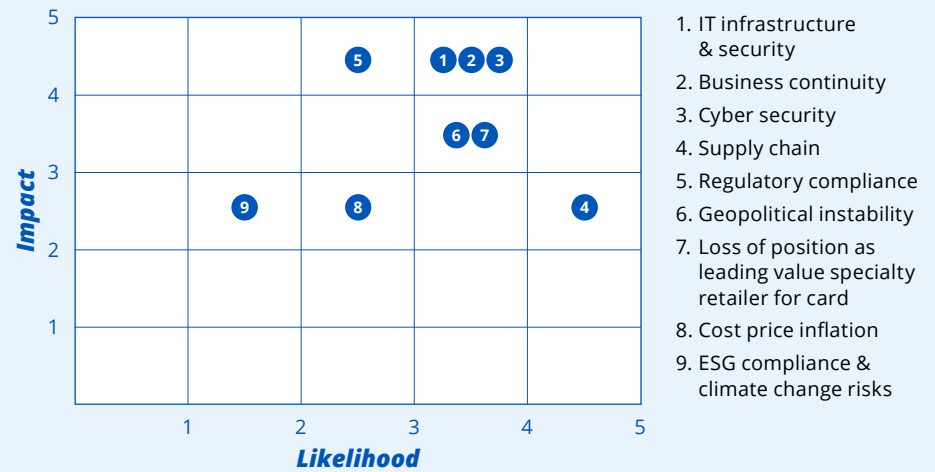
Three other risks have seen a change in their risk descriptions in the year, these being ‘geopolitical risk’, ‘strategy’ and ‘ESG’ to ensure that these are representative of our business. No risks have seen an increase or decrease in their net risk score in the year.

On a quarterly basis, emerging risks to the Group are discussed by the senior management team and are presented to the Audit & Risk Committee for consideration. Following these discussions, emerging risks are either added to the Group risk register, retained on the emerging risk list or are discounted. There is one risk on the emerging risk list, this being ‘AI – disruption to market’.

Funky Pigeon has a detailed risk register in place, and these risks are reviewed by their senior leadership periodically. A separate review of these risks has been performed, and with the exception of the Funky Pigeon cyber risk, the other risks in the register do not meet the criteria for inclusion on the Group risk register. In FY27, Funky Pigeon will be fully integrated into the cardfactory risk management framework, and any updates that are required to the Group risk register and/or principal risks and uncertainties will be made at that time.

The principal risks on pages 74 to 77 represent the most material uncertainties that could affect performance and strategic delivery. Each is actively monitored, with mitigations in place and clear ownership across the business.

**Principal risks impact and likelihood matrix**



The risks noted above are shown on a net basis.



See pages 74 to 77 for a detailed review of our principal risks and uncertainties

## RISK MANAGEMENT CONTINUED

### Risk trend

⬆️ Increasing 
 ⊖ Stable 
 ⬇️ Decreasing

- Link to strategy:**
- 1 Increasing breadth of product offering
  - 2 Create a full omnichannel offer
  - 3 A robust and scalable central model

## Operational risks

Risk	Trend	Description	Mitigation
<p><b>IT infrastructure and security</b></p> <p>Link to strategy 2 3</p>	⊖	Outdated, unsupported IT systems and software could expose the business to security incidents, unauthorised access and data breaches resulting in fines/censure/outages/disruption/lost sales/revenue, etc.	<ul style="list-style-type: none"> <li>• An IT strategy is in place that includes the approach being taken regarding the removal/migration of out-of-date legacy systems, including ringfencing systems to provide an additional layer of security.</li> <li>• IT specialists support out-of-date/legacy systems with network detection and response software operational and back-up arrangements tested routinely and IT disaster recovery processes in place.</li> </ul>
<p><b>Business continuity</b></p> <p>Link to strategy 2 3</p>	⊖	Significant disruption to the operation, including support centre, distribution centres, the Printcraft site, design studio and IT systems could severely impact the Group's ability to supply stores and wholesale partners or fulfil online sales resulting in financial loss, fines, loss of sales and/or reputational damage.	<ul style="list-style-type: none"> <li>• The business continuity management framework and policy are reviewed annually and are approved by the senior management team.</li> <li>• Crisis management, business continuity and IT disaster recovery plans are in place for all operations of the business, which are reviewed annually or when major changes to processes occur or incidents arise.</li> <li>• The business continuity and IT disaster recovery plans are tested annually with lessons learned being produced and plans updated accordingly.</li> </ul>
<p><b>Cyber security</b></p> <p>Link to strategy 2</p>	⊖	Prolonged loss or disruption to IT capability, which could result in unauthorised access/data breaches, void of insurance cover, malware, ransomware, significant IT disruption, fines for negligence by the ICO, legal prosecution from customers, settlements, leading to a loss of sales, reduction in share price and lack of confidence by shareholders.	<ul style="list-style-type: none"> <li>• Cyber security plans are operational with multiple cyber security and physical security controls either enhanced or implemented in 2025 including:                             <ul style="list-style-type: none"> <li>– Phishing email spam filter protection level increased; colleague phishing tests in place with results reported to the senior management team.</li> <li>– Store access controls updated.</li> <li>– Updated service desk verification process for colleague passwords changes.</li> <li>– Patch management, firewall, back-up and password policies in place.</li> <li>– Annual penetration tests performed.</li> <li>– Point of sale (tills) meets all payment card industry (PCI) compliance requirements.</li> </ul> </li> <li>• In addition, we have dedicated cyber expertise to manage our cyber security processes.</li> </ul>

## Risk trend

⬆️ Increasing 
 ⊖ Stable 
 ⬇️ Decreasing

- Link to strategy:**
- 1 Increasing breadth of product offering
  - 2 Create a full omnichannel offer
  - 3 A robust and scalable central model

Risk	Trend	Description	Mitigation
<p><b>Supply chain</b></p> <p>Link to strategy</p> <p>1</p>	⊖	<p>The Group uses many third parties for the supply of products, predominantly based in China.</p> <p>Risks include the potential for supplier failures, suppliers failing to act or operate ethically and disruption at various stages of the supply chain including transportation and importing which could result in unavailability of stock leading to reduced sales.</p>	<ul style="list-style-type: none"> <li>• Partnership with a specialist third party consultant to manage the supply chain risks, and systems are integrated to monitor routes and multiple shipping agents and lines.</li> <li>• Active monitoring of shipping channels and any issues are reviewed and discussed at a senior management team level as to any potential impact as they arise.</li> <li>• Any increase in shipping costs is reviewed and factored into the budget and considerations to price increases made.</li> <li>• A commercial strategy is in place, which incorporates sourcing and category plans along with quarterly reviews of supplier performance including quality, on time delivery, technical requirements, etc.</li> <li>• All overseas suppliers sign up to the Trade Interchange platform providing all necessary documentation relating to auditing including adherence to the Modern Slavery Act.</li> <li>• External and ethical audits and Sedex membership performed with a 'No audit, No order' approach adopted requiring inspection of factories by cardfactory teams together with testing, and pre-shipment sampling of production models mitigate this risk.</li> <li>• All product testing and quality assurance inspection controls undertaken by authorised accredited providers.</li> </ul>
<p><b>Regulatory compliance</b></p> <p>Link to strategy</p> <p>1 3</p>	⊖	<p>The Group is exposed to a diverse number of legal and regulatory compliance requirements including Modern Slavery Act, the General Data Protection Regulation (GDPR), Listing Rules, employment law, tax, FSC, product safety, competition law, etc. Failure to comply with these laws and regulations could lead to financial claims, penalties, awards of damages, fines or reputational damage, which could significantly impact the financial performance of the business.</p>	<ul style="list-style-type: none"> <li>• Prevention &amp; Compliance Committee established to review all matters of compliance with monthly reporting to the senior management team.</li> <li>• Compliance responsibilities matrix in place detailing all compliance-related matters across the organisation with assigned owners.</li> <li>• External advisers who provide ad hoc information updates or highlight changes to existing legislation or new regulations that may impact the organisation.</li> <li>• Governance, Listing Rules, DTRs, Market Abuse, etc., overseen by the General Counsel.</li> <li>• Quality assurance process in place to ensure that products comply with legal/ethical regulations/legislation etc.</li> </ul>

## RISK MANAGEMENT CONTINUED

### Risk trend

⬆️ Increasing 
 ▬ Stable 
 ⬇️ Decreasing

- Link to strategy:**
- 1 Increasing breadth of product offering
  - 2 Create a full omnichannel offer
  - 3 A robust and scalable central model

### Strategic risks

Risk	Trend	Description	Mitigation
<p><b>ESG compliance and climate change risks</b></p> <p>Link to strategy</p> <p>1 3</p>	<p>▬</p>	<p>Failure to align with evolving Environmental, Social, and Governance (ESG) standards and stakeholder expectations including sustainable sourcing, ethical labour practices, and transparent governance may result in reputational damage, regulatory penalties, and loss of colleague and customer trust, leading to a decline in Group revenue, profitability, and market share.</p>	<ul style="list-style-type: none"> <li>• Monthly Sustainability Steering Group (SSG) reviews progress against the overall strategy, drives sustainability commitments and manages the sustainability risk register. This SSG is supported by topic-specific working groups where needed to drive forward specific operational initiatives e.g. waste reduction.</li> <li>• Various other actions in relation to ESG can be found on pages 36 to 55.</li> </ul>
<p><b>Loss of position as leading value specialty retailer for cards</b></p> <p>Link to strategy</p> <p>1</p>	<p>▬</p>	<p>Changing customer sentiment/behaviours/ dramatic shift in the market and/or the deterioration of our value proposition and perception could result in decline of penetration and footfall negatively impacting sales and profits.</p>	<ul style="list-style-type: none"> <li>• A 'Pricing Framework' is in place which sets out cardfactory's approach and is supported by a price modelling tool, which is used to model price/volume scenarios and support the business to make informed pricing decisions both online and in stores.</li> <li>• We gather value perception data monthly to understand the impact on our performance in the market relative to our competition. This data is summarised and is fed into our activity plans, in particular our trading plans, and annual strategy review.</li> <li>• The annual card market study gives us a very detailed understanding of the card market, and this is used to inform our business strategy, particularly the commercial strategy.</li> <li>• See Our Strategy in Action on pages 20 to 35 for additional actions.</li> </ul>

## Risk trend

⬆️ Increasing 
 ⊖ Stable 
 ⬇️ Decreasing

- Link to strategy:**
- 1 Increasing breadth of product offering
  - 2 Create a full omnichannel offer
  - 3 A robust and scalable central model

## Financial risks

Risk	Trend	Description	Mitigation
<p><b>Geopolitical instability and other global events</b></p> <p>Link to strategy <span>3</span></p>	⊖	<p>Failure to address geopolitical uncertainties, e.g. wars, civil unrest, terrorism, elections, government restrictions, geopolitical competition, fractured international relations, the impact of increased tariffs, and potential future pandemics, could significantly disrupt our business. This may result in restricted access to products, threats to our colleagues, operational challenges, and broader global economic impacts.</p>	<ul style="list-style-type: none"> <li>We monitor the external environment for emerging risks that could disrupt our business, creating/updating plans with specific milestones and dedicated oversight to ensure resilience.</li> <li>We closely track global developments and government guidelines. This includes engagement with trade, government, industry and ongoing monitoring of potential changes to the future political landscape.</li> <li>The safety and wellbeing of our colleagues and customers remain our highest priority. Management monitors events, including the spread of highly infectious diseases, evaluates their impacts, and formulates appropriate response strategies.</li> </ul>
<p><b>Cost price inflation</b></p> <p>Link to strategy <span>1</span></p>	⊖	<p>Increasing input costs without mitigating actions will either result in lower level of profitability/generation of cash or forces into higher pricing resulting in cardfactory possible impact on value perception and customers choosing to buy elsewhere.</p>	<ul style="list-style-type: none"> <li>We monitor the markets with a specific focus on labour, energy and freight costs to identify any potential increases and lock in future rates where applicable.</li> <li>Hedging in place for FX, interest and energy as per the Board-approved policies to provide certainty for the near, and mid-term; and the hedging position is reviewed monthly.</li> <li>Pro-active plans are developed as part of the annual planning and monthly review process to mitigate cost price inflation.</li> <li>'Simplify &amp; Scale' is a multi-year programme to pro-actively identify plans and actions to mitigate future cost prices.</li> </ul>

## NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

In accordance with Sections 414CA and 414CB of the Companies Act 2006, the following table summarises where you can find further information in this Annual Report on each of the key areas of disclosure that these sections require.

Reporting requirement	Relevant information	Policies and standards
Information necessary to understand the Company's development, performance and position and the impact of its activity relating to:		
1. Environmental matters, sustainability and climate-related information (including governance arrangements, the impact of the Company's business on the environment).	Pages 36 to 55	Page 76
2. The Company's employees.	Pages 60 to 62	Page 125 and 126
3. Social matters.	Pages 41 and 59	Pages 39 to 41
4. Respect for human rights.	Pages 63 and 75	Page 75
5. Anti-corruption and anti-bribery matters.	Pages 75 and 89	Pages 75 and 89
<b>Required information</b>		
6. Description of the Company's business model.	Pages 12 and 13	
7. Description of policies (and any due diligence processes implemented pursuant to those policies) pursued by the Company in respect of items 1 to 5 above and a description of the outcome of those policies.	See the sections referred to above	
8. A clear and reasoned explanation if the Company does not pursue any policies in respect of the above matters.	Not applicable	
9. Description of the principal risks relating to items 1 to 5 above, and where relevant and proportionate, a description of the business relationships, products and services, which are likely to cause adverse impacts in those areas of risk and a description of how it manages such risks.	Pages 72 to 77	
10. Description of the non-financial key performance indicators relevant to the Company's business.	Pages 3, 15, 39 to 41, 54 and 56 to 63	
11. Where appropriate, references to, and additional explanations of, amounts included in the accounts.	The accounts are produced in accordance with UK-adopted international accounting standards and applicable law. See pages 178 to 181 for Alternative Performance Measures.	

The Strategic Report, which was approved by the Board on 27 April 2026 and is set out on pages 1 to 78.

**Darcy Willson-Rymer**  
**Chief Executive Officer**  
 28 April 2026

# ***Governance***

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96	Remuneration Committee Report
100	Directors' Remuneration Report – Remuneration Policy
108	Annual Report on Remuneration
122	Nomination Committee Report
124	Directors' Report
129	Statement of Directors' responsibilities

# Governance supporting strategic growth



**Paul Moody**  
Non-Executive Chair

## **Dear shareholder**

The Board's continued focus on governance enhancements to support the cardfactory Group realise sustained strategic growth has informed key governance activity during FY26, which included support of the refreshed digital strategy, to be rebased on the Funky Pigeon technology platform; focus on continual enhancement to support the store estate; and focus on growth of our wholesale and international business.

Operational efficiency and investment to facilitate year-on-year growth remain a key focus as we mitigate the impact of cost and wage inflation.

The Board has invested time during the year in addressing the updated governance framework included in the FRC Corporate Governance Code 2024 and in planning for the additional requirements from Provision 29 that took effect from 1 February 2026 and will be included in our FY27 governance reporting.

The Board was unchanged during the year, comprising six members. The Committee reviewed skills and experience of the Board (including the data on page 81) and continues to consider it is appropriate for the Company, given the nature of its business, which also meets the FRC Corporate Governance Code's requirements.

The Board have again concluded that it is appropriately diverse, across a range of criteria (of which gender and ethnicity are just part) and do not consider it to be in the interests of shareholders, or the effectiveness of the Board, to recruit an additional director solely to achieve the recommended 40% of women members.

The internally conducted evaluation of the Board also identified no material issues of concern, with new objectives being adopted to support the strategic growth of the business for the long-term benefit of all stakeholders.

I enjoyed the opportunity to speak to many of our largest shareholders to understand their priorities and preferences for the direction of the cardfactory Group and to understand reasons for just over 20% of voters not supporting share capital management resolutions at our 2025 Annual General Meeting (AGM). Although the resolutions opposed the grant of authority to allot shares and disapplication of pre-emption rights (which were passed), feedback indicated the 21.5% votes against these resolutions were due to concerns on equity dilution from employee share awards. I am pleased the previously announced buyback of shares into treasury for use to satisfy employee share awards has addressed this concern.

We look forward to welcoming shareholders to our AGM on 25 June 2026.

**Paul Moody**  
Chair  
28 April 2026



***I am pleased the previously announced buyback of shares into treasury for use to satisfy employee share awards has addressed this concern."***

## GOVERNANCE AT A GLANCE

### Compliance statement – Code principles

The following table references sections of this report that demonstrates how the Company has complied with the principles of the Code:

	Page		Page
<b>Board leadership and company purpose</b>		<b>Composition, succession and evaluation</b>	
Promoting long-term value.	10–11	Board experience.	81
Ensure resources, policies and practices to meet objectives and measure performance.	10, 12–13, 78	Nomination Committee Report.	122–123
Purpose, values, strategy and culture.	16, 20–34, 61	Board succession planning.	87
Board engagement with shareholders and stakeholders (including s.172 statement).	56–63	Board performance review.	87
Managing Director conflicts of interests.	87	<b>Audit, risk and internal control</b>	
Workforce policies and practices.	125–126	Audit & Risk Committee Report.	90–95
<b>Division of responsibilities</b>		Independence and effectiveness of external auditor and internal audit.	94–95
Board structure and independence.	84	Fair, balanced and understandable.	94–95
Board responsibilities.	85	Risk management and internal control framework.	72–77
		<b>Remuneration</b>	
		Remuneration Committee Report (including Policy).	96–121

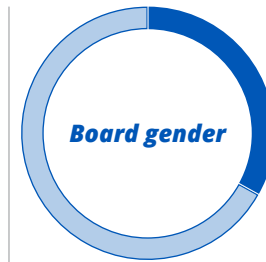
### Board member experience

	Design/ manufacturing	Retail	Online/ digital	International	Wholesale	Franchise	Brand owner	ESG	Supply chain	Finance	Marketing	Listed company
Paul Moody	■			■	■		■	■	■			■
Darcy Willson-Rymer		■		■	■	■	■		■			■
Matthias Seeger	■	■		■	■	■	■	■	■	■		
Pam Powell	■			■	■		■	■			■	■
Rob McWilliam		■	■	■			■		■	■		■
Indira Thambiah	■	■	■	■			■		■	■		■

### Code compliance

The Company fully complied with the principles and all relevant provisions of the UK Corporate Governance Code (2024) published by the Financial Reporting Council (the ‘Code’) throughout the financial year. The Code can be obtained from [frc.org.uk](http://frc.org.uk).

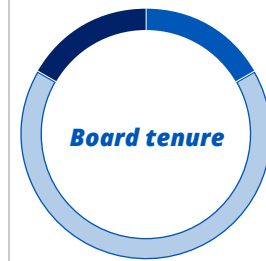
The Board has focused on ensuring it provides strategic challenge and direction to the executive and senior leadership team and supporting the framing of the strategic priorities, which include reassessment of values, cultural development and addressing stakeholder feedback. Compliance with the Code is realised through the governance structures adopted by the Board, including adoption and application of terms of references for each Committee of the Board. This includes a schedule of activity for the Board and its Committees that ensures the Board considers all governance requirements, including annual strategy reviews, annual succession planning assessment, annual board performance reviews and regular updates on stakeholder feedback. As part of the Board succession planning, and when any changes to the Board or its Committees are considered, the Code requirements on composition and membership are assessed.



Jan 2026  
■ Female  
■ Male



Jan 2026  
■ Ethnic minority  
■ White



Jan 2026  
■ 0–2 years  
■ 2–5 years  
■ 5–8 years

See the Board of Directors on [pages 82–83](#).

## BOARD OF DIRECTORS



**The Board recognises the vital role its leadership plays in setting culture and values and in supporting long-term sustainable success."**

### Committee membership:

- AR** Audit & Risk
- R** Remuneration
- N** Nomination
- Chair**



**Paul Moody**  
*Non-Executive Chair*

**Date of appointment**  
19 October 2018



Paul has extensive retail experience having served 20 years at Britvic plc, including eight years as Chief Executive Officer. Paul was Chair of 4Imprint Group plc from February 2016 to March 2026 and was Chair of Johnson Service Group plc between May 2014 and August 2018. He was a Non-Executive Director and Chair of the Remuneration Committee of Pets at Home plc from March 2014 until July 2020. Paul assumed the interim role as Executive Chair of Card Factory plc from 1 July 2020 to 8 March 2021.

Paul is the designated Non-Executive Director for workforce engagement.



**Darcy Willson-Rymer**  
*Chief Executive Officer*

**Date of appointment**  
8 March 2021

Prior to joining the Company, Darcy served as CEO of Costcutter Supermarkets Group for eight years and was CEO of Clinton Cards plc from 2011 to 2012. Before joining Clinton Cards, Darcy held a range of roles in international branded businesses, including Managing Director (UK & Ireland) of Starbucks Coffee Company, and senior roles at Yum Restaurants International, including Operations Director of KFC Great Britain, and Director of Operations and Franchise, Europe, KFC and Pizza Hut.



**Matthias Seeger**  
Chief Financial Officer

**Date of appointment**  
22 May 2023

Matthias was CFO of Ambassador Cruise Line Limited between February 2022 and May 2023, having previously been CFO of Costcutter Supermarkets Group from September 2015 to September 2021. Previous roles include senior finance roles with Procter & Gamble, in Germany, the UK, Belgium and Switzerland, between 1991 and 2013. Matthias has a master's degree in engineering and an MBA from the University of Texas.

Matthias is the Director accountable for sustainability and ESG.



**Pam Powell**  
Senior Independent  
Non-Executive Director

**Date of appointment**  
21 June 2024 AR R N

Pam is an internationally experienced blue-chip consumer FMCG marketeer, with previous roles including senior global positions at Unilever from 1989 to 2001, and SAB Miller, from 2002 to 2011 as Group Director, Strategy and Innovation. Pam was previously Non-Executive Director of Cranswick plc, vertically integrated UK producer and suppliers of premium pork and poultry products; Premier Foods plc; and A G Barr plc. Pam was a member of Audit, Remuneration and Nomination committees with each of these companies, chaired the Remuneration Committees of Cranswick plc and Premier Foods plc and was a member of the Cranswick plc ESG committee.

- Current external appointments**
- Non-Executive Director & member of the ESG Committee and the Audit and Risk Committee of Origin Enterprises plc (AIM: OGN).



**Robert (Rob) McWilliam**  
Independent  
Non-Executive Director

**Date of appointment**  
1 November 2021 AR R N

Rob was Chief Financial Officer of Asda from 2018 to 2021; and between 1997 and 2012 held a number of senior roles within the Asda group including Commercial Finance & Strategy Director and Business Change Director. In between his two periods with Asda, Rob was Vice President, UK, Finance Director and then Vice President of Consumables at Amazon UK. Rob was Independent Director of YPO (from 2017 to September 2021) and was previously a Non-Executive Director of Ten Entertainment Group plc where he was also the Chair of the Risk and Audit Committee.

- Current external appointments**
- Non-Executive Director and Audit Committee Chair of the Solicitors Regulation Authority.
  - Non-Executive Director of Venture Simulations Limited.
  - Non-Executive Director of Fruugo plc (unlisted).



**Indira Thambiah**  
Independent  
Non-Executive Director

**Date of appointment**  
1 September 2022 AR R N

Indira is an experienced multi-channel retail executive and consultant, with previous roles including Head of Multi-Channel for Home Retail Group (Argos & Homebase) and Vice President, Europe at online sales marketplace, Zulily. Indira has successfully managed a number of private businesses, most recently Roof-Maker (CEO, 2018 to 2022). Indira has also been an Independent Non-Executive Director and member of the Remuneration Committee at each of Superdry plc (2010 to 2013) and Yorkshire Building Society (2007 to 2010). Indira is a qualified Chartered Accountant.

- Current external appointments**
- Senior Independent Non-Executive Director and Audit Committee Chair of Vivobarefoot Limited.
  - Non-Executive Director of Verlinvest S.A. (Belgium).
  - Senior Independent Director and Remuneration Committee Chair of Warpaint London plc (AIM: W7L).

# Committed to the highest governance standards

## Leadership and approach

The Board is committed to achieving and maintaining the highest standards of corporate governance. The Board recognises the vital role its leadership plays in setting culture and values, and in supporting long-term sustainable success, while successfully managing risks for our stakeholders.

We believe that good governance is demonstrated by applying appropriate and relevant principles and following the more detailed provisions and guidance in a way that enhances and protects the long-term value of the business. This ensures a pragmatic governance culture sits alongside the entrepreneurial and community-minded spirit, which has enabled cardfactory to develop into the business it is today.

## Key governance activities

Key activities during the year included:

- Review of the strategic plan and extension of the financial outlook to beyond FY30.
- Review of the FY27 budget and annual operating plan, including prioritising strategic projects and investments to support long-term growth.
- Assessment of acquisition opportunities (including the acquisition of Funky Pigeon) and the alignment with strategic priorities. Post acquisition reviews of Garven and Garlanna and assessment of performance compared to the acquisition case.
- Organisational design, including identification of target operating model to account for international expansion and acquisitions.
- Internally conducted Board performance review, and review of size, composition, skills, experience and diversity of the Board.
- Shareholder consultation following the 2025 AGM.
- Review of targets and progress in establishing the foundations to achieve our ESG ambitions.
- Succession planning for the Board and the senior leadership team and their direct reports.

## Board and Committee composition, balance and independence

The Board comprises (and during FY26, comprised) six members, all of whom are set out on pages 82 and 83.

The Code recommends that at least half the board of directors of a UK-listed company, excluding the chair, should comprise Non-Executive directors, determined by the board to be independent in character and judgement and free from relationships or circumstances that may affect, or could appear to affect, the director's judgement.

The Board considers all of the current Non-Executive Directors as independent Non-Executive Directors (within the meaning of the Code).

Paul Moody was independent prior to his appointment as Chair in October 2018. Paul held the position as interim Executive Chair between July 2020 and March 2021, following the resignation of the previous CEO, pending appointment of Darcy Willson-Rymer as CEO. The Board has considered whether the Chair's independence may have been compromised as a result of his interim role as Executive Chair, but concurred that he remains appropriately independent, but with additional insights to support his challenge of the leadership team.

The constitution of the Company's Board complies with the Code's recommendation, with three members of the Board being judged to be independent (excluding the Chair) and the two Executive Directors being non-independent.

The Board considers the balance of skills and experience of the Board to be appropriate for its current requirements and is confident that it continues to be an effective and efficient decision-making body that supports the Group's strategy and growth.

The Committee's are constituted in accordance with the Code. Rob McWilliam, Chair of the Audit & Risk Committee, is considered by the Board to have recent and relevant financial experience, and the members of this Committee have competence in the sectors in which the Group operates, for the purpose of the Code.

### Board responsibility

The Company has a clear division of responsibilities between the Non-Executive Chair and the Chief Executive Officer. In general terms, the Chair is responsible for running the Board and the Chief Executive is responsible for running the Group's business on a day-to-day basis.

This clear division of responsibilities, when taken together with the schedule of matters that the Board has reserved for its own consideration, ensures that no one person has unlimited and unchecked power to make decisions that may have a material impact on the Group as a whole. A copy of the matters reserved for the Board is available on cardfactory's investor website (cardfactoryinvestors.com).

### Board attendance

During the year, the Board held nine scheduled meetings and 19 other ad-hoc Board or sub-Committee meetings. The Committees of the Board also convened meetings during the year, with attendance set out below. Non-attendance at the ad-hoc meetings arose where the Directors had prior commitments, and were unable to attend the meetings called at short notice, but views on the matters to be considered were obtained, where possible.

<i>Director</i>	<i>Role</i>	<i>Scheduled Board meetings</i>	<i>Other Board or Committee meetings</i>	<i>Remuneration Committee</i>	<i>Audit &amp; Risk Committee</i>	<i>Nomination Committee</i>
Paul Moody	Non-Executive Chair & Chair of Nomination Committee	9 of 9	6 of 7	3 of 3	-	1 of 1
Pam Powell	Senior Independent Non-Executive Director	9 of 9	4 of 6	3 of 3	3 of 3	1 of 1
Rob McWilliam	Independent Non-Executive Director	9 of 9	6 of 6	3 of 3	3 of 3	1 of 1
Indira Thambiah	Independent Non-Executive Director	9 of 9	6 of 6	3 of 3	3 of 3	1 of 1
Darcy Willson-Rymer	Chief Executive Officer	9 of 9	18 of 18	-	-	-
Matthias Seeger	Chief Financial Officer	9 of 9	17 of 17	-	-	-

**Board activities and effectiveness**

Board meetings are structured to ensure they focus on key strategic matters that affect the business. Examples of topics reviewed during the year are set out below. The Board also considers any decisions that are within the matters reserved for the Board.

The Board had in place a schedule of matters that were to be discussed during scheduled Board meetings during the year and a similar schedule is in place for the current financial year. As part of normal planning, the Board puts these schedules in place in advance of each financial year, with flexibility to add other topics to reflect performance and priorities, as the year progresses.

The Board meetings include a rolling agenda of key strategic, operational, governance and risk topics, as well as updates on financial and non-financial KPIs, key strategic programmes and operational and financial performance, which includes periodic presentations from the senior leadership team. These ensure that the Non-Executive Directors remain informed of key developments within the Group and the progress in achieving the strategic objectives.

The key topics discussed by the Board during FY26 were:

Strategy	Performance	Governance
<ul style="list-style-type: none"> <li>• Group strategy development and focus on plans to progress growth of celebration and evolution of the digital strategy.</li> <li>• Annual operating plan and projects and investments to align with the strategic plan.</li> <li>• Group budget and investment priorities.</li> <li>• IT strategy, including cyber security.</li> <li>• Assessment of organic and inorganic growth opportunities and risks for online, culminating in the Funky Pigeon acquisition.</li> <li>• Key investment project reviews.</li> <li>• Capital allocation policy.</li> <li>• ESG strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Trading performance including annual and interim results.</li> <li>• Key project updates.</li> <li>• KPIs and balanced scorecard performance.</li> <li>• Seasonal, divisional and strategic initiatives and trading reviews.</li> <li>• Market performance including customer data and insights.</li> <li>• Review of acquisitions, synergy realisation and review of performance.</li> <li>• Application of capital allocation policy, including dividends and share buyback.</li> <li>• Remuneration Committee assessment of business performance for variable pay awards (annual bonus and share awards).</li> <li>• Health and safety performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder engagement, including shareholder consultation following 2025 AGM.</li> <li>• Internally conducted Board performance review and Committee performance reviews.</li> <li>• Reviews of performance against Board objectives.</li> <li>• Board structure, experience, and diversity, review.</li> <li>• Colleague engagement, policies and remuneration, including diversity, equality and inclusion, and quarterly colleague listening group consultations.</li> <li>• ESG strategy, engagement, including support of The cardfactory Foundation.</li> <li>• Succession planning.</li> <li>• Governance and legal updates and approvals for matters reserved for the Board.</li> <li>• Risk, internal audit and controls.</li> <li>• Organisational design, including updates to the operating model to take account of acquisitions.</li> <li>• Committee reviews as required by applicable terms of reference and updates to Committee terms of reference.</li> </ul>

All Directors receive papers in advance of Board meetings including regular reports from the senior leadership team covering the parts of the business they are responsible for. Minutes of all Board and Committee meetings are taken by the General Counsel & Company Secretary. The minutes record actions, decisions and resolutions arising out of the topics discussed and summary resolutions of actions accompany the minutes, which enables the Board to regularly monitor progress.

**Board strategy review**

The Board held its annual strategy review with the senior management team in July 2025. This focused primarily on strategic priorities to develop the business to a celebration business, using market and internal data to focus on relevant occasions and opportunities. The strategy review included engagement with analyst, brokers and shareholders to also identify the opportunities to understand concerns, priorities and inform further development of the strategy and how it is effectively communicated to these stakeholder groups.

**Non-Executive Director meetings**

The Chair and the other Non-Executive Directors met on four separate occasions in the year without Executive Directors being present. They intend to continue to meet regularly to ensure that any concerns can be raised and discussed outside formal Board meetings. The Non-Executive Directors (excluding the Chair) met once during the year to review the Chair’s performance, with feedback being provided to the Chair by the Senior Independent Director. The Chair and the other Non-Executive Directors regularly have informal meetings with the Executive Directors and other members of the senior leadership team in the business, at a store location or at the Group’s support centre.

## cardfactory culture

The Board relies on a range of indicators to assess the culture at cardfactory. These include regular presentations from the management team, the results of colleague engagement surveys, and feedback from the colleague listening group (CLG), which the Chair attends in their capacity as Designated Director for workforce engagement. The Board also benefits from ad-hoc discussions with colleagues during Director store and site visits.

The Board recognises the ongoing focus on cultivating a supportive, inclusive and values-led culture, including providing opportunities for colleagues' personal and professional development. Colleague engagement, and levels of engagement, remain key performance indicators.

In FY26, a renewed focus on data-driven insights further enhanced opportunities for colleagues to share their diversity information through the 'Count Me In' campaign. This has supported more informed decision making and has helped to identify Disability and Wellbeing as key areas of focus.

## Board Committees

The Board has three Committees:

- an Audit & Risk Committee;
- a Remuneration Committee; and
- a Nomination Committee.

If the need should arise, the Board may set up additional Committees.

A summary of the Committees of the Board, their terms of reference and their responsibilities can be found at [cardfactoryinvestors.com/investors/corporate-governance/](https://cardfactoryinvestors.com/investors/corporate-governance/) with further information contained in each Committee Report from page 90 (Audit & Risk Committee), page 96 (Remuneration Committee), and page 122 (Nomination Committee).

## Board performance review

An internally conducted Board performance review was performed during 2025 by the General Counsel & Company Secretary and overseen by the Chair, with separate internally conducted Committee performance reviews, adopted for each of the Remuneration Committee and the Audit & Risk Committee, each overseen by the respective Committee Chairs. Board members completed anonymous surveys by scoring over 40 statements from 1 to 5 out of 5 in respect of the Board and c.20 questions for each Committee. Views on performance, effectiveness, composition, across a comprehensive range of aspects of its duties, were raised, with the opportunity to provide specific comments in respect of each question. Average scores were compared to average scores provided in response to the equivalent questions (where raised) in 2023, with further review and action identified from low-scoring questions and questions that realised a lower average score compared to the prior review. Actionable comments provided where also highlighted to identify other specific areas for improvement, which were considered in developing new annual Board objectives.

The results of the Board and Committee performance reviews were considered by:

- the Chair as part of one-to-one performance reviews with each of the Non-Executive Directors; and
- the Non-Executive Directors, who reviewed the findings, without the Chair present, to provide feedback to the Senior Independent Director, who provided feedback to the Chair.

The Board then considered the conclusions and recommendations from these reviews and applied the findings in setting new Board objectives for the subsequent 12-month period.

The Board set the following collective objectives in November 2025, which are to be progressed during the subsequent 12-month period, and are subject to regular scheduled reviews:

- **Long-term Strategic Growth:** Ensure a clear focus by management on change to realise long-term sustainable sales and profit growth for the Group for each key sales channel (UK & Republic of Ireland stores, digital and wholesale partnerships) including addressing the decline in card-led missions; use of technology and data; the role of marketing; and focus on customer missions, to support the Group to be recognised as a celebration destination in the medium term.
- **Shareholder Value:** Provide clarity on the Company's strategy to deliver sustainable growth (including growth plans in US and digital) through effective investor communications.
- **Succession Planning:** Focus on agreed actions to facilitate shorter-term succession gaps for identified senior roles. Support and challenge senior leadership to address development gaps on medium-term internal potential successors.

As a result of other feedback and comments, the Board meeting schedule for the next financial year includes specific reviews, with some changes being adopted to encourage all Non-Executive Directors to participate in stakeholder engagement (in particular with the colleague listening group). No changes are proposed to the Board, its composition or membership following this review.

In addition to the Board performance review, the Board reflected on the achievement of the objectives adopted in October 2024. It was agreed that good progress was made in meeting these objectives, including refining the strategic plan, to reflect acquisitions and macroeconomic environment, with clarity on investment priorities for the Group, including development of data and digital capabilities and development of wider gift and celebration solutions to customers.

Although progress had been made in succession planning for the Board, gaps remain in respect of the senior leadership team, with plans now in place to seek to close these gaps.

A Board performance review will continue to be conducted on an annual basis with an internally conducted performance review scheduled to be conducted during 2026 and the next externally conducted performance review to be undertaken in 2027 (following the last external review being performed in 2024).

## Conflicts of interest

The Companies Act 2006 allows the board of a public company to authorise conflicts and potential conflicts of interest of individual directors where the articles of association of the company contain an enabling provision. The Company's Articles of Association (Articles) give the Board this authority subject to the following safeguards:

- Directors who have an interest in matters under discussion at a Board meeting must declare that interest and abstain from voting.
- Only Directors who have no interest in the matter being considered are able to authorise a conflict of interest and, in taking that decision, the Directors must act in a way they consider, in good faith, would be most likely to promote the success of the Company.

The Directors are able to impose limits or conditions when giving authorisation if they feel this is appropriate. All Directors are required to disclose any actual or potential conflicts to the Board and there are no current matters disclosed that are considered by the Board to give rise to a conflict of interest.

All conflicts are considered by the Board and any authorisations given are recorded in the Board's minutes and reviewed annually by the Board.

The Board considers that its procedures to authorise conflicts of interest and potential conflicts of interest are operating effectively.

**Appointment and removal of Directors**

All Directors have service agreements or letters of appointment in place and the details of their terms are set out in the Remuneration Policy on pages 100 to 107.

The Articles provide that a Director may be appointed by ordinary resolution of the Company's shareholders in general meeting or by the Board so long as the Director stands down and offers themselves for election at the next AGM of the Company. Consistent with the Code, the Articles also provide that each Director must stand down and offer themselves for re-election by shareholders at the AGM every year.

Directors may be removed by a special resolution of shareholders or by an ordinary resolution of which special notice has been given in accordance with the Companies Act 2006. The Articles also provide that the office of a Director shall be vacated if they are prohibited by law from being a Director or are bankrupt; and that the Board may resolve that their office be vacated if they are of unsound mind or are absent from Board meetings without consent for six months or more. A Director may also resign from the Board. The Nomination Committee makes recommendations to the Board on the appointment and removal of Directors.

**Powers of Directors**

The business of the Company is managed by the Board, which may exercise all of the powers of the Company, subject to the requirements of the Companies Act 2006, the Articles and any special resolution of the Company.

The Board has adopted internal delegations of authority in accordance with the Code, which incorporate matters that are reserved to the Board or in the terms of reference for the Board's Committees and the powers and duties of the Chair and the Chief Executive Officer, respectively.

At the AGM of the Company, the Board will seek authority to issue shares and to buy-back and reissue shares. Any shares bought back would either be held in treasury, cancelled or sold in accordance with the provisions of the Companies Act 2006. For further details see the Notice of Annual General Meeting, which accompanies this Annual Report.

**Advice, indemnities and insurance**

All Directors have access to the advice and services of the General Counsel & Company Secretary. In addition, Directors may seek legal advice at the Group's cost if they consider it necessary in connection with their duties.

Each Director of the Company (and of each subsidiary) has (and had, during the financial year to 31 January 2026) the benefit of a qualifying third-party indemnity provision, as defined by section 236 of the Companies Act 2006, as permitted by the Articles. Directors and officers of the companies incorporated in the US also benefit from an equivalent of a qualifying third-party indemnity. In addition, Directors and officers of the Company and its subsidiaries are covered by Directors' and Officers' liability insurance. No amount was paid under any of these indemnities or insurances during the year other than the applicable insurance premiums.

**Articles of Association**

The Company's Articles of Association can only be amended by a special resolution of its shareholders in a general meeting, in accordance with the Companies Act 2006.

**Governance and risk**

The Board has adopted the risk management framework described on pages 72 and 73 of this Annual Report.

The Board and the Audit & Risk Committee have reviewed the effectiveness of the Group's risk management framework, the Group's risk register and their alignment with the Group's strategic objectives in accordance with the Code for the period ended 31 January 2026 and up to the date of approving the Annual Report & Accounts.

The Board as a whole considered the principal risks and relevant mitigating actions and determined that they were acceptable for a retail business of the size and complexity as that operated by the Group.

**Internal control and audit**

Overall responsibility for the system of internal control and reviewing its effectiveness lies with the Board. In its day-to-day operations, the Group adopts the three lines of defence methodology and continuously assesses the performance of its internal controls and, where necessary, looks to enhance its control environments. The Head of Internal Audit & Loss Prevention co-ordinates the Group's programme of internal audit activity, supported by two independent accounting firms.

The Group's system of internal control can be summarised as follows:

Board	Audit & Risk Committee	Senior management team
<ul style="list-style-type: none"> <li>• Takes collective responsibility for internal control.</li> <li>• Reserves certain decisions for the Board.</li> <li>• Oversees the control framework and responsibility for it.</li> <li>• Approves key policies and procedures.</li> <li>• Monitors development of performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Oversees effectiveness of the internal control framework including the financial reporting process.</li> <li>• Receives reports from the external auditor.</li> <li>• Approves the annual internal audit programme.</li> <li>• Receives internal audit reports.</li> <li>• Receives risk management reports.</li> <li>• Receives whistleblowing updates.</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible for operating within the control framework.</li> <li>• Approves policies and procedures.</li> <li>• Monitors compliance with policies and procedures.</li> <li>• Recommends changes to controls where needed.</li> <li>• Monitors performance.</li> </ul>

Prevention & Compliance Committee (PCC)	Internal Audit	Compliance and safety risk assessors
<ul style="list-style-type: none"> <li>The PCC monitors compliance with applicable laws and regulations, including reporting requirements and reports to the senior management team on this matter providing reassurance that compliance and regulations matters are being managed.</li> </ul>	<ul style="list-style-type: none"> <li>Provides independent, objective assurance to the Board, Audit &amp; Risk Committee and senior management team on the adequacy, efficiency and effectiveness of internal controls.</li> </ul>	<ul style="list-style-type: none"> <li>Reviews compliance with internal procedures to ensure that good health and safety standards are observed.</li> </ul>
<b>Loss prevention team</b>		
<ul style="list-style-type: none"> <li>Focuses on cash and stock losses, theft and fraud in stores.</li> </ul>		

Specific elements of the current internal control framework include:

- a list of matters specifically reserved for Board approval;
- a clear framework for delegated responsibilities, mandating escalation of decisions to more senior colleagues within the business, or ultimately the Board, where appropriate;
- clear structures and accountabilities for colleagues, well understood policies and procedures, all of which the senior leadership team are closely involved with;
- every member of the senior leadership team having clear responsibilities and operating within defined policies and procedures covering such areas as capital expenditure, treasury operations, financial targets, human resources management, customer service and health and safety;
- the Executive Directors and the senior leadership team monitoring compliance with these policies and procedures and, in addition, regularly reviewing performance against budget, analysis of variances, major business issues, key performance indicators and the accuracy of business forecasting;
- the PCC's members include representatives from all key business and compliance areas and that the PCC monitors compliance on behalf of the senior management team; and
- a continuous review programme of store compliance by the loss prevention team in relation to financial procedures in stores, and by risk assessors working in the health and safety team and by other teams within the Group.

The Audit & Risk Committee has responsibility for overseeing the Group's system of internal controls and the programme of activities performed by internal audit and receives the report of the external auditor as part of the annual statutory audit. Additional information on the activities of the Audit & Risk Committee can be seen in the report of the Audit & Risk Committee on pages 90 and 91.

The Board and the Audit & Risk Committee have monitored and reviewed the effectiveness of the Group's internal control systems in accordance with the Code for the period ended 31 January 2026 and up to the date of approving the Annual Report & Accounts and confirmed that they are satisfactory. Internal control systems such as this are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material accounting misstatement or loss. Where any significant failures or weaknesses are identified from the systems of internal control, action is taken to remedy these.

### Disclosures under DTR 7.2.6 R

The disclosures the Company is required to make pursuant to DTR 7.2.6 R are contained in the Directors' Report on pages 124 to 128.

### Anti-bribery

The Group has implemented internal procedures, and the anti-corruption & bribery policy has been reviewed, updated and issued to all colleagues along with a refreshed training programme in 2025 with the aim of ensuring compliance with the UK Bribery Act 2010 (as amended) by the Company and other members of the Group.

### Whistleblowing

The Group is committed to conducting its business with honesty and integrity, with high standards of corporate governance and in compliance with legislation and appropriate codes of practice. We expect all colleagues to maintain such high standards but recognise that all organisations face the risk of things going wrong from time to time or of unknowingly harbouring illegal or unethical conduct.

We recognise that a culture of openness and accountability is essential to prevent such situations occurring or to address them when they do occur. By having early knowledge of any wrongdoing or illegal or unethical behaviour, we improve our ability to intervene and stop it.

We provide a whistleblowing line, which is managed by Group Internal Audit. A whistleblowing policy is in place, which is designed to encourage colleagues to report such situations without fear of repercussions or recriminations provided that they are acting in good faith. The policy sets out how any concerns can be raised and the response that can be expected from the Company and provides colleagues with the assurance that they can do this in complete confidence. In FY26 a detailed review of both the whistleblowing policy and procedures have been performed and enhancements to the policy and procedures were launched in Q1, 2026.

Our loss prevention team, in its day-to-day activities, seeks to reinforce this message and, in addition, the Group periodically uses communication campaigns to supplement this. The Audit & Risk Committee is notified of any whistleblowing reports.

This report was reviewed and approved by the Board on 27 April 2026.

**Paul Moody**  
Chair  
28 April 2026

## AUDIT & RISK COMMITTEE REPORT



**Rob McWilliam**  
Chair of the Audit & Risk Committee

### Number of meetings held

3

#### Committee members

**Rob McWilliam (Chair)**

Pam Powell

Indira Thambiah

On behalf of the Audit & Risk Committee, I am pleased to present the Committee's report for the year ended 31 January 2026. The Report provides an insight into the principal areas considered by the Committee, together with how the Committee has discharged its responsibilities during the year.

The Committee, on behalf of the Board, plays an important governance role providing valuable independent challenge and oversight in ensuring the integrity of financial reporting, the internal control environment and risk management processes. Additionally, we challenge the senior management team and the internal and external auditors on a number of areas, including key accounting judgements and control matters.

The Committee has an annual agenda aligned to its terms of reference and it provides flexibility to include additional topics of particular importance to allow the Committee to respond to any emerging issues.

### Committee's role and responsibilities

- Oversee the integrity of the Group's Financial Statements and public announcements relating to financial performance.
- Oversee the Group's external audit process including its scope, the extent of the non-audit services provided by our auditor and our auditor's independence and effectiveness.

### Composition of Committee, role and main activities

The Committee's members, role and main activities are detailed below. There has been no change to the composition of the Committee during the year, and the Board is satisfied that the Committee composition is such that it understands the risks facing the business and is able to be robust and challenging in its review of the Company's financial position and performance.

### Activity during the year

The Committee met on three occasions during the year and twice post-year-end with all meetings being attended by all members of the Committee as set out in the Corporate Governance Report on page 85.

The CEO, the CFO, the Chair, the Head of Internal Audit & Loss Prevention and the Director of Corporate Finance usually attend meetings of the Audit & Risk Committee by invitation, along with representatives from our auditor, Forvis Mazars LLP. In addition, subject matter experts and professional services firms engaged to support internal audit, are also invited to attend meetings of the Committee where required.

- Evaluate the process for identifying and managing risk throughout the Group.
- Ensure the effectiveness and independence of the Group's internal audit function.
- Ensure that the Annual Report & Accounts are fair, balanced and understandable.

Terms of reference available at: [www.cardfactoryinvestors.com/investors/corporate-governance](http://www.cardfactoryinvestors.com/investors/corporate-governance).

The General Counsel & Company Secretary acts as secretary to the Audit & Risk Committee.

Outside of the formal meeting programme, the Chair maintains a dialogue with key individuals involved in the Company's governance, including the Chair, the CEO, the CFO and the external auditor. At least once per year, the Committee also meets the external auditor and Head of Internal Audit & Loss Prevention without members of the management team present.

The Committee monitors engagements with external stakeholders relevant to the Committee's areas of oversight, including the Financial Reporting Council (FRC). During the year, the FRC's Corporate Reporting Review (CRR) team carried out a review of the Company's Annual Report & Accounts for the year ended 31 January 2025 in accordance with Part 2 of the FRC Corporate Reporting Review operating procedures. The Committee received the FRC's response in December 2025, which requested clarification relating to the Parent Company cash flow statement. The Committee responded to this matter on 19 December 2025, and this is deemed resolved. See page 173.

### Committee's key actions in FY26

- Reviewed financial reporting, including the processes in place to ensure the FY25 Annual Report and Financial Statements are fair, balanced and understandable.
- Reviewed the continued evolution of our risk management and internal controls framework.
- Adopted the Financial Reporting Council's 'Audit Committee and the External Audit: Minimum Standard'.

The Committee's activities during the year are as follows:

### Financial Statements and reporting

- Reviewing the integrity of the draft Financial Statements for the year ending January 2025, the appropriateness of accounting policies with a particular focus on stock provisions, going concern and viability statements and the auditor's report regarding its findings on the annual results.
- Assessing whether the Annual Report & Accounts for the year ending January 2025, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's strategy, business model and performance.
- Reviewing the systems and controls that the Group has in place to enable the Board to make proper judgements on a continuing basis as to the financial position and prospects of the Group.
- Approval of the Group's half-year results statements published in September 2025.

### External audit relationship

- Reviewed effectiveness of FY25 audit process.
- Received and reviewed FY26 audit plan and strategy.
- Verifying the independence of the Group's auditor, approving their audit plan and audit fee, and setting performance expectations.

### Risk management and internal control systems

- Overseeing the Group's approach to risk management, including review and challenge of the Group's risk register, risk appetite and target risk, and the process for identifying emerging risks.
- Reviewing the Group's risk register in April, June, and September 2025.
- Approval of the annual internal audit plan, reviewing the findings of, and the implementation of actions arising from, internal audit reviews undertaken.
- Reviewing the Company's procedures for detecting fraud and systems and controls for the prevention of bribery.
- Reviewing the outcome and actions taken relating to whistleblowing cases.

### Governance and other matters

- Approved the annual tax strategy.
- Reviewed Audit & Risk Committee terms of reference.
- Assessing its own performance against its terms of reference.

In the period following the year-end, the Audit & Risk Committee met in February and April 2026 and reviewed the following:

- The Group's risk register including an assessment of how risks are assessed, how risk appetite and target risk are assigned, and a review of the emerging risks identified by the senior management team, as supplemented by the Audit & Risk Committee in February 2026.
- The principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity.
- The process undertaken by management to support the Group's going concern statement which is set out on page 127 including the time period assessed and the principal risks and combinations of risks modelled.
- The integrity of the draft Financial Statements for the year ended January 2026, including the appropriateness of accounting policies and going concern assumptions.
- The external auditor's report.
- Whether this Annual Report & Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- The performance, effectiveness, independence and qualifications of the external auditor.

## AUDIT & RISK COMMITTEE REPORT CONTINUED

### Significant areas of estimation and judgement

Within its terms of reference, the Committee monitors the integrity of the Group's annual and half-year results, including a review of the significant financial reporting matters, judgements and estimates contained in them.

At its meeting in April 2026, the Committee reviewed the FY26 financial year and considered a paper prepared by management regarding the significant accounting policies, disclosures, estimates and judgements affecting the Financial Statements for the year.

The Committee also reviewed the report of the external auditor, which included comments on the matters prepared and presented by management, plus other matters insofar as relevant to the audit opinion. The significant accounting issues discussed in respect of FY26 were:

- Inventory counts, valuation and provisioning.
- Impairment reviews (including goodwill).
- Alternative Performance Measures.
- Identification and valuation of acquired intangibles assets.



#### Significant issues and judgements

#### How the issues were addressed

##### Inventory

- The Group has significant volumes and a broad range of inventory. The Group makes use of technology, such as hand-held terminal devices, to support stock control processes and reduce the risk of manual error in stock counts, which are a key control in respect of the inventory balance. An inventory count is undertaken either at the end of a season (for example, any residual Christmas stock is counted during January) or at the half-year and the year-end for 'everyday' product lines, which covers a significant majority of the value of stock on hand at each date. The Committee reviewed the process by which the year-end inventory valuation had been prepared and challenged management to ensure key risk areas had been given due consideration.
- The Group continues to hold material inventory provisions which, by their nature, involve a significant degree of estimation. Provision levels had increased year-on-year as a result of slower sell through in UK Stores in the final quarter of FY26.
- The Group applied a consistent policy with the prior year and updated the categorisation and provision rate applied to inventory based on the latest available sell-through data. Lines that are not on plan for future sales, going off plan in the immediate period after the year-end or where the Group holds large volumes of inventory compared to recent sales data are provided against, with the rate of provision based on actual recent sell-through rates for inventory with similar characteristics. The nature of this estimation is such that the range of reasonably possible outcomes is potentially material and, as a result, inventory provisioning is considered a source of significant estimation uncertainty for the Financial Statements.
- As part of its review, the Committee considered the calculation of the provision and challenged management's assumptions. In particular, the Committee considered whether the amendments made to categorisation and provisioning rates were appropriate in the context of recent trading and future commercial plans. The Committee challenged certain assumptions and judgements made by management in the calculation where appropriate – noting that certain provision rates had been rounded down compared to the absolute sell-through data; but that this was deemed appropriate due to the relatively short-term nature of the sell-through data used and expected continued sell through of all lines beyond this period.
- Having considered these matters, and the views of the external auditor, the Committee concluded that the inventory valuation, provision and associated disclosures included in the Financial Statements were materially appropriate.

## Significant issues and judgements

### How the issues were addressed

#### **Impairment reviews**

- Impairment reviews are an area of management and audit focus; however, the Group's assessment of whether or not impairment is considered a source of significant estimation uncertainty depends upon the results of the reviews and the level of headroom and associated sensitivity to changes in key assumptions. Accordingly, noting the material value of goodwill on the balance sheet and the performance of certain of the Group's cash-generating units (CGUs).
- The reviews concluded that no impairment charges were required in respect of the Funky Pigeon or Garven CGUs. The Group recorded a net impairment charge of £1.4 million in respect of individual store assets, which is comprised of £2.8 million of impairment charges and £1.4 million of impairment charge reversals. The individual store assets comprise the group of CGUs that make up the cardfactory stores business, to which the Group's goodwill balance is allocated.
- The Committee paid particular focus to changes to management's approach in the current year, which had been made to try and align the approach more closely with the requirements of the relevant accounting standards. In particular, the Committee reviewed the allocation of central overheads and assets to individual stores as part of impairment reviews, where the allocation is potentially nuanced and judgemental. However; having reviewed the approach and considered the judgements made by management, the Committee were satisfied the methodology was appropriately balanced, taking into account the business model and commercial performance of the stores. It was also noted that the range of reasonably alternative outcomes based on potentially different approaches to shared overhead allocation were not material.
- The Committee also considered the key assumptions used in preparing the impairment reviews and the sensitivity of the results to changes in those assumptions. The Committee considered the recoverability of the Parent Company's investments as part of their review. Having challenged management regarding the application of those assumptions, and considered the views of the auditor, the Committee concluded that the reviews had been prepared on a reasonable and appropriate basis. Having considered the level of headroom and the relative sensitivity to key assumptions, the Committee concurred with management's view that reasonably possible changes in the key assumptions would not result in an impairment charge where one had not been recorded, nor materially change the impairment charges that had been recorded.
- Accordingly, the Committee considered that the disclosure of the estimation uncertainty as not significant was appropriate, and balanced the inherent complexity and due focus of the reviews against the lack of sensitivity of the estimates to changes.

#### **Alternative Performance Measures**

- The Committee reviewed the use of Alternative Performance Measures (APMs) in the Annual Report & Accounts.
- As part of its assessment, the Committee reviewed the appendix (see pages 179 to 181) and noted that all APMs had been described, explained and reconciled to IFRS measures. In particular, it was noted that management's approach to APMs was consistent with the way the business communicates with the market and consistent with the approach applied in the prior year, ensuring users of the Financial Statements can understand the core trading performance of the business, cash generation and how that converts to distributions and available free cash under that policy.
- The Committee reviewed the nature of the adjusting items and, having made inquiries of management and taken into consideration the views of the external auditor, concluded they were appropriate for this purpose. Having reviewed the use of APMs in the report, in particular in the KPIs on page 1 and in the CFO report on pages 64 to 71, the Committee concluded that the use of APMs was fair and balanced.

#### **Identification and valuation of acquired intangible assets**

- On 14 August 2025, the Group acquired Funkypigeon.com Limited. As a result, the Group has recognised customer and brand-related intangible assets plus additional goodwill on the balance sheet. The fair value of the acquired assets and liabilities was supported by an external valuation expert. The final valuation report of the external expert was provided to the Committee alongside a management paper supporting the position adopted.
- The valuation relies on several assumptions that are inherently subject to a degree of estimation uncertainty, including estimation of future cash flows of the acquired business, customer retention rates, royalty rates and discount factors. The key assumptions underpinning the valuation include the growth rate of sales, the discount rate applied and the retention rate of existing customers.
- The Committee considered the method and associated key assumptions used in valuing the acquired assets and liabilities, and the sensitivity of the valuations to the key assumptions. The Committee also considered the judgement in determining the nature of intangible assets to be valued. Having considered the valuation method, key assumptions and the relative sensitivity of the key assumptions made in the valuation, the Committee concluded that the final valuation represented a fair and balanced position.
- Having considered the sensitivity of the valuations to the key assumptions, the Committee noted that the range of reasonable outcomes for the valuations was not material.
- Accordingly, the Committee considered that the disclosure of the estimation uncertainty as not significant was appropriate.

## AUDIT & RISK COMMITTEE REPORT CONTINUED

### **External auditor**

Forvis Mazars LLP have conducted the statutory audit for the financial year ended 31 January 2026 and have attended all scheduled Committee meetings held during that financial year, as well as the Committee meetings held during February and April 2026. The Committee had the opportunity to meet privately with the auditors during the period.

The Audit & Risk Committee discussed and agreed the scope of the audit with Forvis Mazars in January 2026 and have since agreed their audit fees. The Committee reviewed the audit quality and the effectiveness of the external audit in line with the Financial Reporting Council's 'Practice aid for audit committees (December 2019)'. It considered the results of external quality inspections by the Audit Quality Inspection Team on other Forvis Mazars clients, as well as the FY24 cardfactory audit and received representations from management as to how the audit was conducted, to allow it to make its own assessment of the effectiveness of the audit process with particular reference to audit planning, design and execution of the audit.

The Committee also considered the effectiveness of the audit through the reporting from, and communications with, the auditor and an assessment of the auditors approach to key areas of judgement and any errors identified during the audit. The Committee concluded that the audit was effective.

The fee paid to Forvis Mazars LLP for the statutory audit of the Group and Company Financial Statements and the audit of the Company's subsidiaries pursuant to legislation was £777k. A breakdown of fees paid to Forvis Mazars LLP during the financial year is set out in note 3 to the Financial Statements on page 152.

The Committee received representations from Forvis Mazars LLP during the year with regard to its independence from the Company. Having considered these representations and that Forvis Mazars are only engaged to perform the audit and there are no conflicts of interest effective in auditing the Group, the Committee considers that Forvis Mazars LLP is sufficiently independent.

The Committee has taken appropriate steps to ensure that Forvis Mazars LLP is independent of the Company and has obtained written confirmation that it complies with guidelines on independence issued by the relevant accountancy and auditing bodies. The Group has no contractual arrangements that restrict its choice of auditor.

### **Use of auditors for non-audit work**

The Committee recognises that the use of audit firms for non-audit services can potentially give rise to conflicts of interest.

During the prior year, the Committee reviewed and approved an updated policy regarding the use of audit firms for non-audit services, which is published on the Group's investor website (cardfactoryinvestors.com). In addition to being responsible for oversight of the Group's auditor on behalf of the Board, the Committee also monitors the implementation of the non-audit services policy.

The updated policy contained no material changes to the substance of the policy; which sets out the Group's general principle that non-audit work shall not be allocated to the external auditor unless a number of stringent criteria are met, such criteria being designed to ensure any non-audit or audit-related work awarded to the external auditor should not compromise independence.

During FY25, Forvis Mazars LLP did not provide any non-audit services to the Group, other than its review of the half-year interim report and Financial Statements, which is considered closely related to the audit. Such a review is pre-approved by the Group's non-audit services policy.

The aggregate fees paid to Forvis Mazars LLP for services closely related to the audit was £93k, equivalent to 12.0% of the audit fee.

Further details are given in note 3 to the Financial Statements on page 152.

The Committee is satisfied that the overall levels of audit-related and non-audit fees and the nature of the services provided are such that they will not compromise the objectivity and independence of the auditor.

### **Risk management and internal control**

The Board has overall responsibility for maintaining sound internal control and risk management systems and has delegated responsibility to monitor their effectiveness to the Committee. During the year, the Committee has discharged this responsibility through regular reviews of the Group's risk register as well as detailed updates on the principal risks.

### **Internal Audit**

Internal Audit plays an integral role in our governance structure and provides regular reports to the Committee on the effectiveness of governance, systems and processes and controls across the Group. The Committee was provided with updates on Internal Audit's findings, key agreed actions and the status of all actions at each meeting.

The Head of Internal Audit & Loss Prevention is responsible for devising and coordinating the programme of internal audit reviews and is supported by two independent accounting firms in the delivery of the annual plan. The internal audit plan is approved by the Committee annually.

Internal Audit reports are shared with Forvis Mazars LLP, who are also invited to attend the Committee meetings, ensuring the external auditors have full disclosure to allow them to account for internal audit findings in their audit scope.

### **Provision 29 of the Code**

The approach to complying with the new Provision 29 of the Corporate Governance Code 2024 has been reviewed by the Board, and the approach taken by management is comprehensive. The Board is aware of its duties in the forthcoming year regarding Provision 29 of the Code and specifically the requirement to provide a declaration in the Annual Report & Accounts for the year ended 31 January 2027.

## **FRC Audit Committees and the External Audit: Minimum Standards**

The Committee has reviewed its activities during the year and confirms that the description of its work, as set out in this Annual Report, includes all matters required by the Financial Reporting Council's Audit Committees and the External Audit: Minimum Standard applicable to FTSE 350 companies.

In line with these Minimum Standard, the Committee has:

- Engaged, where appropriate, with shareholders on matters relating to the scope of the external audit.
- Supported full and unrestricted access by the external auditor to staff, information and records necessary for the audit.
- Encouraged robust challenge from the external auditor, ensuring that points raised are fully considered and reflected appropriately in the Financial Statements.
- Monitored the external auditor's independence, objectivity and effectiveness, taking account of relevant UK professional and regulatory requirements.
- Implemented and overseen the policy on non-audit services provided by the external auditor, ensuring prior approval of such services and assessing any impact on independence in line with regulatory and ethical guidance.
- Reported to the Board on how the Committee has discharged its responsibilities in respect of the external audit.
- The Committee also confirms that the disclosures provided in this Annual Report reflect the Minimum Standards requirement for transparent reporting on how the Committee has exercised oversight of the external audit.

The Committee has overseen all audit-related matters in accordance with the Statutory Audit Services Order and confirms that no circumstances arose during the year that would constitute non-compliance. The Company continues to support the Order's objective of strengthening auditor independence, improving market competition, and ensuring robust governance over the statutory audit process.

Forvis Mazars LLP were appointed as the Group's external auditors for the year ended 31 January 2024. The next transparent bidding process for external audit services is for the year ended 31 January 2024.

### **Whistleblowing**

The Committee received updates on any significant whistleblowing matters. No whistleblowing matters in the year resulted in a significant incident.

Internal Audit, along with other key functions have reviewed the effectiveness of the whistleblowing process during the year and actions to further improve the process will be implemented in the next financial year.

### **Loss prevention**

The loss prevention team and its programme of activities are embedded in the business. Direct engagement and regular communication with colleagues across the business remain critical to the team's effectiveness and the team's core fraud and theft detection activities are supplemented by a programme of data reviews, store audits, KPI monitoring, colleague education, training and development.

## **Performance review**

The evaluation of the performance of the Committee was conducted as part of the broader Board performance review set out on page 87 of this Annual Report. I am pleased to report that feedback relating to the Committee was positive, indicating that the Committee continues to operate effectively.

## **Assessment of the Annual Report & Accounts**

The Committee confirmed to the Board that it considered this Annual Report & Accounts as a whole, to be fair, balanced and understandable, to the extent possible, while complying with all applicable legal, regulatory and reporting requirements.

This report was reviewed and approved by the Audit & Risk Committee on 27 April 2026.

**Rob McWilliam**  
**Chair of the Audit & Risk Committee**  
28 April 2026

## REMUNERATION COMMITTEE REPORT



**Indira Thambiah**  
Chair of the Remuneration Committee

### Number of meetings held

3

#### Committee members

##### Indira Thambiah (Chair)

Paul Moody

Pam Powell

Rob McWilliam

I welcome the opportunity to present the Remuneration Report for the financial year to 31 January 2026.

#### Introduction

This Directors' Remuneration Report is divided into three sections: (1) this introduction outlining key decisions (pages 96 to 98); (2) the Directors' Remuneration Policy, which was adopted in 2024 (pages 100 to 107); and (3) the Annual Report on Remuneration for the year to 31 January 2026 (pages 108 to 121).

This introduction and the Annual Report on Remuneration will be put to an advisory shareholder vote at the Annual General Meeting (AGM) to be held on 25 June 2026.

#### Remuneration Policy

The Remuneration Policy (on pages 100 to 107) was adopted following approval by 96% of shareholder votes at the June 2024 Annual General Meeting, following a triennial review and shareholder consultation.

#### Committee's role and responsibilities

- Making recommendations to the Board on the Group's policy on executive remuneration.
- Setting the over-arching principles, parameters and governance framework of the Group's Remuneration Policy and ensuring incentives and rewards are aligned with the Group's culture.
- Determining the individual remuneration and benefits package of each of the Chair, the Group's Executive Directors, its Company Secretary and other members of the Group's senior management team.

The Remuneration Committee considers that this policy continues to meet the requirements of the Company to support the strategic objectives and operates as intended, with no changes proposed. Other than the small changes to annual bonus measures described below, no change in the implementation of the Policy is proposed for FY27. The Committee will be carrying out a full review of the Policy during FY27 to determine whether any changes should be made prior to the next triennial shareholder vote at the 2027 AGM.

#### Application of the Remuneration Policy during FY26

The Committee considers the Remuneration Policy to be effective and that it operated as intended during FY26, which ensured the Executive Directors and senior management team continued to focus on further growth of the business, taking account of the strategic plan. Financial performance fell short of expectations; while there has been progress in key strategic areas for growth, this has been behind expectations.

- Ensuring appropriate engagement with shareholders and the workforce takes place on the Remuneration Policy and its alignment with wider Group pay policy.

Terms of reference available at: [www.cardfactoryinvestors.com/investors/corporate-governance](http://www.cardfactoryinvestors.com/investors/corporate-governance).

#### Committee's key actions in FY26

- Reviewed all components of benefits and reward for the senior management team and colleagues across the Group, including design and setting terms for new incentive awards.

#### Annual bonus

The Company will not pay an annual bonus to the Executive Directors for FY26. The formulaic outcome for the bonus was 19% of maximum. Of this, 10% was due to performance above stretch under the cash flow productivity measure, with actual performance of 73% against a stretch target of 66%. A further 9% was achieved from performance between target and stretch under the net new stores strategic objective, with 27 net new stores opened. The threshold performance for the other financial and strategic measures were not achieved.

When assessing the formulaic outcome, the Committee reflected on the shareholder experience during the year, which included a material downgrade in performance that was announced in December 2025, which impacted on share price. Another consideration was that the outcome of the colleague bonus plan (which is primarily based on Adjusted PBT) resulted in no bonus award to wider colleague participants. In view of the wider stakeholder experience, the Committee exercised discretion to reduce the annual Executive bonus award from the formulaic result, to nil.

- Assessed performance of the business and senior management against annual bonus criteria and performance underpin for restricted share awards, including ESG bonus underpin assessment and consideration of the exercise of discretion when determining the final award outcomes.
- Reviewed the effectiveness of the Remuneration Policy and undertook initial planning for the next triennial review of the Policy for publication in 2027.

### **Restricted Share vesting**

Restricted Share Plan (RSP) awards granted in May 2023 are due to vest from May 2026, subject to the performance underpin and any discretion that may be applied by the Committee in accordance with the Remuneration Policy. For the performance underpin to be met, the Committee must be satisfied that business performance over the performance period was robust and sustainable, that the business improved its impact on society and the environment and was strengthened by management's actions. The Committee has discretion to adjust the outcome after taking into account relevant factors such as financial and non-financial KPIs, delivery against strategic priorities and ESG commitments.

In assessing the underpin, the Committee considered financial and non-financial KPIs of the business as well as delivery against strategic priorities over the three-year period. The Committee considered that the performance criteria had been achieved for the majority of the three financial year performance period, before the financial performance in the latter part of FY26 impacted this progress. Much of the final year underperformance was considered to have been realised as a result of market challenges, rather than due to management failure (for which the performance underpin is primarily designed to avoid unjust reward). Elements of strong performance over the period were considered, including the action to address material inflation, through sustained 'Simplify & Scale' actions, the progress made on improving legacy systems and substantial progress on the ESG strategy.

The Committee noted that, if the awards were permitted to vest in full, their value would be reduced due to the lower share price on vesting, compared to the value at grant, which was considered to be a proportionate outcome in the context of the underperformance for part of the performance period and overall aligned with the shareholder experience.

Therefore, taking all these factors into consideration, the Committee resolved to approve vesting of the 2023 RSP awards and determined that it was not appropriate to exercise any discretion in respect of the awards. The current share price is lower than the share price at the date of award and, therefore, the Committee considered that there was no requirement to make an adjustment for windfall gains. Further details are disclosed on page 112.

The Committee had no reason to invoke the malus and clawback provisions rights during the period, the annual bonus plans or the restricted share plans.

### **Board changes**

There were no changes to the Board during FY26.

### **How we intend to apply the Remuneration Policy in FY27 Base salary**

The Committee have reviewed the annual salary for the leadership team, including the CEO and CFO, and the fee for the Chair.

As a significant proportion of cardfactory's colleagues are employed in its large UK & Republic of Ireland store estate, many of whom earn the National Living Wage, a further year of above inflation increases of 4.1% (NLW) and 8.5% (National Minimum Wage (18 to 20 years old)) took effect from 1 April 2026. As in previous years, this also required increases to more senior roles to ensure differentials were maintained.

The Committee, after taking account of market data for comparable roles, applied an annual increase of 3% to each of the CEO, CFO and Chair, to take effect from 1 April 2026. The Board also increased the base fee for the Non-Executive Directors (NEDs) by 3% with effect from 1 April 2026. The additional fees for the SID and Committee Chairs remain unchanged.

The principle adopted by the Committee is consistent with pay awards made to other support centre colleagues.

### **Pension and benefits**

Pension entitlements will be maintained at current levels, which align with the current 3% of salary rate (for salary above the lower earnings threshold of £6,240 per annum) applicable to the majority of UK colleagues. There are no changes to benefits proposed.

### **Annual bonus**

The maximum annual bonus entitlement will be maintained at 125% and 100% of basic salary for the CEO and CFO, respectively.

The FY27 annual bonus entitlement will be assessed based on two financial measures, which have the potential to award 70% of the maximum potential bonus award based on:

- achievement of PBT realised over the financial year (for 60% of the maximum entitlement); and
- free cash (i.e. free cash after investment in capital expenditure and working capital, but before distributions (for 10% of the maximum entitlement), each of which are subject to Remuneration Committee discretion for any adjustments made to reported measures),

with the remaining 30% of maximum potential bonus determined by the following strategic objectives:

- Realisation of cost and revenue synergies on an annualised basis based on integration of the cardfactory.co.uk and Funky Pigeon businesses to a single technology platform, including optimising fulfilment between the Baildon and Guernsey fulfilment facilities (10% of maximum bonus entitlement);
- North America sales (development and growth of the Garven and cardfactory business in North America) (10% of maximum bonus entitlement); and
- UK store Like-for-like sales growth (which includes maintaining card sales, while growing our gift and celebration essentials offering) (10% of maximum bonus entitlement).

Cash flow is an important measure of financial performance for our business. Managing cash effectively ensures continued returns to our shareholders through payout of dividends and any share buybacks, and the availability of funds to make investment decisions in line with the Company's strategic plans.

## REMUNERATION COMMITTEE REPORT CONTINUED

It complements the PBT measure by driving management to convert profits into cash, to manage working capital and keep interest costs low. The Committee revised the specific measure from a productivity to an absolute measure to provide a clearer target for management, which more closely aligns with the shareholder experience.

There has been some evolution of our strategic objectives for FY27. Following the acquisition of Funky Pigeon in August 2025, realisation of the acquisition synergies are a key strategic priority, which are to be realised through cost reduction and sales growth by combining the Funky Pigeon and cardfactory.co.uk operations and improved efficiencies and opportunities to cross sell to each customer base. The growth of the business in North America is a further key strategic priority that has replaced the previous wholesale partner sales metric in the bonus. The UK store LFL sales growth measure supports our strategic focus on growing our celebrations offerings.

An ESG underpin will apply as part of the annual bonus whereby the Committee may reduce the annual bonus payout by up to 10% if the Committee considers that there has not been sufficient progress in delivering our ESG strategy.

To inform its decision making at year-end, the Committee will review a dashboard summarising progress against our ESG commitments, which may include but is not limited to:

- progression of our customer and employee experience;
- progression in reducing the Group's carbon footprint, waste reduction and progression of sustainability initiatives within the Group;
  - progression against the Group's commitment to act responsibly with respect to the environment, aiming for a sustainable approach to the use of resources, avoiding irresponsible disposal of products and unnecessary waste;
  - progression against our refreshed DE&I strategy; and
  - the Group's compliance against industry standard ESG guidelines and best practices and active management of ESG considerations and risks.

### **RSP**

The maximum RSP award will be maintained at 87.5% and 75% of basic salary for the CEO and CFO, respectively. The Committee proposes to proceed to award Restricted Shares after the publication of the preliminary results for FY26, in May 2026. The awards will be subject to the same performance underpin adopted in 2025 (see page 111).

### **Conclusion**

The Committee considers that during the year the Remuneration Policy provided a strong link to the business strategy and provides an appropriate link between reward and performance. The Committee will be reviewing the Remuneration Policy during the year in advance of submitting a revised Policy to the 2027 AGM to ensure it supports the delivery of the Group's strategy. The Committee will continue to take account of investor guidelines and the wider shareholder and other stakeholder experience in determining the operation of the Policy and remuneration outcomes each year.

I look forward to addressing any questions from shareholders in respect of this Report at, or in advance of, the AGM and look forward to your support on the resolution to approve the Annual Report on Remuneration.

**Indira Thambiah**  
**Chair of the Remuneration Committee**  
28 April 2026



# DIRECTORS' REMUNERATION REPORT

## Introduction

The Directors' Remuneration Policy section (pages 100 to 107) sets out the Remuneration Policy which was approved by shareholders at the 2024 AGM, which is intended to operate for the full three-year period as permitted under the regulations.

## Directors' Remuneration Policy

cardfactory's policy for Executive Directors' remuneration aims to provide a competitive package of fixed and performance-linked pay, which supports the long-term strategic objectives of the business. The Policy has been tested against the six factors listed in Provision 40 of the UK Corporate Governance Code 2018:

- **Clarity** – the policy is as clear as possible and is described in straightforward concise terms to shareholders and the workforce in this report.
- **Simplicity** – our remuneration structures are simple and Restricted Shares are significantly simpler than other types of long-term incentive plans operated in most other UK-listed companies.
- **Risk** – the remuneration policy has been shaped to discourage inappropriate risk taking through a weighting of incentive pay towards shares, an appropriate balance between financial and non-financial measures in the annual bonus, recovery provisions and in-employment and post-employment shareholding requirements.
- **Predictability** – elements of the policy are subject to caps and the Restricted Shares are significantly more predictable than performance-based long-term incentive plans operated in most other UK-listed companies. The Committee may exercise its discretion to adjust Directors' remuneration if a formula-driven incentive pay out is inappropriate in the circumstances. The illustration of the application of the Policy is set out on page 104 and indicates the potential values that may be earned through the remuneration structure.
- **Proportionality** – there is a sensible balance between fixed pay and variable pay and incentive pay is weighted to shares rather than cash.
- **Alignment to culture** – there will be a strong emphasis on consistency of approach and fairness of remuneration outcomes across the workforce.

## Policy table for Executive Director remuneration

The key components of the Executive Directors' remuneration are as follows:

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<b>FIXED PAY</b>			
<p><b>Base salary</b></p> <p>To attract and retain talent by ensuring base salaries are competitive in the relevant talent market and to reflect an Executive's skills and experience.</p>	<p>Base salaries are normally reviewed annually, with reference to factors including scope of role, individual performance, experience, market competitiveness of total remuneration, inflation and salary increases across the Group.</p> <p>Increases are normally effective from 1 April.</p>	<p>While there is no maximum salary, Executive Directors' salary increases will normally be in line with the average percentage increase for the wider employee population.</p> <p>In certain circumstances (including, but not limited to, a material increase in job size or complexity, promotion, recruitment or development of the individual in the role or a significant misalignment with the market) the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain fair and competitive.</p>	<p>Business and individual performance are both considerations in setting base salary.</p>
<p><b>Pension</b></p> <p>To provide post-retirement benefits, facilitating the attraction and retention of executive talent.</p>	<p>Executive Directors may receive a Company contribution into a pension plan and/or a cash allowance in lieu of pension.</p>	<p>The maximum Company contribution or cash allowance will not exceed the percentage rate available to the majority of the workforce (currently 3% of salary).</p>	<p>None.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<b>FIXED PAY CONTINUED</b>			
<p><b>Benefits</b></p> <p>To provide Executive Directors with a reasonable level of benefits.</p>	<p>Benefits may include private medical insurance, life insurance, income protection and the provision of a car or car allowance.</p> <p>The Committee may introduce other benefits if it is considered appropriate to do so.</p> <p>Executive Directors shall be reimbursed for all reasonable expenses and the Company may settle any tax incurred.</p> <p>Where an Executive Director is required to relocate to perform their role, the appropriate one-off or ongoing expatriate benefits may be provided (e.g. housing, schooling, etc).</p>	<p>There is no maximum opportunity for benefits, as there may be factors outside of the Company's control, which change the cost to the Company (e.g. increases in insurance premiums).</p> <p>The cost of providing benefits for the year under review are disclosed in the Annual Report on Remuneration.</p>	<p>None.</p>
<b>VARIABLE PAY</b>			
<p><b>Annual bonus</b></p> <p>To focus Executives on delivery of year-on-year financial and non-financial performance.</p> <p>The part of the bonus invested in shares helps towards achieving an appropriate balance between year-on-year financial performance and longer-term value creation; contributes to higher executive shareholdings; and supports alignment with shareholder interests.</p>	<p>Bonus payments will normally be determined based on performance in a single financial year and payment will normally be made in cash or in shares, or a combination of the two.</p> <p>If participants have not met the minimum shareholding requirement, one-third of any bonus (after payment of tax) would normally be required to be used to acquire shares in the Company, which would normally be required to be held for three years.</p> <p>Clawback and malus provisions apply. The Committee has discretion to reduce the amount of any bonus potential and require repayment of any bonus paid within two years of payment, in the event of material misstatement or error in accounts or in calculation of bonus, misconduct, corporate failure, serious reputational damage, material failure of risk management or in other circumstances where the Committee consider it appropriate.</p>	<p>Maximum award level under the annual bonus in respect of any financial year is 125% of salary.</p>	<p>Performance measures and targets are set by the Committee and the Committee determines the extent to which the targets have been achieved.</p> <p>A majority of bonus will normally be based on financial measures.</p> <p>For achievement of threshold performance for any financial measure, up to 15% of the maximum financial target element of the bonus is earned (though the Committee may increase this to up to 25% of maximum if this is considered appropriate). Normally, 50% of the bonus shall pay out for on-target levels of performance.</p> <p>The Committee may adjust the bonus if it considers the outcome is not representative of the underlying financial or non-financial performance of the Company or the participant, or is otherwise not appropriate in the circumstances. When making this judgement, the Committee may take into account such factors as it considers relevant.</p>

## DIRECTORS' REMUNERATION REPORT CONTINUED

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<b>VARIABLE PAY CONTINUED</b>			
<p><b>Restricted Shares</b> To align the interests of Executives with shareholders in growing the value of the business over the long term.</p>	<p>The Committee may grant annual awards of Restricted Shares, structured as conditional awards or nil-cost options.</p> <p>Awards normally vest after three years, subject to continued employment.</p> <p>All shares will normally be held for at least five years from grant (except for sales to meet tax and social security on vesting). The holding period and vesting period will normally continue post-cessation of employment to the extent that awards do not lapse on cessation.</p> <p>An additional benefit may be provided in cash or shares related to dividends that would have been paid over the vesting period or holding period on awards that vest.</p> <p>Clawback and malus provisions apply. The Committee has discretion to reduce the amount of any unvested award and require repayment of any vested award within two years of vesting, in the event of material misstatement or error in accounts or in calculation of the share award, misconduct, corporate failure, serious reputational damage, material failure of risk management or in other circumstances where the Committee consider it appropriate.</p> <p>In accordance with the Companies Act, in order to fund the nominal value on the allotment of shares to participants on vesting, the participant will receive a 'nominal bonus', which is paid to Card Factory plc equivalent to the nominal value of the number of shares that will vest.</p>	<p>Maximum award level under the Restricted Shares in respect of any financial year is 87.5% of salary face value at grant plus the nominal bonus, on vesting.</p>	<p>In order for Restricted Shares to be capable of vesting, the Committee must be satisfied that a performance underpin has been achieved. It is currently intended that the performance underpin will be that the Committee must be satisfied that business performance is robust, sustainable, that the business has improved its impact on society and the environment and management has strengthened the business. In assessing performance, the Committee will consider financial and non-financial KPIs of the business as well as delivery against strategic priorities and ESG commitments. The Committee may determine that alternative performance underpins shall apply.</p> <p>The Committee may, in its discretion, adjust incentive plan outturn levels, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant over the relevant period or that such vesting level is not appropriate in the context of relevant circumstances. When making this judgement, the Committee may take into account such factors as it considers relevant. Full disclosure of the Committee's assessment will be made in the Annual Report on Remuneration for the year in which the assessment is made.</p>
<p><b>SAYE</b> To encourage share ownership across the workforce.</p>	<p>Executive Directors may participate in the SAYE Plan – a UK tax-qualified scheme. Executive Directors may participate in any other all-employee plans on the same basis as other employees as appropriate.</p>	<p>Participation may be up to HMRC approved limits.</p>	<p>None.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<b>VARIABLE PAY CONTINUED</b>			
<p><b>Shareholding guidelines</b> To encourage share ownership and ensure alignment of Executive interests with those of shareholders, both while they are in service and after cessation of employment (see page 106).</p>	<p>Executives are expected to build up and maintain a beneficial holding of shares in the Company defined as a percentage of salary, which is currently 250% of base salary for the CEO and 200% of base salary for the CFO.</p> <p>Executive Directors will normally be required to retain shares that vest from future Bonus and Restricted Share awards until the shareholding guideline has been met.</p>	<p>Details of the current guidelines and Executive Director shareholdings are included in the Annual Report on Remuneration.</p>	<p>None.</p>

### Performance measure selection and approach to target setting

The measures used in the annual bonus are selected to reflect the Company's main financial KPIs and other strategic objectives for the year. Performance targets are set to be stretching but achievable, considering the Company's strategic priorities and the economic environment in which the Company operates. Financial targets are set taking into account a range of both internal and external reference points including the Group's strategic and operating plan.

### Adjustments to targets

The Remuneration Committee may adjust the calculation of short and long-term performance underpins for outstanding Restricted Share awards in specific circumstances and within the limits of applicable plan rules, provided that the revised conditions are not materially less challenging than the original conditions. Such circumstances include changes in accounting standards, major corporate events such as rights issues, share buybacks, special dividends, corporate restructurings, mergers, acquisitions and disposals.

### Other uses of discretion

The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the Policy. These include (but are not limited to) the following:

- selecting who participates in the incentive plans;
- determining the timing of award grants and/or payments;
- determining the quantum of awards and/or payments (within the limits set out in the Policy table);
- determining the form of awards (which may be granted as conditional share awards, nil or nominal cost options, forfeitable awards or, exceptionally, in cash);
- adjusting awards in the event of any variation of the Company's share capital or any demerger, special dividend or any other corporate event that may affect the current or future value of the award;
- granting good leaver status (in addition to any specified categories) for incentive plan purposes based on the rules of the plan;

- determining the treatment of awards in the event of corporate transactions, such as a takeover or restructuring, including measurement of performance conditions/underpins, approach to pro-rating for time and whether existing share awards may, instead of vesting, be replaced by an equivalent grant of a new award in a different company, as determined by the Committee; and
- determining whether (and to what extent) malus and/or clawback shall apply to any incentive.

### Differences in remuneration policy operated for other employees

The policy and practice with regard to the remuneration of the senior management team below the Board will normally be consistent with that of the CEO and CFO. The senior leadership team will normally participate in the same annual bonus scheme and will receive Restricted Share awards alongside the Executive Directors.

The Policy for our Executive Directors is considered alongside the remuneration philosophy and principles that underpin remuneration for the wider Group. The remuneration arrangements for other employees reflect the seniority of each role. As a result, the levels and structure of remuneration for different groups of employees will differ from the policy for Executives as set out above, but with the common intention that remuneration arrangements for all groups are fair.

### Approved payments

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the Policy set out above came into effect, provided that the terms of the payment were consistent with any shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than at the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

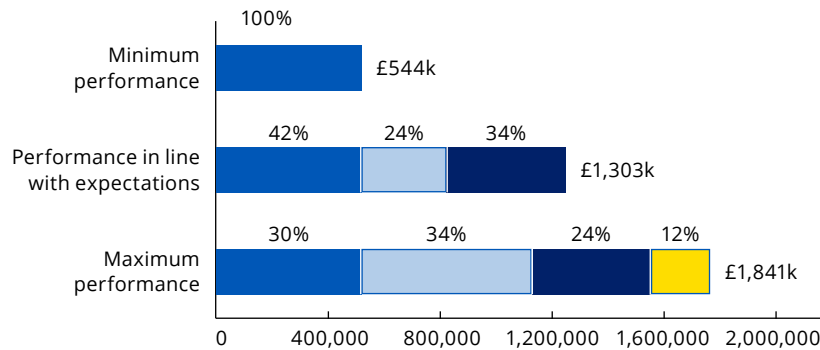
## DIRECTORS' REMUNERATION REPORT CONTINUED

### Reward scenarios

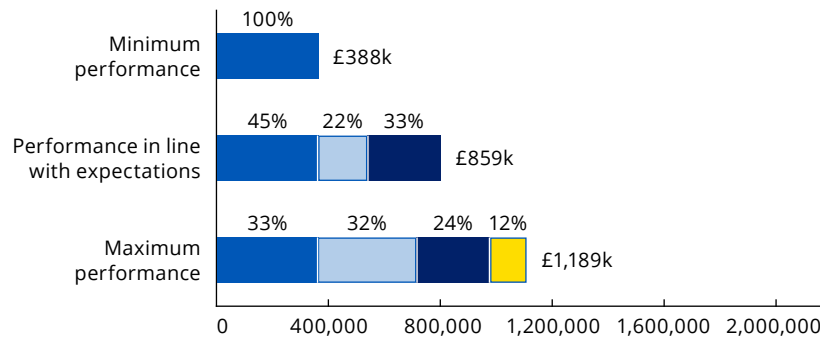
The following graphs provide estimates of the potential future reward opportunities for Executive Directors and the potential split between the different elements of remuneration under four different performance scenarios: 'Minimum performance', 'Performance in line with expectations', 'Maximum performance' and 'Maximum performance (with 50% share price increase)'. The projected value for Restricted Shares excludes the impact of any dividend accrual.

The following graphs reflects annual entitlements and assumes that future Restricted Share awards are not scaled back. These charts have been updated from the ones included in the shareholder approved policy to reflect implementation in FY27:

#### Chief Executive Officer



#### Chief Financial Officer



■ Fixed Pay ■ Annual Bonus ■ LTIP ■ 50% share price increase on LTIP

In illustrating potential reward opportunities, the following assumptions are made:

	Fixed pay	Annual bonus	LTIP: Restricted shares
<b>Minimum</b>	Salary and benefits as at 1 April 2026.  The CEO & CFO each receive a pension contribution of 3% on income exceeding £6,240 per annum.	No annual bonus payable.	Assumes no restricted shares vest.
<b>Mid</b>	As above.	On-target annual bonus payable. (50% of maximum.)	87.5% and 75% of base salary for the CEO and CFO vest, respectively. Assumes all RSP awards vest.
<b>Maximum</b>	As above.	Maximum annual bonus payable of 125% and 100% of base salary for the CEO and CFO, respectively.	As above.
<b>Maximum performance with 50% share price increase</b>	As above.	As above.	In the maximum scenario the chart additionally shows the value of the Restricted Shares and total remuneration, if the share price increases by 50%.

### Approach to remuneration for new Director appointments

In determining appropriate remuneration for a new Director, the Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of both cardfactory and its shareholders and will be mindful to pay at the appropriate level on recruitment. The Remuneration Committee will seek to ensure that the remuneration arrangements will be in line with those outlined in the policy table above. Executives may participate in the incentive plan for their financial year of appointment and such participation maybe be pro-rated taking into account the period of the year in employment.

The maximum level of variable remuneration which may be awarded (excluding any 'buyout' awards referred to below) in respect of recruitment is 125% of salary (in respect of annual bonus) and 87.5% of salary (in respect of RSP awards), which is in line with the current maximum limit under the annual bonus and RSP.

The Committee may make an award in respect of a new appointment to 'buy out' outstanding variable pay opportunities or contractual rights forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the proportion of the vesting period remaining. When determining any such 'buyout', the guiding principle would be that awards would generally be on a 'like-for-like' basis unless this is considered by the Committee not to be practical or appropriate.

In cases of appointing a new Executive Director by way of internal promotion, the approach will be consistent with the policy for external appointees detailed above (save for 'buy outs'). Where an individual has contractual commitments made prior to their promotion to the Board, the Company will continue to honour these arrangements. Measures used for below Board employees may be different from those used for Executive Directors to tailor incentives to a particular division, role or individual.

Where an Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role, larger increases may be awarded to move salary positioning closer to typical market level as the Executive Director gains experience.

To facilitate any 'buyout' awards outlined above, in the event of recruitment, the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules, which allows for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director without seeking prior shareholder approval or under any other appropriate Company incentive plan.

The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the policy table for Non-Executive Directors on page 107.

### Service contracts and exit payment policy

#### Executive Directors

The Committee sets notice periods for the Executive Directors of no more than 12 months. The Executive Directors may be put on garden leave during their notice period (for up to six months) and the Company can elect to terminate their employment by making a payment in lieu of notice equivalent to basic salary and benefits (including pension contributions). Any payment in lieu will normally be made on a monthly basis and subject to mitigation, but the Committee retains discretion to pay any payment in lieu of notice in a lump sum if appropriate in the circumstances. Executive Directors' service contracts are available to view at the Company's registered office and at the forthcoming AGM.

<i>Executive Director</i>	<i>Date of service contract</i>	<i>Notice period</i>
Darcy Willson-Rymer	18 December 2020	9 months
Matthias Seeger	12 December 2022	9 months

If employment is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to additional amounts, which would need to be met. In addition, the Committee may:

- settle any claims by, or on behalf of, the Executive Director in return for making an appropriate payment; and
- contribute to the legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement (as provided for below) and the individual must seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, outplacement services, restrictive covenants and/or consultancy arrangements. These will only be entered into where the Committee believes that it is in the best interests of the Company and its shareholders to do so.

## DIRECTORS' REMUNERATION REPORT CONTINUED

The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, considering the Executive's contractual terms, the circumstances of termination and any duty to mitigate. The following table summarises how incentives are typically treated in different circumstances:

Plan	Scenario	Timing of vesting/payment	Calculation of vesting/payment
<b>Annual bonus</b>	Default treatment.	No bonus is paid.	n/a
	Any reason the Committee may determine.	Normal payment date, although the Committee has discretion to accelerate.  The Committee has discretion to remove the requirement to acquire shares with annual bonus earned in year of departure.	The Committee will normally determine the bonus outcome based on circumstances at the date of leaving. Performance against targets is typically assessed at the end of the year in the normal way and any resulting bonus will normally be prorated for time served during the year. The Committee may disapply time prorating in exceptional circumstances.
<b>Shares acquired by Directors with annual bonus</b>			Not applicable as shares are purchased and owned outright by the Executive.  The three-year restriction on sale of shares will normally continue to apply.
	Default treatment.	Awards lapse.	n/a
<b>Restricted Shares</b>	Death, injury or disability, redundancy, retirement, the sale of the employing Company or business out of the Group or any other reason as the Committee may determine.	Normal vesting date and holding period would normally continue to apply, although the Committee has discretion to accelerate vesting and remove or reduce the holding requirement in exceptional circumstances.	Any outstanding awards will normally be prorated for service over the three financial years starting with the year in which the award is made and over which the underlying performance of the Company will be reviewed to determine vesting. The Committee may disapply time prorating in exceptional circumstances.
<b>SAYE</b>	Treated in line with HMRC rules.		

### Post-employment shareholding

Executive Directors are normally expected to hold the lower of:

- the number of shares held by the Director on the date they step down from the Board, where such shares had been (or are subsequently) acquired from Company share plan awards and investment of bonuses received before, or after, the termination of employment, other than permitted sales to meet tax liabilities (but excluding shares otherwise purchased in the market); and
- for each of the following periods following termination of the employment:
  - during the first 12-month period: such number of shares held, on the date their employment ends, plus shares acquired under employee awards during that period, the value required to be held in accordance with the shareholding guideline applicable to that former Executive Director; and

- for the subsequent 12-month period: 50% of the value or number of shares held, at the end of the first 12-month period, the value required to be held in accordance with the shareholding guideline applicable to that former Executive Director; and
- after 24 months: no shareholding requirement shall apply, other than any outstanding holding periods applying under this policy in respect of specific awards or purchases using bonus proceeds.

The Committee retains discretion to waive or reduce this guideline if it is not considered to be appropriate in the specific circumstance.

### Non-Executive Directors

The Chair and Non-Executive Directors were appointed on the dates set out in the table below. Their letters of appointment set out the terms of their appointment and are available for inspection at the Group's registered office and at the AGM. Appointments are subject to annual re-election at the AGM. The Chair and the Non-Executive Directors may resign from their positions but must serve the Board six and one months' written notice, respectively.

<i>Non-Executive Director</i>	<i>Letter of appointment date</i>
Paul Moody	15 October 2018
Pam Powell	3 June 2024
Rob McWilliam	11 October 2021
Indira Thambiah	22 August 2022

Non-Executive Directors are not eligible to participate in the annual bonus or any equity schemes, do not receive any additional pension or benefits on top of their fees and are not entitled to a termination payment.

### Consideration of employee remuneration and employment conditions in the Group

The Committee considers the remuneration and employment conditions elsewhere in the Group when determining remuneration for Executive Directors. The colleague listening group (CLG) and the wider colleague forums (which feed into the CLG) were consulted on the draft of this Remuneration Policy in January and February 2024 and considered the changes to align Executive Directors with the workforce to be appropriate. The Group uses Willis Tower Watson benchmarking data to review salary and benefits for all pay grades, with this data being supplemented by executive benchmarking data for other UK listed companies (primarily a wide range of companies with comparable market capitalisation and constituents of these companies that are primarily retail businesses), compiled by Deloitte, as its remuneration adviser.

### Consideration of shareholder views

The Company is committed to engaging with significant investors on remuneration matters and consulted with 17 of its largest shareholders and three recognised investor bodies to receive their feedback and reflect their comments prior to proposal of this Remuneration Policy to shareholders at the 2024 AGM. The majority of those consulted were supportive of the proposals, as proposed. When determining remuneration policy and its application, the Committee considers the guidelines of shareholder bodies and shareholders' views. The Committee is open to feedback from shareholders on remuneration policy and arrangements and commits to consult in advance of any significant changes to remuneration policy or its operation. The Committee continues to monitor trends and developments in corporate governance and market practice to ensure the structure of Executive remuneration remains appropriate.

### External directorships

The Committee acknowledges that Executive Directors may be invited to become independent non-executive directors of other quoted companies, which have no business relationship with the Company, and that these duties can broaden their experience and knowledge to the benefit of the Company.

Executive Directors are permitted to accept such appointments with the prior approval of the Chair. Approval will only be given where the appointment does not present a conflict of interest with the Group's activities and the wider exposure gained will be beneficial to the development of the individual. Where fees are payable in respect of such appointments, these would be retained by the Executive Director.

### Policy table for Non-Executive Director remuneration

The key components of Non-Executive Directors' remuneration are as follows:

<b>Purpose and link to strategy</b>	<b>Operation</b>	<b>Maximum opportunity</b>	<b>Performance metrics</b>
<p><b>Non-Executive Directors' fees</b></p> <p>To attract Directors with the appropriate skills and experience, and to reflect the time commitment in preparing for and attending meetings, the duties and responsibilities of the role and the contribution expected from the Non-Executive Directors.</p>	<p>Annual fee for Chair and Non-Executive Directors.</p> <p>Additional fees may be paid for additional roles or time commitment, e.g. chairing Board Committees.</p> <p>Non-Executive Directors do not participate in any incentive schemes or receive any other benefits (other than travel expenses, which may be grossed-up for tax).</p> <p>Benefits may be introduced if considered appropriate.</p>	<p>Any increases to NED fees will be considered following a thorough review process and considering wider market factors.</p> <p>The maximum aggregate annual fee for all Directors provided in the Company's Articles of Association is currently £1,000,000 per annum.</p>	<p>Performance of the Board as a whole will be reviewed regularly as part of a Board evaluation process.</p>

### Minor changes

The Committee may make minor amendments to the Policy set out above (if required for legal, regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without requiring prior shareholder approval for that amendment.

## ANNUAL REPORT ON REMUNERATION

This is the Annual Report on Remuneration for the financial year ended 31 January 2026 (FY26). This report sets out how the current Remuneration Policy (adopted in 2024) has been applied in the financial year being reported on and how the Remuneration Policy (set out on pages 100 to 107) will be applied in the coming year.

### Remuneration at a glance

Overview of Executive Director remuneration for FY26 and FY27.

Element	FY26	FY27
<b>Basic salary</b>	From 1 April 2025: CEO: £491,400 (No change: 2% increase waived by the CEO) CFO: £365,976 (+2%) Average workforce change: +7.5%	From 1 April 2026: CEO: ££506,142 (+3%) CFO: £376,955 (+3%) Aligned with the approach for the wider workforce. Average workforce change: +4.7%
<b>Pension</b>	3% of basic salary in excess of £6,420 per annum.	No change.
<b>Benefits</b>	Car allowance and family private medical insurance.	No change.
<b>Annual bonus opportunity</b>	CEO: Maximum of 125% of basic salary. CFO: Maximum of 100% of basic salary.	No change.
	60% based on PBT performance.	No change. 60% based on PBT performance.
	10% based on free cash flow productivity (%).	0% of 60% 10% of 10% (nil paid) 10% based on free cash before distributions (£).
	10% based on online sales (strategic growth objective).	0% of 10% 10% based on Funky Pigeon synergies (strategic growth objective).
	10% based on wholesale partner sales (including Garven, Garlanna and SA Greetings) (strategic growth objective).	0% of 10% 10% based on North America sales (strategic growth objective).
	10% based on net new stores (strategic growth objective).	9% of 10% (nil paid) 10% based on UK Store LFL sales growth (strategic growth objective).
	ESG underpin: Up to 10% of aggregate earned bonus may be forfeited if there has not been sufficient progress on delivering our ESG strategy.	No change.
	Subject to malus and clawback within two years of payment.	No change.
	One-third of bonus (after tax) to be invested in shares if shareholding target not achieved.	No change.
<b>RSP opportunity and time frames</b>	CEO: Maximum of 87.5% of basic salary. CFO: Maximum of 75% of basic salary.	No change.
	Awards granted since 2024 to vest after three years (subject to underpins) with a further two-year holding period (save for sale to fund tax and national insurance on vesting). Underpin enhanced to include consideration of progress against ESG commitments.	No change.
	Subject to malus and clawback within two years of vesting.	No change.
<b>SAYE participation</b>	In line with HMRC rules.	No change.
<b>Shareholding target</b>	CEO: 250% of basic salary (107.7% of basic salary achieved as at 31 January 2025).	No change. Shareholding of 132% of basic salary achieved as at 31 January 2026.
	CFO: 200% of basic salary (16.7% of basic salary achieved as at 31 January 2025).	No change. Shareholding of 19.7% of basic salary achieved as at 31 January 2026.

Element	FY26	FY27
<b>Post termination shareholding</b>	Full shareholding target applied in first 12 months following termination, reducing to 50% after 12 months with no minimum requirement after 24 months.	No change.
<b>Post termination restrictions</b>	Non-compete for six months following termination (reduced by any period of garden leave).	No change.
<b>Notice period</b>	9 months.	No change.

### Single figure total remuneration paid to Executive Directors – audited

The table below sets out the total remuneration received by each Executive Director providing services to the Company for the year ended 31 January 2026 (FY26) and the prior year:

	Financial year	Salary	Benefits <sup>1</sup>	Pension <sup>2</sup>	Earned Bonus <sup>3</sup>	Restricted Share value <sup>4</sup>	SAYE value <sup>5</sup>	Total remuneration	Total fixed remuneration	Total variable remuneration
Darcy Willson-Rymer	<b>FY26</b>	<b>491,400</b>	<b>23,000</b>	<b>13,313</b>	–	<b>396,214</b>	–	<b>923,927</b>	<b>527,713</b>	<b>396,214</b>
	<b>FY25</b>	488,250	23,000	13,313	231,757	769,334	770	1,526,424	524,563	1,001,861
Matthias Seeger	<b>FY26</b>	<b>364,780</b>	<b>7,000</b>	<b>10,756</b>	–	<b>247,970</b>	<b>1,334</b>	<b>631,840</b>	<b>382,536</b>	<b>249,304</b>
	<b>FY25</b>	356,500	7,000	10,508	135,375	–	770	510,153	374,008	136,145

- Benefits comprise all taxable benefits which are either a car allowance or a contribution to family private medical insurance.
- Pension benefit comprises payments to a stakeholder pension scheme (defined contribution) or a cash payment in lieu of pension contributions.
- See details of FY26 bonus payments in the Remuneration Committee Chair's letter and below. Although performance during FY26 resulted in an entitlement to 19% of maximum bonus award, the Committee exercised discretion to reduce this bonus to nil.
- The restricted share value for FY26 is based on the average share price over the three-month period to 31 January 2026 (81.88 pence), as the RSP award granted in 2023, with an underpin assessment period that ended on 31 January 2026, will be capable of vesting from 24 May 2026. The value includes a dividend equivalent of 10.6 pence per share which has accrued on these awards as at 31 January 2026. Further dividend equivalents may accrue on these shares in respect of dividends to be paid before allotment of shares to satisfy these awards. The £396,214 restricted shares value for Darcy Willson-Rymer for FY26, is £62,637 below the value of the award at grant due to a reduction in the value of the shares compared to the value at grant. The £247,970 restricted shares value for Matthias Seeger for FY26, is £39,201 below the value of the award at grant due to a reduction in the value of the shares compared to the value at grant. As such, no part of the award values is attributed to share price appreciation. The restricted share value for FY25 reflect the value of the entire RSP award granted in 2023, applying the value of the shares on vesting (i.e. 92.9077 pence per share), using the sale price per share arising from the sale of shares to fund the tax and national insurance arising on vesting of the first tranche of this award, plus a nominal bonus award of 1 pence per share to fund the Companies Act requirement for payment of nominal value on allotment of the shares (however, in respect of shares not yet vested, as awards will be satisfied by treasury shares, this nominal bonus will not be paid) and a dividend equivalent of 5.7 pence per share that accrued on these shares based on dividends declared from the date of grant to 31 January 2025. Further dividend equivalents have accrued on these shares in respect of dividends to be paid before allotment of the shares to satisfy these awards. Of the £769,334 restricted shares value for Darcy Willson-Rymer for FY25, £318,723 is attributable to share price growth since the date of grant.
- Embedded value of SAYE options at grant (i.e. the value of the discount). There are no performance conditions.

## ANNUAL REPORT ON REMUNERATION CONTINUED

### Annual bonus payments and link to performance

Bonus opportunities for FY26 were 125% of salary for Darcy Willson-Rymer and 100% of salary for Matthias Seeger. The bonus was subject to achieving financial targets (70% of the opportunity) and strategic objectives (30% of the opportunity). As a result of financial performance and partial achievement of the strategic objectives, the total bonus earned for FY26 was 19% of maximum under the formulaic outcome. However, on the basis of (a) the shareholder experience during the year, which included a material downgrade in performance that was announced in December 2025, which impacted on share price; and (b) the colleague bonus plan (which is primarily based on Adjusted PBT) would have resulted in no bonus award to wider colleague participants, the Committee exercised discretion to reduce the annual Executive bonus award from the formulaic result, to nil. This resulted in no bonus payments for the CEO and CFO.

### Financial targets (70% of total bonus opportunity)

#### PBT (60% of bonus opportunity) – audited

The PBT performance targets for the year and final performance achieved against this element are as set out in the table below. The Committee applied the Adjusted PBT for the year, after taking account of the adjustments to actual PBT (see page 68).

<i>Performance level</i>	<i>FY26 PBT target range</i>	<i>Percentage of total PBT bonus pool available if performance level achieved</i>	<i>PBT realised (after adjustments)</i>	<i>Percentage of total bonus pool payable (% of maximum)</i>
Threshold	<b>£67.45m</b>	15%		
Target	<b>£71.0m</b>	50%	£56.0m	nil of 60%
Maximum	<b>£74.55m</b>	100%		

#### Cash flow productivity (10% of bonus opportunity) – audited

The cash flow productivity targets for the year and actual performance achieved are as set out in the table below. Cash flow productivity is free cash flow as a percentage of Adjusted PBT (see glossary on pages 178 to 181).

<i>Performance level</i>	<i>FY26 cash flow productivity</i>	<i>Percentage of total cash flow productivity bonus pool available if performance level achieved</i>	<i>Cash flow productivity realised (after adjustments)</i>	<i>Percentage of total bonus pool payable (% of maximum)</i>
Threshold	<b>54%</b>	15%		
Target	<b>60%</b>	50%	73%	10% of 10% (nil paid)
Maximum	<b>66%</b>	100%		

### Achievement against strategic objectives (30% of bonus opportunity) – audited

The strategic objectives for the CEO and CFO were set at the start of the year and outlined in last year's report. The strategic objectives have been reviewed in detail with one objective being partly achieved and the other objective not being achieved, giving an achievement of 9% of the maximum 30% of the total bonus opportunity. The specific outcomes for each objective were as follows:

Strategic objective	Link to strategy	Target and Stretch performance set	Outcome	Bonus achieved (% of maximum)
cardfactory.co.uk sales	Omnichannel is one of the key strategic sales channels targeting system updates to improve the customer journey to improve customer retention and sales.	<b>Threshold:</b> cardfactory.co.uk sales of £8.050m. <b>Target:</b> cardfactory.co.uk sales to achieve £8.945m. <b>Stretch:</b> cardfactory.co.uk sales to achieve £9.839m.	£7.306m	nil of 10%
Wholesale partnership sales (including Garven, Garlanna and SA Greetings)	Development of wholesale partnerships is a key growth sales channel.	<b>Threshold:</b> wholesale partner sales of £44.825m. <b>Target:</b> wholesale partner sales of £49.805m. <b>Stretch:</b> wholesale partner sales of £54.786m.	£43.977m	nil of 10%
Net new stores	Increase of UK & Republic of Ireland stores align with convenience for the customer.	<b>Threshold:</b> +21 net new stores. <b>Target:</b> +23 net new stores. <b>Stretch:</b> +28 net new stores.	+27	9% of 10% (nil paid)

For each element of the bonus, 15% of the maximum potential bonus opportunity pays out for threshold performance, 50% of maximum potential bonus opportunity paying out for target performance with 100% of the maximum potential bonus opportunity paying out for maximum performance. Straight-line payout applies between Threshold, Target and Stretch.

The bonus is also subject to an ESG underpin, which gave the Committee discretion to reduce the earned bonus by up to 10% if it considered there has not been sufficient progress in delivering the ESG strategy (taking account of the matters set out on page 98, which are also to be adopted for the FY27 annual bonus plan).

The Committee were satisfied that the ESG underpin had been achieved, however, they resolved to exercise discretion to reduce the annual bonus award to the Executive Directors from 19% of maximum, to nil. Although the strategic target of net new stores opened resulted in near-maximum achievement of 27 net new stores (34 new stores, less 7 closures and 9 relocations), and the cash flow productivity realised 73% (above the stretch target of 66%), the Committee resolved not to pay any bonus based on these metrics alone, having considered that the threshold performance for the other financial and strategic measures were not achieved; that shareholders investment values were adversely affected from the downgrade following the December 2025 trading update, and on the basis the colleague bonus plan (which is primarily based on Adjusted PBT), would have resulted in no bonus award to wider colleague participants.

### Grants of Restricted Shares FY26 – audited

Conditional awards of Restricted Shares were granted to the Executive Directors on 22 May 2025. In line with our approach in previous years, annual RSP awards of shares worth 87.5% of basic salary for the CEO and 75% of salary for the CFO.

Executive Director	Number of Restricted Shares awarded <sup>1</sup>	Face value of award value as a % of salary	Face/maximum value of Restricted Shares at grant date <sup>1</sup>	Measurement period for performance underpin
Darcy Willson-Rymer	445,878	87.5%	£429,975	1.2.25–31.1.28
Matthias Seeger	284,634	75%	£274,482	1.2.25–31.1.28

1. Based on the average share price for the three trading days to, and including, 21 May 2025 of 96.4333 pence.

For these Restricted Shares to vest, the Committee must be satisfied that business performance over the three years commencing 1 February 2025 is robust and sustainable, that the business improved its impact on society and the environment and that management action has strengthened the business. In assessing performance, the Committee will consider financial and non-financial KPIs of the business as well as delivery against strategic priorities and ESG commitments. To the extent it is not satisfied with performance the Committee may scale back the level of vested awards, and has discretion to override a formulaic outcome, which it considers to be inappropriate. There will be full disclosure in the Annual Report & Accounts of the Committee's determination of this 'performance underpin' at the time of vesting.

Upon determination by the Remuneration Committee of the full or partial satisfaction of the performance underpin condition, any Restricted Shares will vest on the third anniversary of the date of grant, subject to a holding period, which (save for permitted sales to meet tax liabilities from vesting), will normally end on the fifth anniversary of the date of grant.

## ANNUAL REPORT ON REMUNERATION CONTINUED

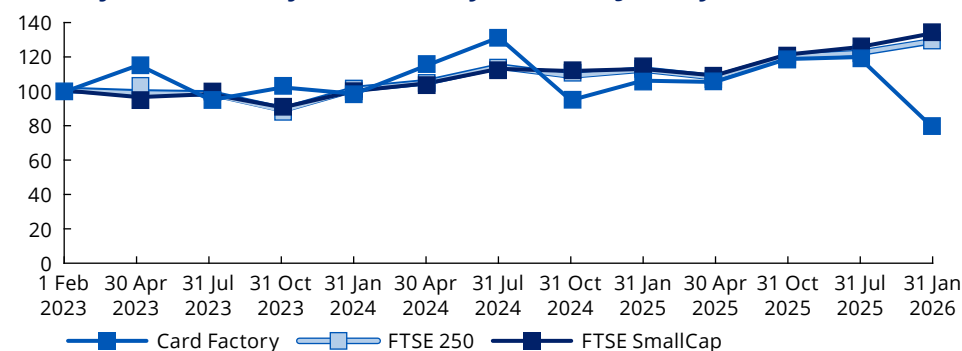
### 2023 LTIP Restricted Share award vesting – audited

Restricted Share awards granted in May 2023 are scheduled to vest from 24 May 2026, subject to the performance underpin and any discretion the Committee may exercise. The measurement period for the performance underpin for these awards was 1 February 2023 to 31 January 2026. For the performance underpin to be met, the Committee must be satisfied that business performance over the performance period was robust and sustainable, and that the business improved its impact on society and the environment and has been strengthened by management’s actions. In assessing the underpin, the Committee considered financial and non-financial KPIs of the business as well as delivery against strategic priorities.

The Committee considered that the performance criteria had been achieved for the majority of the three financial year performance period, before the financial performance in the latter part of FY26 impacted this progress. Much of the final year underperformance was considered to have been realised as a result of market challenges, rather than due to management failure (for which the performance underpin is primarily designed to avoid unjust reward).

The Committee were satisfied that the business improved its impact on society and the environment over the performance period, which included development and launch of the ‘Delivering a Sustainable Future’ strategy in FY24, setting of Net Zero targets and ongoing activity to reduce packaging, increasing the range of products that are recyclable, activity to reduce emissions intensity, measurement and reporting of Scope 3 emissions and a significant 23% reduction in the emissions intensity ratio in FY26 (see pages 36 to 55).

### Value of £100 invested from 1 February 2023 to 31 January 2026



The Committee also noted:

- the sustained sales growth over the period, supported by acquisitions, with PBT being marginally positive CAGR, subject to a material reduction in the final financial year;
- sustained action to address material inflation over the period, with an ongoing programme to realise efficiencies to offset cost increases, alongside improvement in the cash flow management and leverage, notwithstanding acquisitions, shareholder returns and share buybacks; and

- good progress has been made on the impact on society and the environment, including development of a strategy, with targets for 2033 and Net Zero targets for 2050, including assessments and steady progress in reduction in waste and packaging, assessment of wider Scope 3 emissions and high levels of colleague engagement and additional focus on supporting communities.

The Committee noted that, if the awards were permitted to vest in full, the value of the awards reflected the lower share value on vesting, compared to the value at grant, which was proportionate with the underperformance for part of the performance period. The Committee was mindful of the shareholder experience whilst also recognising the need to incentivise and retain senior management, in the long-term interests of the Company and its stakeholders.

On this basis the Committee was comfortable that the award should vest in full. Therefore, the Committee resolved to approve vesting of the 2023 RSP awards and determined that it was not necessary to exercise any discretion in respect of the awards.

### Malus and clawback

Malus and clawback provisions apply to the annual bonus and Restricted Shares. The circumstances in which these provisions may be applied are set out on pages 101 and 102. The clawback period extends for two years following the payment of bonuses or the vesting of Restricted Share awards. This timeframe aligns with the two-year holding period that applies to vested Restricted Shares, and is considered to provide sufficient time for any relevant circumstances or events to come to light. No malus or clawback was applied in FY26.

### SAYE – audited

Awards under the HMRC-approved SAYE plan were granted to all participating employees on 16 June 2025 and are exercisable from 1 August 2028. Options were granted at a discount of 20% to the share price immediately prior to invitations to apply for awards were issued, and vest after three years subject to continued employment.

Executive Director	Number of SAYE options awarded	Face/maximum value of awards at grant date <sup>1</sup>	Fair value of awards at grant date <sup>2</sup>	% of award vesting at threshold	Performance period
Darcy Willson-Rymer	nil	nil	nil	n/a	n/a
Matthias Seeger	6,916	£6,669	£1,333	n/a	n/a

- Face value stated is the value of the shares under option, being the number of shares times the value determined over the three days to, and including, 22 May 2025 (the date on which invitations to apply for SAYE awards), of 96.4333 pence.
- Fair value is the aggregate discount applied, based on the exercise price of 77.15 pence per share, compared to the aggregate value of the award adopted for the issue of invitations to apply for SAYE awards.

### Single figure total fees paid to Non-Executive Directors – audited

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 January 2026 and the prior year.

Non-Executive Director	Base fee paid		Additional fees		Gross-up of taxable expenses <sup>2</sup>		Total	
	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25
Paul Moody (Chair)	<b>£185,033</b>	£180,833	-	-	<b>£0</b>	-	<b>£185,033</b>	£180,833
Pam Powell (SID) <sup>1</sup>	<b>£52,867</b>	£31,637	<b>£10,400</b>	£6,203	<b>£1,112</b>	-	<b>£64,379</b>	£37,840
Rob McWilliam	<b>£52,867</b>	£51,667	<b>£10,400</b>	£10,333	<b>£400</b>	-	<b>£63,667</b>	£62,000
Indira Thambiah	<b>£52,867</b>	£51,667	<b>£10,400</b>	£10,333	<b>£172</b>	-	<b>£63,439</b>	£62,000

1. Pam Powell was appointed on 21 June 2024.
2. From FY26, the Company commenced gross up of taxable expenses incurred by Non-Executive Directors.

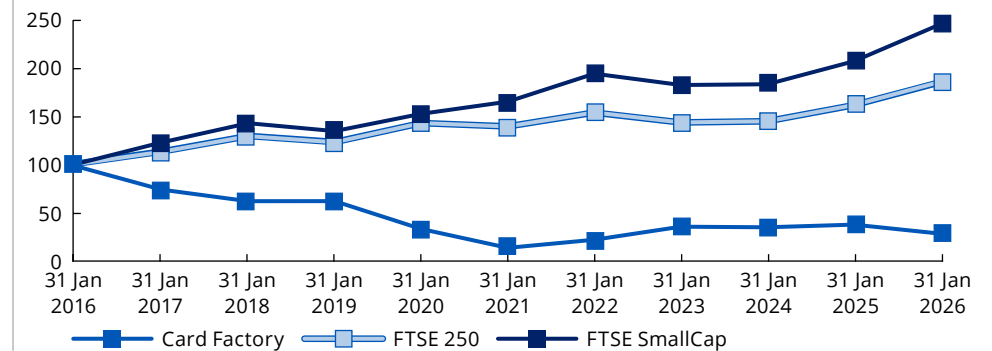
### Payments for loss of office and payments to former Directors – audited

No payments for loss of office or payments to past Directors have been paid during the year which have not already been disclosed in previous years.

### Historical TSR performance and CEO remuneration

The graph (see right) illustrates the Total Shareholder Return (TSR) of Card Factory plc against the FTSE 250 Index and FTSE Small Cap Index over the ten-year period to 31 January 2026. These indices have been chosen as they are recognised, broad-equity market indices of which the Group has been a member for this period.

Value of £100 invested from 31 January 2016 to 31 January 2026



CEO	2025/26 (FY26)	2024/25 (FY25)	2023/24 (FY24)	2022/23 (FY23)	2021/22 <sup>1</sup> (FY22)	2020/21 <sup>2</sup> (FY21)	2019/20 (FY20)	2018/19 (FY19)	2017/18 (FY18)	2016/17 <sup>3</sup> (FY17)
Single figure of remuneration (£'000)	<b>924</b>	1,532	1,525	943	829	525	593	611	496	1,005
Annual bonus outcome (% of max)	-	37.7%	82.5%	80%	66%	-	10%	15%	-	20%
LTIP vesting <sup>4</sup> (% of max)	<b>100%</b>	100%	100%	n/a	n/a	50%	-	-	n/a	46.6%

1. For FY22, the amounts set out in the FY23 Annual Report are grossed up, on a pro rata basis to show the position for comparison purposes assuming Darcy Willson-Rymer had been appointed from 1 February 2021 rather than 8 March 2021 (the date of his actual appointment).
2. For FY21 this represents all remuneration paid to Karen Hubbard to 30 June 2020 (the date of her resignation) and payments to Karen Hubbard during her period of garden leave to 31 December 2020 and the proportion of the pro rata Restricted Share award that vested in July 2021.
3. For FY17 this represents the aggregate single figure for Karen Hubbard (from date of appointment as CEO) and Richard Hayes (to date of stepping down as CEO).
4. All LTIP awards vesting from, and including, FY21 were restricted share awards granted under the LTIP. Awards vesting to, and including, FY20 were performance share awards under the LTIP.

## ANNUAL REPORT ON REMUNERATION CONTINUED

### Percentage change in remuneration of Directors and all employees

The table below shows the change each year for each Director's salary/fees, benefits and bonus, for each of the last five financial periods, as compared to the salary change for all employees (excluding such Directors), based on a total full-time equivalent reward for the relevant financial year. Where a Director was appointed or resigned part way through the financial year, their salary/fees, benefits and bonus are grossed up to reflect as full-year equivalent to provide for meaningful reflection for the year-on-year change:

Year-on-year change %	Executive Directors						
	Average employee <sup>1</sup>	Darcy Willson-Rymer <sup>2</sup>	Matthias Seeger	Paul Moody	Pam Powell	Rob McWilliam	Indira Thambiah
<b>FY26 compared to FY25</b>							
Salary/Fees	8.45%	0.65%	2.32%	2.3%	2.0%	2.0%	2.0%
Bonus	-1.04%	-100%	-100%	n/a	n/a	n/a	n/a
Benefits <sup>3</sup>	11.84%	-46.36%	1361%	n/a	n/a	n/a	n/a
<b>FY25 compared to FY24</b>							
Salary/Fees	10.85%	0.46%	48.16%	6.18%	n/a	5.07%	5.07%
Bonus	-28.21%	-52.1%	-58.83%	n/a	n/a	n/a	n/a
Benefits <sup>3</sup>	44.97%	41.81%	28.08%	n/a	n/a	n/a	n/a
<b>FY24 compared to FY23</b>							
Salary/Fees	10.27%	4.17%	n/a	16.33%	-	9.51%	28.56%
Bonus	9.77%	7.42%	n/a	n/a	-	n/a	n/a
Benefits <sup>3</sup>	3.45%	1.3%	n/a	n/a	-	n/a	n/a
<b>FY23 compared to FY22</b>							
Salary/Fees	13.25%	-	-	-3.0%	-	1.7%	n/a
Bonus	10.81%	34.5%	-	n/a	-	n/a	n/a
Benefits	17.75%	5.7%	-	n/a	-	n/a	n/a
<b>FY22 compared to FY21</b>							
Salary/Fees	4.7%	1.0%	-	-54.0%	-	n/a	-
Bonus	89.36%	100%	-	n/a	-	n/a	-
Benefits	28.7%	-60.8%	-	n/a	-	n/a	-

1. The Average Employee is the FTE for all UK Group employees. Data for FY23 compared to FY22 and for FY22 compared to FY21 for the average employee bonus and benefits were restated in the FY25 annual remuneration report, to ensure the bonus amount reported is the bonus earned in the financial year, rather than the date on which the bonus is paid (which relates to the amount earned in the prior financial year).
2. Darcy Willson-Rymer's remuneration information change for FY22 compared to FY21 reflects the annualised salary and benefit for Darcy (who was appointed 8 March 2021) compared to the annualised data for the former CEO, Karen Hubbard, for FY21, on the basis stated in note 2 to the preceding table.
3. Benefits includes all income in the single figure tables excluding salary/fees and bonus.

## CEO to employee pay ratio

FY26	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Ratio	Option A	34.2 : 1	33.7 : 1	32.8 : 1
Employee salary		£26,984	£26,984	£27,603
Employee total remuneration		£27,150	£27,493	£28,243
FY25 ratio	Option A	61.4 : 1	60.8 : 1	59.2 : 1
FY24 ratio	Option A	67.6 : 1	64.3 : 1	61.8 : 1
FY23 ratio	Option A	44.7 : 1	43.6 : 1	42.1 : 1
FY22 ratio	Option A	51.9 : 1	40.3 : 1	38.2 : 1
FY21 ratio	Option A	31.4 : 1	30.6 : 1	29.5 : 1
FY20 ratio	Option A	35.2 : 1	33.1 : 1	32.2 : 1

cardfactory has chosen Option A (pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended)), which provides a comparison of the Company's full-time equivalent total remuneration for all UK employees against the CEO for FY26 as the most appropriate methodology to report the ratio, in line with the recommendation from the UK Government Department for Business, Energy and Industrial Strategy and shareholder and proxy-voting bodies. The pay data as at 31 January 2026 was used in the FY26 CEO pay ratio calculations.

The Committee considers pay ratios as one of many reference points when considering remuneration. Throughout the Group, pay is aligned with our pay principles, is structured to be as consistent as possible and is market-competitive in the context of the sector in which we operate.

The Committee notes the limited comparability of pay ratios across companies and sectors, given the diverse range of business models and employee population profiles, which exist across the market. A significant proportion of the CEO's potential pay is delivered in variable remuneration, which may, therefore, fluctuate significantly on a year-to-year basis. The ratios are impacted by the demographic makeup of our workforce. Over 90% of our colleagues work in our retail stores and warehouses where rates of pay are lower than those for management roles and those colleagues based at our support centre. This reflects the retail sector more broadly. In addition, while warehouse and retail colleagues are eligible to participate in the SAYE plan, and have access to incentive and bonus schemes, the CEO's higher bonus and RSP opportunities reflect the nature and complexity of the role as well as the remuneration levels in retail businesses of a similar size.

The CEO pay ratio has reduced significantly in FY26 compared with FY25 and FY24. The reduction was primarily driven by a lower value from Restricted Share awards and the fact no annual bonus award will be paid. Median colleague pay increased during the year, although the rise in the National Minimum Wage (6.7% in FY26 versus 9.8% in FY25) moderated the impact on median pay growth. Bonus outcomes for colleagues were also lower year-on-year, reflecting business performance, while changes in benefits values were mainly driven by RSP valuations and participation in SAYE schemes. Overall, the FY26 CEO pay ratio reflects a material reduction in executive variable remuneration. When considered alongside median colleague earnings growth, the FY26 ratio provides investors with a clear and balanced view of pay outcomes across the organisation.

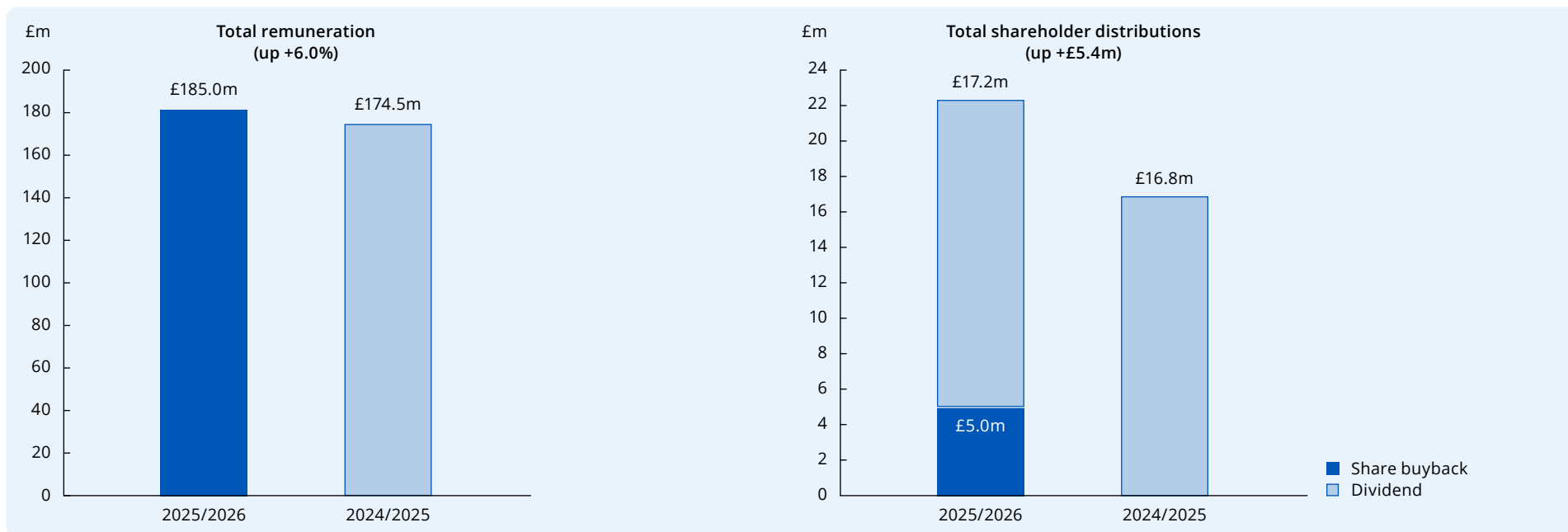
As required in the regulations, the Company is satisfied that the ratios are appropriate and fair and is consistent with the Company's wider pay, reward and progression policies affecting our colleagues.

## ANNUAL REPORT ON REMUNERATION CONTINUED

### Distribution statement

The charts below illustrate the year-on-year change in total remuneration for all employees and total shareholder distributions, which include the share buyback commenced in FY26, to acquire shares into treasury to satisfy employee share awards (TSD).

The total remuneration paid in respect of FY26 (as set out in note 5 to the Financial Statements, which form part of this report on page 152) was £185.0 million (FY25: £174.5 million).



### Statement of shareholder voting

The following table shows the results of the shareholder votes on the Annual Report on Remuneration at the 2025 AGM and for the Directors' Remuneration Policy at the 2024 AGM:

	Remuneration Policy 2024		Annual Report on Remuneration 2025	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	201,895,508	96.00	204,710,238	90.41
Against	8,405,067	4.00	21,703,365	9.58
Total votes cast (excluding withheld votes)	210,300,575	-	226,413,603	-
Total votes withheld	125,220	-	179,066	-
Total votes cast (including withheld votes) <sup>1</sup>	210,425,795	-	226,592,669	-

1. A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

### Directors' shareholdings and interest in shares – audited

The Committee sets shareholding guidelines for Executive Directors. Executive Directors are required to retain shares that vest from future Restricted Share awards and acquire shares with one-third of any bonus (after payment of tax) until the shareholding requirement is met. The current guideline is to build and maintain, over time, a holding of shares in the Company equivalent in value to at least 250% and 200% of base salary for the CEO and CFO, respectively. The Executive Directors have not yet met the shareholding guideline.

Director	Shares held	RSP awards held		SAYE options held		Current shareholding (% of salary/fee) <sup>1</sup>	Shareholding requirement (% of salary/fee)	Guideline met?
	Owned outright	Unvested and not subject to performance	Unvested and subject to performance	Unvested and subject to continued employment				
<b>Executive Directors</b>								
Darcy Willson-Rymer	958,639	947,140	902,327	6,553		132.1%	250%	No
Matthias Seeger	106,730	268,134	570,302	23,589		19.7%	200%	No
<b>Non-Executive Directors</b>								
Paul Moody	200,000	-	-	-				
Pam Powell	9,875	-	-	-				
Rob McWilliam	46,430	-	-	-				
Indira Thambiah	7,500	-	-	-				

1. Calculated in respect of shares 'owned outright', by applying the closing share price of the Company on 31 January 2026 of 67.7 pence and applying annual salary as at this date.

During the year, the RSP award granted to Darcy Willson-Rymer in 2022 in respect of 780,197 shares were approved for vesting, with 390,098 of these shares being allotted on 12 May 2025. Darcy Willson-Rymer also exercised his option granted under the SAYE plan, to acquire 18,419 shares on 4 August 2025. Otherwise, no RSP awards or share options under the SAYE plan were exercised by the Directors during FY26. Since the end of the year, the Committee approved the vesting (subject to the LTIP rules and terms of the awards) of all awards granted in 2023, which includes RSP awards over 428,432 shares granted to Darcy-Willson Rymer and 268,134 shares awarded to Matthias Seeger, which are now classified as unvested awards not subject to performance conditions (as reflected in the table above). Otherwise, there have been no changes in the numbers of shares owned by the Directors and their connected persons between the end of the year and the date of this report.

## ANNUAL REPORT ON REMUNERATION CONTINUED

### Details of Directors' interests in shares in incentive plans – audited

	Date of grant	Share price at grant	Exercise price <sup>2</sup>	Number of shares awarded	Face value at grant <sup>3</sup>	Performance period	Exercise period	No. of shares awarded that have been issued (before sale to fund tax)
<b>Darcy Willson-Rymer</b>								
Restricted Shares	25.05.25	96.433p	n/a	445,878	£429,975	01.02.25 – 31.01.28	n/a	–
Restricted Shares	26.06.24	94.2p	n/a	456,449	£429,975	01.02.24 – 31.01.27	n/a	–
Restricted Shares <sup>1</sup>	24.05.23	96.5p	n/a	428,432	£413,437	01.02.23 – 31.01.26	n/a	–
Restricted Shares <sup>1</sup>	12.05.22	50.468p	n/a	780,197	£393,750	01.02.22 – 31.01.25	n/a	390,098
Restricted Shares <sup>1</sup>	14.06.21	76.54p	n/a	514,436	£393,750	01.02.21 – 31.01.24	n/a	385,827
SAYE	23.07.24	94.2p	75.36p	4,086	£769.8	–	01.09.27 – 28.02.28	–
SAYE	27.06.23	89.3p	71.5p	2,467	£440.6	–	01.07.26 – 31.12.26	–
<b>Matthias Seeger</b>								
Restricted Shares	25.05.25	96.433p	n/a	284,634	£274,482	01.02.25 – 31.01.28	n/a	–
Restricted Shares	26.06.24	94.2p	n/a	285,668	£269,099	01.02.24 – 31.01.27	n/a	–
Restricted Shares <sup>1</sup>	24.05.23	96.5p	n/a	268,134	£256,750	01.02.23 – 31.01.26	n/a	–
SAYE	16.06.25	96.433p	77.15p	6,916	£1,333.9	–	01.08.28 – 31.01.29	–
SAYE	23.07.24	94.2p	75.36p	4,086	£769.8	–	01.09.27 – 28.02.28	–
SAYE	27.06.23	89.3p	71.5p	12,587	£2,248	–	01.07.26 – 31.12.26	–

1. The number of shares comprising each RSP award was calculated based on the average, middle-market quotation of a share in the capital of the Company over the three months prior to the date of grant (and in respect of the RSP awards made in, or after, 2024, over the three days prior to the date of grant). Performance conditions and underpins for the Restricted Share awards granted in 2023 and 2025 are set out on pages 112 and 111, respectively. The Restricted Share awards made in 2021 did not include 'the business improved its impact on society and the environment' in the performance underpin, but otherwise, was on same as the terms applicable to awards made in 2023 (see page 112, save for the performance period (noted above)). The Restricted Share awards made in 2022 are subject to the same performance conditions and underpin applicable to the awards made in 2023, save the performance period is 1 February 2022 to 31 January 2025.
2. In respect of Restricted Share awards, a dividend equivalent is also paid in respect of dividends paid with a record date after the date of grant and before the date of allotment of the shares.
3. Face value of SAYE awards at grant is the value of the 20% difference between the share value at grant (which is ascertained based on an average middle-market quotation prior to applications to participate in the SAYE are issued) and the exercise price, across all shares under option.

## How the Policy will be applied in FY27

### Salary

The Committee reviewed the annual salary for the senior management team, including the CEO and CFO. In determining increases, the Committee took into account market data with comparisons to other UK listed retail businesses and to UK listed companies with similar market capitalisations as well as taking into account the average salary increase across the workforce of 4.4%. As a result, the Committee determined the CEO and the CFO would receive a salary increase of 3% for FY27 with increases taking effect on 1 April 2026.

The salaries of the Executive Directors with effect from 1 April 2026 are as follows:

<i>Executive Director</i>	<i>1 April 2026</i>	<i>1 April 2025</i>
Darcy Willson-Rymer	<b>£506,142</b>	£491,400
Matthias Seeger	<b>£376,955</b>	£365,976

### Benefits and pension

These will be paid in line with the Policy.

### Annual bonus

The annual bonus for FY27 is capped at 125% and 100% of salary for the CEO and CFO (respectively), up to 70% is based on financial performance and 30% can be realised from achievement of strategic objectives. The annual bonus is subject to an ESG underpin.

The financial targets have been set by the Committee and will require Executive Directors to deliver significant stretch performance compared to market expectations at the start of the financial year and the financial performance realised in FY26. Given the close link between these targets and cardfactory's competitive strategy, financial targets are considered commercially sensitive but will be published in next year's Annual Report on Remuneration.

The objectives set for both the CEO and CFO for FY27, which are shared by all of the senior management team are as follows:

<i>Objective</i>	<i>Link to strategy</i>	<i>Bonus potential (% of maximum bonus opportunity)</i>
<b>Financial objectives<sup>1</sup></b>		<b>70% total</b>
PBT-based target	Group financial performance and improvement in profitability.	60%
Free cash before distributions (£)	Measure to ensure focus on converting profit into cash, to manage working capital and keep interest costs low, to support availability of funds to make investment decisions in line with the strategic plans.	10%
<b>Strategic objectives<sup>1</sup></b>		<b>30% total</b>
Digital integration synergies	Realisation of cost and revenue synergies on an annualised basis based on integration of the cardfactory.co.uk and Funky Pigeon businesses to a single technology platform, including optimising fulfilment between the Baildon and Guernsey fulfilment facilities.	10%
North America sales	Development and growth of the Garven and cardfactory business in North America: a strategic growth market.	10%
UK stores LFL growth	Becoming a celebration business, which relies on growth in UK store sales, which includes maintaining card sales, while growing our gift and celebration essentials offering.	10%

1. Quantums for Threshold, Target and Stretch and specific terms for each objective are commercially sensitive and will be published in the Annual Report on Remuneration for the year to 31 January 2027.

## ANNUAL REPORT ON REMUNERATION CONTINUED

For each element of the bonus, 15% of the maximum potential bonus opportunity pays out for Threshold performance, 50% of maximum potential bonus opportunity paying out for Target performance, with 100% of the maximum potential bonus opportunity paying out for maximum performance (i.e. Stretch). Straight-line payout applies between Threshold, Target and Stretch.

An ESG underpin will apply to the annual bonus award, whereby the Committee may reduce the annual bonus payout by up to 10% if the Committee considers that there has not been sufficient progress in delivering our ESG strategy. To inform its decision making at year-end, the Committee will review a dashboard summarising progress against our ESG commitments, which may include, but is not limited to: progression of our customer and employee experience; progression in reducing the Group's carbon footprint, waste reduction and progression of sustainability initiatives with the Group; progression against the Group's commitment to act responsibly with respect to the environment, aiming for a sustainable approach to the use of resources, avoiding irresponsible disposal of products and unnecessary waste; progression against our refreshed DE&I strategy; the Group's compliance against industry standard ESG guidelines and best practices; and active management of ESG considerations and risks.

### Restricted Shares

Restricted Shares will be granted over shares with a value at the time of grant of up to 87.5% of salary and 75% of salary for the Chief Executive Officer and Chief Financial Officer, respectively, subject to a performance underpin and the other terms described in the Remuneration Policy and under the LTIP Scheme Rules. Any awards are proposed to be granted following publication of the preliminary results for FY26.

The Restricted Share awards will be subject to a performance underpin whereby, in order for the Restricted Shares to vest, the Committee must be satisfied that business performance is robust, sustainable, that the business has improved its impact on society and the environment and management action has strengthened the business. In assessing performance, the Committee will consider financial and non-financial KPIs as well as delivery against strategic priorities and ESG commitments.

There will be full disclosure in the Annual Report & Accounts, at the time of vesting, of the Committee's determination of the performance underpin and any adjustment in the event the Committee seeks to address any windfall gains.

### Non-Executive Director fees

The Chair and Non-Executive Director fees have been reviewed in accordance with the principles applied for all colleague pay reviews (see page 97), with any changes to take effect from 1 April 2026. Following a review of market data, the Chair's fee and the NED base fee will be increased by 3%, while no increase will be applied to the additional fees payable to SID (in excess of the NED base fee) and the Committee chairs, which are considered to be in line with market rates:

	<i>From</i> 1 April 2026	From 1 April 2025
<b>Base fees</b>		
Chair	<b>£191,209</b>	£185,640
Senior Independent Director	<b>£65,032</b>	£63,440
Non-Executive Director	<b>£54,632</b>	£53,040
<b>Additional fees</b>		
Chair of the Remuneration Committee	<b>£10,400</b>	£10,400
Chair of the Audit & Risk Committee	<b>£10,400</b>	£10,400

### Remuneration Committee membership and advisers

The Remuneration Committee membership during the period is set out on page 96. The Committee fulfils its duties with a combination of both formal meetings and informal consultation with relevant parties, both internal and external. The Committee appointed Deloitte LLP as principal external adviser in 2023, who were appointed by the Committee following a tender process. Deloitte LLP provide other services to the Group, including unrelated consultancy services. Deloitte LLP are signatories to the Code of Conduct for Remuneration Consultants in the UK, details of which can be found on the Remuneration Consultants Group's website at: [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com). Accordingly, the Committee is satisfied that the advice received is objective and independent. During the financial year to 31 January 2026, fees of £25,900 (plus VAT) were paid to Deloitte LLP in respect of advice to the Committee. The Committee is comfortable that the Deloitte engagement partners and team that provides remuneration advice to the Committee do not have connections with the Company or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

## Committee activities

During FY26, and up to the approval of this Report, the Committee met to consider the following remuneration matters.

- Review the operation of the Remuneration Policy in FY26, assess appropriateness of the Policy, and consider whether any updates would be appropriate.
- Consider performance against targets and resulting bonus payments for FY25 and proposed bonus awards for FY26 and vesting of the 2022 and 2023 Restricted Share awards.
- Finalise the financial targets and (since the year-end) consider the performance against the targets and resulting bonus payments and consideration of the exercise of discretion for the FY26 annual executive bonus plan and to agree the measures and targets for the FY27 annual executive bonus.
- Consider and approve annual salary increases for the senior management team, the CEO and the Chair, and the wider workforce salary and benefit reviews.
- Review developing trends in remuneration market practice, investor guidelines and governance.
- Review and consider wider Group remuneration policies and practices, and the approach to employee engagement as it relates to remuneration matters.
- Undertake various other reviews and approvals (as appropriate) in accordance with the terms of reference for the Committee adopted by the Company.
- Formally approve the Directors' Remuneration Report as set out in this Annual Report.

## The work of the Remuneration Committee

Set out as follows are those areas of the Committee's work that it is required to report under the Code and reporting regulations, and which are not covered elsewhere in this Directors' Remuneration Report.

### Engagement with stakeholders

The Committee consulted with shareholders and the colleague listening group (CLG) on the changes made to the Directors' Remuneration Policy (set out on pages 100 to 107), prior to recommendation of the Policy for adoption at the 2024 AGM. Support for the Directors' Remuneration Policy, that was adopted at the 2024 AGM, has the support of 96.00% and the FY25 Directors' Remuneration Report at the 2025 AGM received support from shareholders holding 90.41% of the votes cast. The Committee Chair has also met a number of shareholders over the year, with views and suggestions being provided on appetite and potential design of hybrid long-term incentive arrangements.

The Committee will reflect these views during FY27 as it develops the remuneration policy in the next triennial review to be proposed to shareholders in 2027. There were no material concerns for the Committee to consider from the AGM voting outcomes. cardfactory continues to work on some of the key themes and outputs from the last bHeard survey (March 2025) and we continue with the CLG, which complements existing forms of employee engagement. It also forms the basis of engagement on those matters specifically required under the Code, including to explain the alignment of the Executive Directors' Remuneration Policy to the wider Group. Paul Moody is the Designated Director to lead the Board's consultation of colleagues via the CLG. Further details of stakeholder engagement are set out on pages 56 to 63. There were no matters arising during the year that required consultation by the Remuneration Committee with shareholders.

### Determining Executive Director remuneration

The Committee considers the appropriateness of the Executive Directors' remuneration, not only in the context of overall business performance and environmental, governance and social matters, but also in the context of wider workforce pay conditions (taking into account workforce policies and practices as well as the ratio of CEO pay to all-employee pay) and external market data, to ensure that it is fair and appropriate for the role, experience of the individual, responsibilities and performance delivered.

More specifically, the Committee will continue to consider the application of discretion in application of the Directors' Remuneration Policy to adjust for any excessive returns from general market changes, and to account for wider stakeholder experience, in particular in respect of the exercise of discretion in respect of bonus and share awards, and in setting any new targets for future annual bonus schemes.

### Wider workforce matters

The Committee, as part of its wider remit under the Code, considers workforce remuneration policy and practices. This includes our Gender Pay statistics, which are published on our investor relations website (cardfactoryinvestors.com) and our DE&I strategy (see pages 125 to 126) and our DE&I policy, which is summarised on page 122. The Committee has also considered the Group's wider review of remuneration across the entire workforce, which includes grading of roles and benchmarking of remuneration and benefits associated with each role and ensuring alignment on key benefits, including annual pay reviews and pensions across all employees.

This report was reviewed and approved by the Remuneration Committee on 27 April 2026.

**Indira Thambiah**  
**Chair of the Remuneration Committee**  
 28 April 2026

## NOMINATION COMMITTEE REPORT



### Paul Moody

Chair of the Nomination Committee

#### Number of meetings held

1

#### Committee members

Paul Moody (Chair)

Pam Powell

Rob McWilliam

Indira Thambiah

This report provides details of the role of the Nomination Committee, the work it has undertaken during the year and details of how it intends to carry out its responsibilities going forward.

#### Committee activity

The Committee's main activity during the year, and its plans for the year ahead, are as described in more detail below.

#### DE&I policy

Our policy is that the Board and the Group's senior leadership team should always be diverse, with selection being made irrespective of personal attributes, but we feel that quotas are not appropriate as they are likely to lead to compromised decisions on Board and senior leadership team membership, quality and size.

We will, however, seek to ensure that specific effort is made, both at Board and senior leadership team level, to bring forward female candidates and those from a range of ethnic and social backgrounds for appointments.

#### Committee's role and responsibilities

- Assist the Board by keeping the composition and performance of the Board and its Committees under continuous review to ensure it has the necessary balance of skills and experience to fulfil its purpose.
- Ensure a thorough and transparent process is adopted for making new appointments to the Board.

We are committed to providing equal opportunities for all our colleagues and applicants and to having a diverse workforce of gender, age, nationality, education and background. We are a founding signatory, alongside 50 other leading retailers, to the British Retail Consortium's Diversity & Inclusion Charter. Details of some of our commitments and progress during the year can be found in the ESG Report from pages 36 to 43 and in respect of our colleague engagement on pages 60 to 62.

We published our latest Gender Pay Gap Report in April 2026, which reports on the gender pay gap as at 5 April 2025. A copy of the report has been published on cardfactory's investor website ([cardfactoryinvestors.com](http://cardfactoryinvestors.com)).

During FY26, the Committee re-assessed the skills and experience of the Board members and consider this to be appropriate for the Group's operations and strategic objectives, taking account of the size and operations of the Group and the expertise of its Directors. The Board recognise the diversity of its membership, across a range

of criteria (of which gender and ethnicity are part) and does not consider it to be in the interests of shareholders to recruit an additional Director solely to achieve 40% women recommendation. The Board will keep all aspects of experience and diversity under review.

Of the 28 UK direct reports to the executive leadership team as at 31 January 2026, 43% (12 individuals) are women, 57% (16 individuals) are male. Of the entire UK & Republic of Ireland workforce of 8,366 as at 31 January 2026, 81% (6,809 individuals) are women and 19% (1,557 individuals) are male. This data is collected from the candidates during the recruitment process.

Through our 'Count Me In' campaign, 62% of colleagues have now chosen to share their diversity data, a significant increase from 14% in October 2024. This richer and more representative dataset is directly informing the next phase of our DE&I strategy, allowing us to focus investment and leadership attention where it will make the greatest difference.

- Oversee diversity, inclusion and succession, not only within the Board but across the Group's senior leadership team.

Terms of reference available at: [www.cardfactoryinvestors.com/investors/corporate-governance](http://www.cardfactoryinvestors.com/investors/corporate-governance).

#### Committee's key actions in FY26

- Internally conducted Board performance review, setting of Board objectives and review 2025 objective performance.
- Review of Board and Committee skills, knowledge and experience, concluding no changes are required.
- Succession planning for the Board, the senior management team and their direct reports.

Our latest data on gender and (for the Board and senior management team) ethnicity as at the reference date of 31 January 2026, is as follows, using data collected from candidates on recruitment:

<i>Gender composition</i>	<b>Number of Board members</b>	<b>Percentage of the Board</b>	<b>Number of senior positions on the Board (CEO, CFO, SID, Chair)</b>	<b>Number in executive management (excl. Board members)</b>	<b>Percentage of executive management (excl. Board members)</b>
Men	4	66.7%	3	6	75%
Women	2	33.3%	1	2	25%

<i>Ethnic diversity</i>	<b>Number of Board members</b>	<b>Percentage of the Board</b>	<b>Number of senior positions on the Board (CEO, CFO, SID, Chair)</b>	<b>Number in executive management (excl. Board members)</b>	<b>Percentage of executive management (excl. Board members)</b>
White British or other White (including minority-White groups)	5	80%	4	6	85.7%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	1	20%	-	1	14.3%
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

### **Board performance review**

The Company undertook an internally conducted Board performance review, which concluded in November 2025. Further details are set out in the Corporate Governance Report on page 84. A Board performance review will continue to be conducted on an annual basis, with an externally facilitated review scheduled to be completed during the financial year to 31 January 2027.

### **Tenure and re-election of Directors**

In accordance with the UK Corporate Governance Code, all the Directors will seek election or re-election (as appropriate) at the next AGM on 25 June 2026.

**Paul Moody**

**Chair of the Nomination Committee**

28 April 2026

## DIRECTORS' REPORT

**The Directors present their report together with the audited Financial Statements for the year ended 31 January 2026.**

### **Introduction**

This section of the Annual Report & Accounts includes additional information required to be disclosed under the Companies Act 2006 (the 'Companies Act'), the UK Corporate Governance Code 2024 (the 'Code' or the 'UK Corporate Governance Code'), the Disclosure Guidance and Transparency Rules (the 'DTRs') and the Listing Rules (the 'Listing Rules') of the Financial Conduct Authority.

Some of the information we are required to include in the Directors' Report is included in other sections of this Annual Report & Accounts and is referred to below. Where reference is made to these other sections, they are incorporated into this report by reference.

### **Incorporation, listing and structure**

The Company was incorporated and registered in England and Wales on 17 April 2014 under the Companies Act with registration number 9002747.

The entire issued ordinary share capital of the Company is admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange main market for listed securities. The liability of the members of the Company is limited.

The Company is domiciled in the United Kingdom and its registered office is at Century House, Brunel Road, Wakefield 41 Industrial Estate, Wakefield, West Yorkshire WF2 0XG. The telephone number of the Company's registered office is +44 1924 839150.

The Company indirectly owns subsidiaries incorporated overseas. See note 4 to the Parent Company Financial Statements on page 175.

### **Strategic Report**

The Strategic Report, which was approved by the Board on 27 April 2026 and is set out on pages 1 to 78, contains a fair review of the Group's business, a description of the emerging and principal risks and uncertainties facing the Group and an indication of the likely future developments of the Group.

The review is intended to be a balanced and comprehensive analysis of the development and performance of the Group's business during the financial year and the position of the Group's business at the end of that year. The report includes, to the extent necessary for an understanding of the development, performance or position of the Group's business, analysis using financial key performance indicators.

The Strategic Report also includes the main trends and factors likely to affect the future development, performance and position of the Group's business. It also includes information about environmental matters (including reporting in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD), the Group's employees, social and community issues (on pages 36 to 55)). Information about the Company's business relationships and how the Directors engage with suppliers, customers and other stakeholders and complied with their duty under section 172(1) of the Companies Act 2026 are set out in the section 172(1) statement on pages 56 to 63).

This Directors' Report and the diversity data in the Nomination Committee Report should be read in conjunction with the Strategic Report, which also contains details of the principal activities of the Group during the year. When taken together, the Strategic Report and this Directors' Report constitute the management report for the purposes of DTR 4.1.8 R.

No disclosures in respect of research and development or overseas branches of the Company are made as these are not applicable to the Company.

### **Results and dividends**

The consolidated profit for the Group for the year after taxation was £31.2 million (FY25: £47.8 million). The results are discussed in greater detail in the CFO's Report on pages 64 to 71.

The Directors propose a final dividend of 3.7 pence per share in respect of the period ended 31 January 2026, to be paid on 3 July 2026 to shareholders on the register on the record date of 29 May 2026, subject to shareholder approval at the AGM to be held on 25 June 2026 (FY25 final dividend: 3.6 pence). An interim dividend of 1.3 pence was paid on 12 December 2025 to members on the register on 7 November 2025 in respect of the period ended 31 January 2026 (FY25: 1.2 pence).

### **Post-year-end events**

There have been no significant post-year-end events. As assessed in note 1 we consider that the current conflict in the Middle East represents a non-adjusting post-year-end event.

### **Share capital, shareholders and restrictions on transfers of shares**

The Company has only one class of shares: ordinary shares of 1 pence each. During FY26, the Company appointed UBS AG London Branch, to effect market purchases of the Company's shares, such shares to be held in treasury and applied to satisfy employee share awards. In aggregate, 5,795,654 shares were purchased into treasury (comprising 1.64% of the issued share capital as at 31 January 2026) for an aggregate purchase price of £5 million. The Company sold 28,730 of these shares from treasury during FY26, for a total consideration of £14,037 by way of satisfaction of awards under the Company's Save As You Earn plan.

Further details of the Company's share capital, including changes in the issued share capital in the year under review, are set out in note 19 to the Financial Statements which form part of this report on pages 162 to 163. Since the end of the FY26 financial year, to 27 April 2026 (being the latest practicable date prior to publication of this report), the Company transferred 48,923 shares from treasury to satisfy Restricted Share awards granted and vesting under the Company's LTIP scheme. Save for this transfer, no additional shares have been issued or transferred or sold from treasury between the end of the financial year under review and the date of approval of this Report. The total issued share capital of the Company as at 27 April 2026 (being the latest practical date before publication of this report) is 351,595,922.

In aggregate, 5,717,911 shares were held in treasury on 27 April 2026, consequently the total voting right as at 27 April 2026 was 345,878,011.

Details of awards outstanding under share-based incentive schemes are given in note 25 to the Financial Statements which form part of this report on pages 168 to 169. Details of the share-based incentive schemes in place are provided in the Directors' Remuneration Report on page 102. Awards granted under the share-based incentive schemes are to be satisfied on vesting or exercise by the transfer or sale of shares held in treasury.

The rights and obligations attaching to the ordinary share capital of the Company are contained within the Company's Articles of Association ('Articles'), which were adopted on 28 July 2021. The Articles are accessible from Companies House and the cardfactoryinvestors.com website (See Reports & Presentations/2021).

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements) and requirements of the Listing Rules whereby Directors and certain employees of the Company require approval of the Company in order to deal in the Company's shares.

### Shareholder and voting rights

All members who hold ordinary shares are entitled to attend and vote at the Annual General Meeting (AGM). On a show of hands at a general meeting, every member present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every ordinary share held subject to proxy votes being received by the registrar at least 48 hours before the scheduled start of the meeting. No shareholder holds ordinary shares carrying special rights relating to the control of the Company.

### Substantial shareholders

At each of 31 January 2026 (financial year-end) and 27 April 2026 (latest practicable date on publication of this report) the following had notified the Company on form TR1 of a disclosable interest of 3% or more of the total voting rights attaching to the Company's ordinary shares:

Shareholder	No. of ordinary shares held on 31 January 2026 (and percentage holding, if different)	No. of ordinary shares held on 27 April 2026	Percentage of total voting rights
Aberforth Partners LLP	22,753,964 (6.58%)	34,836,846	10.07%
BBFIT Investments Pte Ltd	28,347,748	28,347,748	8.20%
Artemis Investment Management LLP	21,321,856	21,321,856	6.17%
JP Morgan Asset Management	18,650,368	18,650,368	5.39%
Majedie Asset Management Limited	16,819,832	16,819,832	4.86%
The Wellcome Trust	14,187,012 (4.10%)	17,365,503	5.02%
Jupiter Asset Management	10,950,000	10,950,000	3.17%

### Change of control

There are no agreements between the Company and its Directors or employees providing for additional compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs because of a takeover bid. The only significant agreement to which the Company is a party that takes effect, alters or terminates upon a change of control of the Company following a takeover bid, and the effect thereof, is the Company's committed bank facilities dated 26 April 2024, which contain a provision such that, in the event of a change of control, the facilities may be cancelled and all outstanding amounts, together with accrued interest, will become repayable on the date falling 30 days following written notice being given by the lenders that the facility has been cancelled.

### Transactions with related parties

The only material transactions with related parties during the year were those transactions detailed in note 28 on page 169 of the Annual Report & Accounts.

### Directors

The Directors of the Company and their biographies are set out on pages 82 and 83. There were no changes to the Board during the period. Details of how Directors are appointed and/or removed are set out in the Corporate Governance Report on page 88.

### Powers of Directors and authority to purchase own shares

Specific powers of the Directors in relation to shares and the Company's Articles of Association are referred to in the Corporate Governance Report on page 88.

As at 31 January 2026, the Directors had shareholder authority, granted at the AGM in 2025, to effect a purchase by the Company of up to 34,802,749 of its own shares. The Company utilised part of this authority to purchase 5,795,564 shares between 30 October 2025 and 19 December 2025, such shares being held in treasury to be used to satisfy awards under employee share plans. Consequently, as at 31 January 2026, the Directors had a remaining authority to purchase up to 29,007,185 shares.

The authority to purchase own shares is proposed to be renewed at the AGM to be held in 2026.

### Directors' indemnities and insurance

Information relating to Directors' indemnities and the Directors' and Officers' liability insurance that the Company has purchased is set out in the Corporate Governance Report on page 88.

### Employees

Information relating to employees of the Group, including the colleague listening group and employee forums, which facilitate understanding colleague views in decision making, is set out on pages 60, 61 and 87. Share incentive schemes in which employees participate are described in the Directors' Remuneration Report on page 102 and in note 25 to the Financial Statements on pages 168 to 169. The Directors reaffirm cardfactory's commitment to diversity, equality and inclusion, recognising this as fundamental to an effective culture aligned to our purpose, values and long-term sustainable success.

We are committed to maintaining a working environment that promotes fairness, dignity and respect, and is free from bullying, harassment, victimisation and discrimination. The Group has a comprehensive range of people policies, designed to support these aims, to support these open, fair and merit-based employment practices, under a transparent framework that supports compliance with legal and regulatory requirements. Some key policies address family leave, grievance, equal opportunities and disciplinary procedures, alongside associated colleague and manager training.

Cardfactory's commitment to diversity includes the employment of disabled persons. Full and fair consideration is given to applications from disabled persons and support is available for colleagues who have become disabled during their employment. Our approach is non-discriminatory and proactive. At any point during the colleague lifecycle from recruitment through job changes or promotions and with training and development opportunities we will support disabled colleagues by making adjustments to accommodate their requirements and would seek professional occupational health advice when required. We have a broad offering of wellbeing support including an employee assistance programme and a mental health first aiders network. We encourage any colleague with a disability to talk to their manager or to get support from the people team to ensure that they can successfully balance a health condition with work. Getting a job at cardfactory and access to training and career development is based on merit and we would not consider any protected characteristic as a barrier to recruitment or progression.

**Political donations**

The Group has not made any political donations in the past and does not intend to make any in the future.

**Treasury and risk management and financial instruments**

The Group's approach to treasury and financial risk management is explained in note 23 to the accounts on pages 165 to 167. These risks are managed in accordance with the risk management framework described on pages 72 to 73, which includes a list of the principal risks and uncertainties that affect or are likely to affect the Group. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are described in the CFO's review on pages 64 to 71.

**Tax**

The Group pays corporation tax on its operations in the jurisdiction in which those operations are domiciled for tax purposes. The majority of corporation tax is paid in the United Kingdom. The Group does not operate in any tax havens or use any tax avoidance schemes. A copy of the Group's tax strategy is available on cardfactory's investor website (cardfactoryinvestors.com).

**Disclosures required under Listing Rule 6.6.1 R**

In accordance with Listing Rule 6.6.4 R, the only applicable information required to be disclosed in the Annual Report by Listing Rule 6.6.1 R is set out below. There are no disclosures in respect of each other provision required by Listing Rule 6.6.1 R:

Disclosure	Cross reference
Details of any long-term incentive schemes required by Listing Rule 9.3.3 R. R3	Page 102
Details of cash allotments of shares by Card Factory plc or any major subsidiary undertaking, during FY26. R6 R7	See note 7 to the notes to the Parent Company Financial Statements on page 176

**Disclosure required under Disclosure Guidance and Transparency Rule 7 (Corporate Governance)**

The Corporate Governance Report on pages 84 to 89 contains disclosures required under Disclosure Guidance and Transparency Rules 7.2.2, to 7.2.7, which form part of this Directors' Report.

**Greenhouse gas emissions and reporting aligned with TCFD recommendations and recommended disclosures**

The TCFD Report on pages 44 to 55 sets out the greenhouse gas emissions disclosures on page 54.

For the purpose of Listing Rule 6.6.6(8) R, the Company has included climate-related disclosures consistent with the TCFD recommendations and recommended disclosures (dated June 2017) as updated by the Task Force's 2021 Annex, on pages 44 to 55 of this Annual Report. The Company's compliance statement in respect of TCFD reporting is set out on page 44.

The Company continues to enhance the completeness and quality of its climate-related financial disclosures. While the majority of TCFD recommendations have been met, the recommended disclosure in respect of Scope 3 greenhouse gas emissions has not yet been fully met as full Scope 3 greenhouse gas emissions are not yet included, nor is any emission data for Funky Pigeon (acquired in August 2025). Work is underway to integrate emissions data from Funky Pigeon and to complete the associated re-baselining exercise during FY26, with expanded Scope 3 disclosures expected to be included in the next Annual Report & Accounts.

The greenhouse gas emissions reported in this Annual Report are aligned with the requirements of the Streamlined Energy and Carbon Reporting (SECR) framework.

### Going concern

The Board continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. More information in respect of going concern, including the factors considered in reaching this conclusion and the assessment undertaken, is provided in note 1 to the Consolidated Financial Statements on pages 144 to 145.

### Longer-term viability

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a period longer than that required in respect of going concern. The assessment has been made taking into account the Group's current position, business plan, and the principal risks and uncertainties described in the Strategic Report on pages 73 to 77.

In making this statement, the Board has carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

### Viability period

The Directors have determined that the five years to 31 January 2031 is an appropriate period over which to provide its viability statement, being the timeframe used by the Board in its strategic planning process and consistent with the Group's investment cycles. The Group's financing facilities expire within the five-year-window and would likely require extension or renewal in order for the Group to operate within the parameters of its current capital allocation policy for the duration of this period. The Board currently has no reason to believe that the Group's existing facilities would not be extended, renewed or replaced at on-market terms at the relevant time.

It is expected that mitigating actions would be available to the Group, such as amending capital investment plans or prioritising free cash generation and retention, if this assumption turned out to be incorrect.

### Board assessment

The Board has reviewed the Group's detailed five-year strategic plan (the 'Plan'), including an assessment of the key operational and financial assumptions, and considered downside scenarios and stress testing. The Plan was updated to reflect the positive trading performance in FY26 which, despite the downturn in UK Stores performance, remained significantly profitable and cash generative. The Plan assumes a conservative model of sales growth across the five-year horizon, and reflects delivery of key strategic projects to support growth in digital and wholesale partnerships. In addition, the Plan includes expected cost headwinds arising, in particular, from wage inflation, higher national insurance contributions, changes in market prices that may become applicable at the end of the Group's existing hedging arrangements, and the impact of potential future price increases on freight and utilities. The Plan indicates that the Group will remain profitable, cash generative and demonstrated that the Group would have headroom and comply with covenants equivalent to those set out in our current banking facilities.

In assessing viability, the Board has considered a variety of downside scenarios arising from the Group's principal risks and uncertainties (see pages 74 to 77). These downside risks included severe, but plausible, scenarios with the ability to reduce the Group's sales, profitability and cash flow over sustained periods for a period greater than six months. Reverse stress test scenarios were also considered for the extent to which such a scenario would need to persist or extend in order to result in a breach of our covenants or liquidity position.

In reviewing this scenario analysis, the Board noted that, despite a deterioration in trading performance in FY26, the level of headroom available was higher than in the previous year, in substantial part due to the extension of the Group's revolving credit facility to £160 million during the year, to assist with the funding of the acquisition of Funky Pigeon.

While these reviews do not consider all the possible scenarios that the Group might face, the Directors consider that this assessment of the Group's prospects is reasonable in light of the particular uncertainties facing the Group at this time. In particular, the Directors noted that, in all of the scenarios considered, a reasonable degree of further mitigating actions would be available to the Group to mitigate the effects of downside risks. Such mitigating actions could include further curtailing of discretionary operating and capital expenditure or postponement or cancellation of dividend payments.

The Directors consider that the scenarios assessed were sufficient to cover a range of reasonably foreseeable outcomes as a result of current macro-economic and geopolitical volatility, which has accompanied military interventions in the Middle East since the balance sheet date. While outcomes are uncertain and depend upon the duration and severity of the ongoing situation, the Directors are confident that the Group is well placed to navigate the current environment.

In addition, the Board noted that the Group has further, uncommitted facilities available within its existing financing arrangements and, while the availability of such facilities is subject to lender approval, based on recent interactions with its current lending syndicate, has no reason to believe that those facilities would not be made available to the Group if requested. In all cases, considering the extent of mitigating actions potentially available to the Group and the availability of potential further funding if required, the review concluded that the extent of scenario required to result in a breach was of such severity such that the scenario was not considered reasonably plausible.

While there continue to be inherent risks and uncertainties in the Group's wider operating environment, the Board is confident that the Group continues to have access to sufficient liquidity to meet its liabilities as they fall due and manage reasonably foreseeable downside scenarios if they should arise. This assessment is based upon the Group's current financial position and the headroom in the Group's financing facilities.

Accordingly, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due in the period to 31 January 2031.

Assumption	Assumption limitations
<p><b>Available funding</b></p> <p>The strategic plan was developed assuming that the covenants and headroom under the current facilities available in the current financing package were consistent throughout the five years.</p>	<p>The key limitation in respect of financing relates to the ability of the Group to meet its covenant requirements in order to continue to access available facilities. The Board is satisfied that, under the current facilities, the Group should have sufficient headroom to meet covenant requirements across the viability period, including in downside scenarios. Assuming all surplus free cash is retained, liquidity and covenant headroom is at its tightest during the first 12-18 months of the plan, with cash inflows across the five-year term gradually increasing headroom over time.</p>
<p><b>Capital investment</b></p> <p>The Group's capital investment plans remain focused on supporting key strategic initiatives to deliver the Plan. Recent capital investment has been at the lower end of the Group's guidance of £20-25 million per annum. We expect higher investment in FY27 as we expand our manufacturing capabilities and deliver the target future operating model for our Digital business. Beyond FY27, investment is expected to remain within the guidance range through the remainder of the plan.</p>	<p>Capital investment is entirely within the control of the Board. Reducing capital expenditure, if required, reflects a key mitigation in severe downside scenarios.</p>
<p><b>Strategic initiatives</b></p> <p>The Plan reflects the Group's strategic initiatives and assumes gradual revenue growth across the five-year term.</p>	<p>The Board undertakes a full review of principal risks, uncertainties and downside scenarios taking into account the impact of the Group's ability to deliver its strategy are reviewed.</p>
<p><b>Distributions to shareholders</b></p> <p>The Board has assessed cash flow forecasts, the availability of financing and the Group's plans to return surplus cash to shareholders in its strategic plan. The Plan incorporates the recently approved final dividend in respect of FY26, and reflects our expectation to pay a sustainable, progressive dividend annually thereafter.</p>	<p>Capital management is entirely within the control of the Board and accordingly there are no limitations to these assumptions. The Group's Capital Allocation Policy requires that the Board balances investment and returns against protecting the balance sheet.</p>

**Disclosure of information and appointment of auditors**

So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps which they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act. On behalf of the Board, the Audit & Risk Committee has reviewed the effectiveness, performance, independence and objectivity of the existing external auditor, Forvis Mazars LLP, for the year ended 31 January 2026 and concluded that the external auditor was in all respects effective, as explained on page 94. The Company first appointed Forvis Mazars LLP on June 2023 as its auditor following a competitive tender undertaken in 2022 resulting in Forvis Mazars LLP first audit being the audit of the accounts for the 12 months to 31 January 2024. Forvis Mazars LLP has expressed its willingness to be re-appointed as auditor. Accordingly, and in accordance with Section 489 of the Companies Act, resolutions to re-appoint Forvis Mazars LLP as auditor and to authorise the Directors to determine its remuneration will be proposed at the forthcoming AGM of the Company.

**Information regarding forward-looking statements**

The reports and Financial Statements contained in this Annual Report & Accounts contain 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 and forecasts. Nothing in this Annual Report & Accounts should be construed as a profit forecast.

**AGM**

The AGM of the Company will be held at 11.00am on 25 June 2026 at the Company's registered office at Century House, Brunel Road, Wakefield 41 Industrial Estate, Wakefield WF2 0XG. A formal notice of meeting, explanatory circular and a form of proxy will accompany this Annual Report & Accounts. Shareholders are encouraged to submit their questions in advance and to submit their votes by proxy in accordance with the instructions in the enclosed documents.

**Approval of the Annual Report**

The Strategic Report, the Corporate Governance Report and this Directors' Report were approved by the Board on 27 April 2026.

**Ciaran Stone**  
**Company Secretary**  
 28 April 2026

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company Financial Statements on the same basis.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rules 4.1.15 R to 4.1.18 R the Financial Statements will form part of the annual financial report prepared using the single electronic reporting format. The auditor's report on these Financial Statements provides no assurance over the ESEF format.

### **Responsibility statement of the Directors in respect of the Annual Report & Accounts**

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

**Darcy Willson-Rymer**  
Chief Executive Officer  
28 April 2026

**Matthias Seeger**  
Chief Financial Officer  
28 April 2026

# ***Financial Statements***

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARD FACTORY PLC

## Opinion

We have audited the financial statements of Card Factory plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2026 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated cash flow statement, Parent company statement of financial position, Parent company statement of changes in equity, Parent company cash flow statement and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2026 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the group's and the parent company's future financial performance
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, as described in note 1, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. This included assessing the viability of mitigating actions within the directors' control;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Assessing the historical accuracy of forecasts prepared by the directors;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARD FACTORY PLC CONTINUED

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to Card Factory plc's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

#### Key audit matter

#### **Store inventory completeness and existence**

Refer to page 148 (accounting policy), and page 159 financial disclosures.

We have identified a significant risk over the existence of store inventory due to the level of manual processing involved to determine the inventory quantities held at the year-end.

Stores do not have a full stock loop process and store inventory quantities held at the year-end are determined by year-end physical counts which rely on manual count procedures. The high volume and large range of inventory inherently increases the likelihood of error.

Based on our assessment of the inherent risk and the audit effort that was required to obtain sufficient and appropriate evidence over the balance at the year-end, we have determined store inventory completeness and existence to be a Key Audit Matter.

#### How our scope addressed this matter

Our audit procedures included but were not limited to:

- Testing the design and implementation, and operating effectiveness of key controls related to this business process, including testing of the data inputs into the controls.
- Attending a sample of physical inventory count, observing management's count procedures and performing independent test counts, and rolling back to management's count date where needed using sales data which we have tested back to supporting information.
- Where management counts were performed on a date other than the year-end, testing management's reconciliation of their count results to the year-end quantities by recalculating the mathematical accuracy of this analysis and performing analytical procedures over the value of stock movements.
- Performing analytical procedures over stores we did not attend, and any seasonal balances not tested to identify any risk of material misstatements that may exist in the untested population.
- Performing risk assessment procedures to identify unusual movements and trends in inventory values.

#### **Our observations**

The results of our procedures were satisfactory.

Control recommendations relevant to store inventory counts were communicated to the Audit and Risk Committee.

Key audit matter	How our scope addressed this matter	Key audit matter	How our scope addressed this matter
<p><b>Inventory valuation</b> Refer to page 142 (key sources of estimation uncertainty, page 148 (accounting policy), and page 159 financial disclosures.</p> <p>The Group has significant levels of inventory and management exercise judgement to estimate the value of stock that is considered slow moving or discontinued, and the required provision per the requirements of IAS 2 – Inventories. We have identified a risk of fraud relating to inventory valuation estimates.</p> <p>The determination of the Net Realisable Value (NRV) of inventory has a high degree of estimation uncertainty and there is an increased risk of fraud and error due to the manual nature of the process.</p> <p>Based on these factors we have determined this is a Key Audit Matter.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the Group's inventory provisioning policies based on our understanding of the business.</li> <li>Testing the design and implementation of key controls related to inventory valuation.</li> <li>Comparing sales data in the period to the stock quantities recorded at year-end to assess whether slow moving stock lines, and discontinued inventories, were appropriately considered in the provisioning methodology.</li> <li>Challenging management on stock write off and destruction rates to verify that stock was sold below net realisable value or destroyed.</li> <li>Challenging management on the appropriateness of the sell-through provisioning methodology in the context of wider stock destruction plans, and considering if sell-through informed the most appropriate estimate in these circumstances.</li> <li>Re-calculating provision rates applied to each stock line using historical sell-through data.</li> <li>Challenging management on the extent to which historical sales are representative of future sale expectations, comparing this to qualitative assessments of future stock retention and sale strategy.</li> <li>Inspecting a sample of stock lines in each category to validate that the determination of category was appropriate.</li> <li>Performing sensitivity analysis to determine the impact of alternative assumptions on inventory valuation.</li> </ul> <p><b>Our observations</b> The results of our procedures were satisfactory.</p> <p>Control recommendations relevant to inventory provisioning were communicated to the Audit and Risk Committee.</p>	<p><b>Recoverability of parent company's investment in subsidiary</b> Refer to page 171 (accounting policy), and page 172 financial disclosures.</p> <p>The parent company holds a material investment in subsidiaries of £316.2m at 31 January 2026.</p> <p>There is a risk of error relating to the identification of impairment triggers, and the judgement required when assessing for impairment. There is a risk of material misstatement of asset values if management's assessment does not accurately consider potential triggers.</p> <p>We have identified recoverability of parent company's investment in subsidiaries as a Key Audit Matter. This is based on the quantum of this balance relative to the parent company Statement of financial position (99% of total assets).</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Testing the design and implementation of key controls related to this business process.</li> <li>Inspecting and challenging management's impairment trigger assessment including but not limited to the following procedures: <ul style="list-style-type: none"> <li>Inspecting of the carrying value with specific reference to market capitalisation.</li> <li>Considering other internal and external triggers per IAS 36 Impairment of Assets.</li> </ul> </li> <li>Inspecting and performing our own independent recalculation of the impairment model.</li> <li>Considering the results of our stress tests on Goodwill impairment reviews on the recoverability of the investment.</li> <li>Engaging our internal Valuations experts to opine on the appropriateness of the discount rates used in the impairment review.</li> </ul> <p><b>Our observations</b> The results of our procedures were satisfactory with no matters to report to the Audit and Risk Committee.</p>

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARD FACTORY PLC CONTINUED

### **Our application of materiality and an overview of the scope of our audit**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

#### **Group materiality**

<b>Overall materiality</b>	£2.2m
<b>How we determined it</b>	5% of Profit Before Tax.
<b>Rationale for benchmark applied</b>	Profit Before Tax is the primary benchmark for Public Interest Entities. The entity is profit orientated and we have determined that Profit Before Tax is of principal interest to the users of the financial statements.
<b>Performance materiality</b>	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.  We set performance materiality at £1.4m, which represents 63% of overall materiality. In determining performance materiality, we considered the history of misstatements detected in previous periods and the effectiveness of the control environment.
<b>Reporting threshold</b>	We agreed with the directors that we would report to them misstatements identified during our audit above £0.1m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### **Parent company materiality**

<b>Overall materiality</b>	£1.5m
<b>How we determined it</b>	0.5% of total assets (capped at component allocated materiality).
<b>Rationale for benchmark applied</b>	Card Factory Plc is a holding entity, and therefore not profit or revenue focused. Total assets is deemed to be the most appropriate benchmark for the users of the financial statements. We have selected 0.5% of Total Assets which is capped at component materiality.
<b>Performance materiality</b>	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.  We set performance materiality at £0.55m. This is capped at component allocated materiality.
<b>Reporting threshold</b>	We agreed with the directors that we would report to them misstatements identified during our audit above £0.1m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, 6 components, including the parent company were subject to full scope audit performed by the group audit team, 2 components were subject to the audit of one or more balances and/or class of transactions by an overseas component auditor within Forvis Mazars.

The 2 components not scoped in for full audits were not individually financially significant enough to require a full scope audit for group purposes, but the group audit risk assessment identified specific material balances and/or disclosures to be addressed to account for aggregation risk in the residual population of the audited balances.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

We set out below a summary of the group approach to demonstrate the coverage of group revenue, profit before tax, and total assets resulting from auditing the components including the parent company.

	Revenue	Profit before tax	Total assets
Full scope audit	96%	97%	97%
Audit procedures over one or more account balances and/or disclosures	3%	3%	3%

Out of scope entities contribute in aggregate, less than 1% of all applicable benchmarks.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

- strategic report or the directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARD FACTORY PLC CONTINUED

### **Corporate governance statement**

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Card Factory plc's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 127;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate, set out on page 127;
- Directors' statement on fair, balanced and understandable, set out on page 129;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 127;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on pages 88 to 89; and
- The section describing the work of the audit committee, set out on pages 94 to 95.

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 129, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and data protection.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the estimate of stock lines that may require writing down to net realisable value, revenue recognition (which we pinpointed to the occurrence of manual journal entries), and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;
- Seeking disconfirming evidence by obtaining external records to assess management assumptions.
- Incorporating an element of unpredictability in the selection of the nature, timing, and extent of audit procedures performed.
- Including the use of data analytics to identify outliers in testing performed.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Other matters which we are required to address**

Following the recommendation of the Audit and Risk Committee, we were appointed by the Audit and Risk Committee on 3 May 2023 to audit the financial statements for the year ending 31 January 2024 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ending 31 January 2024 to 31 January 2026.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with our additional report to the Audit and Risk Committee.

### **Use of the audit report**

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

**Charlene Lancaster (Senior Statutory Auditor)**  
**for and on behalf of Forvis Mazars LLP**  
**Chartered Accountants and Statutory Auditor**  
 One St Peter's Square  
 Manchester M2 3DE

28 April 2026

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 January 2026

	Note	2026 £m	2025 £m
<b>Revenue</b>	2	<b>582.7</b>	542.5
Cost of sales		<b>(394.0)</b>	(348.7)
<b>Gross profit</b>		<b>188.7</b>	193.8
Operating expenses	3	<b>(129.3)</b>	(114.5)
<b>Operating profit</b>	3	<b>59.4</b>	79.3
Finance income	6	<b>0.3</b>	0.2
Finance expense	6	<b>(15.8)</b>	(15.4)
<b>Profit before tax</b>		<b>43.9</b>	64.1
Taxation	7	<b>(12.7)</b>	(16.3)
<b>Profit for the year</b>		<b>31.2</b>	47.8
<b>Earnings per share</b>		<b>Pence</b>	Pence
– Basic	9	<b>9.0</b>	13.8
– Diluted	9	<b>8.9</b>	13.7

All activities relate to continuing operations.

Management assess the underlying performance of the Group based on the Adjusted Profit Before Tax of £56.0 million in FY26 (FY25: £66.0 million). After tax, this gives Adjusted Earnings Per Share of 11.8 pence (FY25: 14.3 pence). See the glossary on pages 178 to 181, which provide detailed reconciliations for all Alternative Performance Measures.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 January 2026

	Note	2026 £m	2025 £m
<b>Profit for the year</b>		<b>31.2</b>	47.8
Items that may be recycled subsequently into profit or loss:			
Exchange differences on translation of foreign operations		<b>(0.3)</b>	(0.2)
Cash flow hedges – changes in fair value	24	<b>(5.9)</b>	1.4
Cost of hedging reserve – changes in fair value	24	<b>(0.7)</b>	(0.1)
Tax relating to components of other comprehensive income	13	<b>1.7</b>	(0.4)
<b>Other comprehensive income for the period, net of income tax</b>		<b>(5.2)</b>	0.7
<b>Total comprehensive income for the period attributable to equity shareholders of the parent</b>		<b>26.0</b>	48.5

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2026

	Note	2026 £m	2025 £m		Note	2026 £m	2025 £m
<b>Non-current assets</b>				<b>Non-current liabilities</b>			
Intangible assets	10	388.8	356.5	Borrowings	17	(83.8)	(73.9)
Property, plant and equipment	11	51.6	48.7	Lease liabilities	12	(90.4)	(88.7)
Right-of-use assets	12	114.8	110.2	Deferred tax liabilities		(9.9)	(1.4)
Deferred tax assets	13	0.9	0.6	Provisions	22	(2.5)	-
Derivative financial instruments	24	0.7	0.9	Derivative financial instruments	24	(3.4)	(0.4)
		556.8	516.9			(190.0)	(164.4)
<b>Current assets</b>				<b>Total liabilities</b>			
Inventories	14	58.9	61.1			(306.4)	(268.7)
Trade and other receivables	15	20.8	17.0	<b>Net assets</b>			
Tax receivable		4.6	1.7			354.5	346.9
Derivative financial instruments	24	1.0	2.4	<b>Equity</b>			
Cash at bank and in hand	16	18.8	16.5	Share capital	19	3.5	3.5
		104.1	98.7	Share premium	19	203.8	203.2
<b>Total assets</b>				Treasury shares	19	(5.0)	-
		660.9	615.6	Hedging reserve		(1.8)	1.0
<b>Current liabilities</b>				Cost of hedging reserve		(0.6)	(0.1)
Borrowings	17	(1.5)	(0.1)	Reverse acquisition reserve		(0.5)	(0.5)
Lease liabilities	12	(32.8)	(21.7)	Merger reserve		2.7	2.7
Trade and other payables	18	(73.9)	(76.8)	Translation reserve		(0.8)	(0.6)
Provisions	22	(3.3)	(5.4)	Retained earnings		153.2	137.7
Derivative financial instruments	24	(4.9)	(0.3)	<b>Equity attributable to equity holders of the parent</b>			
		(116.4)	(104.3)			354.5	346.9

The Financial Statements on pages 138 to 170 were approved by the Board of Directors on 27 April 2026 and were signed on its behalf by

**Matthias Seeger**  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2026

	Share capital £m	Share premium £m	Treasury share reserve £m	Hedging reserve £m	Cost of hedging reserve £m	Reverse acquisition reserve £m	Merger reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
<b>At 31 January 2024</b>	3.5	202.7	-	(0.6)	-	(0.5)	2.7	(0.4)	108.4	315.8
<b>Total comprehensive income for the period</b>										
Profit or loss	-	-	-	-	-	-	-	-	47.8	47.8
Other comprehensive income	-	-	-	1.4	(0.1)	-	-	(0.2)	(0.4)	0.7
	-	-	-	1.4	(0.1)	-	-	(0.2)	47.4	48.5
Hedging gains/(losses) and costs of hedging transferred to the cost of inventory	-	-	-	0.2	-	-	-	-	-	0.2
Deferred tax related to share-based payments	-	-	-	-	-	-	-	-	(0.1)	(0.1)
<b>Transactions with owners, recorded directly in equity</b>										
Shares issued (note 19)	-	0.5	-	-	-	-	-	-	-	0.5
Share-based payment charges (note 25)	-	-	-	-	-	-	-	-	2.3	2.3
Dividends (note 8)	-	-	-	-	-	-	-	-	(20.3)	(20.3)
<b>Total contributions by and distributions to owners</b>	-	0.5	-	-	-	-	-	-	(18.0)	(17.5)
<b>At 31 January 2025</b>	<b>3.5</b>	<b>203.2</b>	<b>-</b>	<b>1.0</b>	<b>(0.1)</b>	<b>(0.5)</b>	<b>2.7</b>	<b>(0.6)</b>	<b>137.7</b>	<b>346.9</b>
<b>Total comprehensive income for the period</b>										
Profit or loss	-	-	-	-	-	-	-	-	31.2	31.2
Other comprehensive income	-	-	-	(4.2)	(0.5)	-	-	(0.2)	(0.3)	(5.2)
	-	-	-	(4.2)	(0.5)	-	-	(0.2)	30.9	26.0
Hedging gains/(losses) and costs of hedging transferred to the cost of inventory	-	-	-	1.9	-	-	-	-	-	1.9
Deferred tax on transfers to inventory	-	-	-	(0.5)	-	-	-	-	-	(0.5)
Deferred tax related to share-based payments	-	-	-	-	-	-	-	-	(0.1)	(0.1)
<b>Transactions with owners, recorded directly in equity</b>										
Shares issued (note 19)	-	0.6	-	-	-	-	-	-	-	0.6
Treasury shares purchased (note 19)	-	-	(5.0)	-	-	-	-	-	-	(5.0)
Share-based payment charges (note 25)	-	-	-	-	-	-	-	-	2.2	2.2
Dividends (note 8) <sup>1</sup>	-	-	-	-	-	-	-	-	(17.5)	(17.5)
<b>Total contributions by and distributions to owners</b>	-	0.6	(5.0)	-	-	-	-	-	(15.3)	(19.7)
<b>At 31 January 2026</b>	<b>3.5</b>	<b>203.8</b>	<b>(5.0)</b>	<b>(1.8)</b>	<b>(0.6)</b>	<b>(0.5)</b>	<b>2.7</b>	<b>(0.8)</b>	<b>153.2</b>	<b>354.5</b>

1. Dividends include £0.3 million of dividend equivalents payable on employee share awards.

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 January 2026

	Note	2026 £m	2025 £m
<b>Cash from operations</b>	20	<b>122.3</b>	105.6
Corporation tax paid		<b>(12.0)</b>	(16.7)
<b>Net cash inflow from operating activities</b>		<b>110.3</b>	88.9
<b>Cash flows from investing activities</b>			
Interest received on bank deposits		<b>0.3</b>	0.2
Purchase of property, plant and equipment	11	<b>(11.7)</b>	(11.4)
Purchase of intangible assets	10	<b>(7.7)</b>	(7.0)
Acquisition of subsidiaries net of cash acquired	29	<b>(25.7)</b>	(22.5)
Proceeds from disposal of fixed assets		-	0.2
<b>Net cash outflow from investing activities</b>		<b>(44.8)</b>	(40.5)
<b>Cash flows from financing activities</b>			
Interest paid on bank borrowings	6	<b>(6.5)</b>	(6.4)
Proceeds from bank borrowings	21	<b>238.0</b>	258.5
Repayment of bank borrowings	21	<b>(228.2)</b>	(228.5)
Other financing costs paid	6	<b>(0.2)</b>	(1.6)
Shares issued under employee share schemes	25	<b>0.6</b>	0.5
Treasury shares purchased	19	<b>(5.0)</b>	-
Payment of lease liabilities	21	<b>(37.0)</b>	(37.6)
Interest paid in respect of lease liabilities	21	<b>(8.7)</b>	(8.0)
Dividends paid		<b>(17.2)</b>	(19.8)
<b>Net cash outflow from financing activities</b>		<b>(64.2)</b>	(42.9)
<b>Impact of changes in foreign exchange rates</b>		<b>(0.4)</b>	(0.1)
Net increase/(decrease) in cash and cash equivalents		<b>0.9</b>	5.4
Cash and cash equivalents at the beginning of the year		<b>16.5</b>	11.1
<b>Closing cash and cash equivalents</b>	16	<b>17.4</b>	16.5

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting policies

#### 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, Wakefield 41 Industrial Estate, Wakefield WF2 0XG.

These consolidated Financial Statements consolidate the Financial Statements of the Company and its subsidiaries (together referred to as the 'Group'). A full list of the Group's subsidiaries is provided in note 4 to the Parent Company Financial Statements.

The principal activities of the Group and the nature of the Group's operations are as a vertically integrated, omnichannel retailer and wholesaler of cards, gifts and celebration essentials.

These Financial Statements are presented in Sterling, which is also the Company's functional currency, and are rounded to the nearest £0.1 million. Foreign operations are included in accordance with the policies set out within this note.

Throughout these Financial Statements, references to 'FY26' or columns headed '2026' refer to the financial year ended 31 January 2026, and references to 'FY25' refer to the financial year ended 31 January 2025.

#### Basis of preparation

These Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards (UK IFRS), applicable law and with the requirements of the Companies Act 2006.

The Financial Statements have been prepared on a going concern basis. In adopting the going concern basis, the Board has considered the financial position of the Group, its cash flows, liquidity position and borrowing facilities as set out in more detail below.

The Financial Statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair value, including derivative financial instruments and assets and liabilities valued as part of acquisition accounting under IFRS 3 (see note 29).

#### Accounting judgements and estimates

The preparation of financial statements in conformity with UK IFRS requires judgement to be applied in forming and applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Actual results may subsequently differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively in the period in which the estimate is revised.

Judgements are also reviewed on an ongoing basis to ensure they remain appropriate. The Group does not consider there to be any key judgements made in the current period that have had a significant material effect on the amounts recognised in the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 1 Accounting policies *continued*

#### **Key sources of estimation uncertainty**

The key sources of estimation uncertainty, being those estimates and assumptions that carry the most significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next financial year, are set out below.

#### **Inventory provisioning**

The Group holds significant volumes, and a broad range of inventory across its stores, distribution centres and online fulfilment centres. The Group calculates an inventory provision to cover the risk that the net realisable value of inventory is lower than its cost. This provision is calculated in accordance with an established, documented policy, that is based on historical experience and the Group's inventory management strategy, which determines the range of products that will be available for sale in-store and online. Provisions are made against inventory that is no longer on the Group's merchandising plan, is expected to be removed from that plan in the near future, or where ranges do not perform as anticipated. The amounts provided are calculated by product line and are adjusted annually to reflect experience.

There were no changes to the Group's inventory provisioning policy in FY26. In accordance with that policy, the categorisation of inventory for provisioning purposes and the provision rate applied to each category were reviewed and, where appropriate, updated based on the latest available range plans, inventory holdings and sell-through data. These routine updates to reflect experience have contributed to the increase in the value of the provision compared to the prior year.

At the end of FY26, the total inventory provision was £10.6 million (FY25: £8.2 million). The increase in the value of the provision year-on-year generally reflects movements in our current merchandising plan compared with the prior year as the proportion of inventory considered as unranked or discontinued has increased leading to an increase in the overall provision rate. There is no material incremental impact on the inventory provision as a result of the acquisition of Funky Pigeon.

The full range of reasonably possible outcomes in respect of the provision is difficult to calculate at the balance sheet date as it is dependent on the accuracy of forecasts for sales volumes and future decisions we may take on aged, discontinued and potentially excess inventory in response to market and supply developments. The Group believes it has taken a balanced approach in calculating the provision. The provision applied is based on the application of sell-through rates in the previous financial year. If the rates applied were changed +/-5% this would cause a +/-£1.5 million movement in the overall value of the provision.

#### **Other sources of judgement and estimation uncertainty**

#### **Impairment testing**

An impairment review is conducted annually in respect of goodwill, and as required for other assets and cash-generating units (CGUs) where an indicator of potential impairment exists. The carrying amounts of the assets involved and the level of estimation uncertainty inherent in determining appropriate assumptions for the calculation of the assets' recoverable amounts means impairment reviews are an area of significant management focus.

However, whether that estimation uncertainty is significant to the Financial Statements is not known until the analysis is concluded. The Group generally considers the estimation uncertainty in impairment reviews to be significant if a reasonably possible change in the key assumptions would lead to a material change in the accounting outcome.

#### **Goodwill**

The carrying amount of goodwill in the consolidated balance sheet totals £329.9 million, of which £8.7 million is allocated entirely to the Garven CGU, £7.4 million is allocated entirely to the Funky Pigeon CGU and £313.8 million is allocated in its entirety to the group of CGUs, shared assets and functions that comprise the Group's stores business.

In FY26, the Group conducted an impairment review in respect of goodwill and noted no reasonably possible change in assumptions that would lead to an impairment charge being recognised against goodwill in any of the stores, Garven or Funky Pigeon CGUs. The methodology and assumptions used are described in more detail in note 10.

#### **Right-of-use assets and tangible assets**

The Group considers individual stores to be the smallest group of assets that generate independent cash inflows. The store portfolio is assessed for indicators of potential impairment, or impairment reversal on a store-by-store basis.

Where an indicator was identified as at 31 January 2026, the Group conducted a store-level impairment review covering the right-of-use assets and property, plant and equipment insofar as they are directly attributable to those stores.

The Group estimates the value in use each store assessed using future cash flows derived from the forecasts included in the Group's latest approved budget, plus an allocation of shared overheads based on a line-by-line analysis of those costs.

#### **Intangible assets**

Following the acquisition of Funky Pigeon in August 2025, the Group has reviewed the current and likely future operating model of its digital business. Following a period of transition and integration, it is expected that most of the existing intangible assets in the cardfactory online CGU will become obsolete during the FY27 fiscal year. As a result, an impairment charge of £3.2 million has been recognised during FY26, to write down these assets in full.

### **Approach and results**

The Group assessed the recoverable amount of these CGUs on a value-in-use basis, using consistent assumptions across all reviews where applicable, with estimates of future cash flows derived from forecasts included within the Group's approved budget adjusted to exclude cash flows from new stores and initiatives so as to assess the assets in their current state and condition. Where impairment reviews are prepared in respect of assets not yet ready for use, future development costs and revenues are not excluded so as to fairly reflect the value of the assets being developed and costs to complete. The assessment of future cash flows that underpin such impairment reviews inherently require the use of estimates, notably in respect of future revenues, operating costs including material, freight, wage and energy inflation, terminal growth rates, foreign currency exchange rates, and discount rates.

The results of the impairment tests are set out in note 10 (intangible assets) and note 12 (leases), which includes the key assumptions considered. The goodwill impairment tests in respect of the stores business, Garven and Funky Pigeon had significant headroom and accordingly, having undertaken scenario analysis on the key assumptions, the Group does not believe there are any reasonably possible changes in those key assumptions that would lead to an impairment charge.

Each of the impairment reviews performed includes an allocation of central overheads to the relevant CGU or, where a reasonable or consistent allocation of such overheads cannot be applied to a lower level, to a group of CGUs. The nature of the Group's operations, with centralised support resource for all business units and vertically integrated value chain, means allocation of central overheads to CGUs inherently involves judgement.

The Group recorded a net impairment charge of £1.4 million in respect of stores, which is comprised of £2.8 million of impairment charges and £1.4 million of impairment reversals. The reversals reflect those stores where an impairment charge made in a prior period has been reversed due to improved trading and outlook. The net impairment charge in the current year included a net charge to impairment on Right-of-use assets of £1.1 million and a net charge to PPE of £0.3 million.

Central overheads are allocated to individual stores on a pro-rata basis applying appropriate volumetric measures where it is considered the overhead is directly and necessarily incurred in generating the returns from that store. We have reviewed the way that we allocate central overheads in FY26 and updated the process to reflect the allocation of overheads that are applied to the Group of CGUs comprising the whole stores business as a portfolio, where the cost is indirectly attributable to running or supporting the store estate, but an allocation of those costs to individual stores cannot be made on a reasonable and consistent basis.

The Group considered a range of feasible alternative allocations of central overhead based on different scenarios and differing judgements regarding the allocation of specific cost items. This analysis indicated a potential range of impairment charges between £0.6 million and £2.7 million. The Group believes that the position adopted in the Financial Statements represents a balanced view of central overheads that are necessarily incurred and can be allocated to individual stores on a reasonable and consistent basis.

Having considered scenarios consistent with those reviewed in the goodwill impairment tests, the Group is satisfied that there are no other reasonable changes in key assumptions that would result in a material change in the impairment charge recorded for stores.

### **Identification and valuation of intangible assets arising on the acquisition of Funky Pigeon**

Under IFRS 3, Business Combinations, the identification of intangible assets acquired in a business combination requires a degree of judgement. This judgement involves determining whether identifiable intangible assets exist apart from goodwill and recognising them separately. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal criterion.

As a result of the acquisition of Funkypigeon.com Limited ('Funky Pigeon') on 14 August 2025, management consider that the intangible assets identified as part of the acquisition meet the separability criterion and although there is judgement involved in reaching this conclusion, we do not consider that a significant degree of judgement was required in making this determination. In making this judgement, we considered other possible intangible assets that could be recognised but concluded that either they did not meet the above criteria or had a trivial fair value.

The Group have recognised both goodwill and intangible assets associated with existing customer relationships and branding of the acquired business. Management have engaged a specialist to perform a valuation of the intangible assets using the Multi-Period Excess Earnings Method (MPEEM) to determine the fair value of the customer relationships and the Relief from Royalty Method (RFR) to determine the fair value of the brand acquired.

Both the MPEEM and RFR valuation methods relied on several key assumptions in reaching a valuation for the customer relationships and branding. The MPEEM method used forecast cash flows of the acquired business in order to generate the present value of future cash flows which represents the fair value of the assets acquired. The key assumptions in the Customer Relationship valuation include the growth rate of sales, the discount rate applied and the retention rate of existing customer relationships. The RFR method values the brand using the projected future revenues of the acquired business and applying a benchmarked royalty rate to determine the fair value of the brand acquired.

Any adjustments to the valuations assessed would be a reclassification between goodwill and intangible assets at the point of acquisition and any impact on the reported profit due to a change in the amortisation is immaterial in FY26.

### **Climate change**

The Group has reviewed the potential impact of climate change and environmental, social and governance (ESG) related risks and uncertainties on the consolidated Financial Statements. Given the nature of the Group's business and operations, the exposure to both physical and transitional risks associated with climate change is considered to be low.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 1 Accounting policies *continued*

#### **Other sources of judgement and estimation uncertainty** *continued*

In particular, the Group has considered climate change in respect of impairment testing (potential impact of climate and ESG risks on estimates of future cash flows, notes 10 and 12), going concern (note 1, below), and inventory provisions (impact of customer preferences and ESG considerations on potential inventory obsolescence, note 14 and previous page) and concluded in each case that there is no material impact in each area at 31 January 2026.

#### **Going concern basis of accounting**

The Board continues to have a reasonable expectation that both the Group and the Parent Company have adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

The Group has delivered a profitable and cash generative financial performance in the current financial year in the face of significant external market pressures. Trading since the balance sheet date has remained in line with expectations and there have been no material events that have adversely affected the Group's liquidity headroom.

In August 2025, the Group exercised £35 million of the Accordion option (which was subject to lender approval) within our existing £125 million revolving credit facility, entered into in April 2024 (see note 17). This option, exercised to fund the acquisition of Funky Pigeon, extended the available facility to £160 million. There was no change to the other key terms of the facility as a result of this option being exercised.

The facilities had an initial maturity date of April 2028, which was extended to November 2028 on 13 October 2025. The facilities include £40 million of remaining accordion, which can be drawn subject to lender approval. The interest margin on the facilities is dependent upon the Group's leverage position, with margins between 1.9–2.8%. The facilities include covenants for a maximum leverage ratio (calculated as Net Debt excluding leases divided by EBITDA less rent costs for the prior 12 months) of 2.5x and a fixed charge cover ratio of at least 1.75x. The Group expects to operate comfortably within these covenant levels for the foreseeable future. The Group has a further extension option, subject to lender approval, which would further extend the term of the facilities to November 2029.

The Board believes that the updated facilities provide adequate headroom for the Group to operate and execute its strategic plan. At 31 January 2026, Net Debt (excluding lease liabilities) was £67.9 million and the Group had £73.7 million of available undrawn facilities.

The UK Corporate Governance Code requires that an assessment is made of the Group's ability to continue as a going concern for a period of at least 12 months from the signing of these Financial Statements; however, it is not specified how far beyond 12 months should be considered.

For the purpose of assessing the going concern assumption, the Group has prepared cash flow forecasts for the 12-month period following the date of approval of these accounts, which incorporate our debt facilities and related covenant measures.

These forecasts are extracted from the Group's approved budget and strategic plan which covers a period of five years. Within the 12-month period, the Group has considered qualitative scenarios and the Group's ability to operate within its existing banking facilities and meet covenant requirements. Beyond the 12-month period, the Group has qualitatively considered whether any factors (for example the timing of debt repayments, or longer-term trading assumptions) indicate a longer period warrants consideration.

The results of this analysis were as follows:

- The Group's base case forecasts indicate that the Group will continue to trade profitably, generate positive operating cash flows and retain considerable liquidity headroom against facility limits, while meeting all covenant requirements on the relevant test dates (see note 17 for more information in respect of covenant requirements) in the 12-month period.
- In the Board's view, there are no other factors arising in the period immediately following 12 months from the date of signing these accounts that warrant further consideration.
- Scenario analysis, which considered a reduction in sales, profitability and cash flows on a permanent basis indicated that the Group would maintain liquidity headroom and covenant compliance throughout the 12-month period. The analysis did not consider any potential upside from mitigating actions that could be taken to reduce discretionary costs as well as timing of cash outflows, which could both significantly increase the headroom further.

The Group conducted a reverse stress test analysis, which considered the extent of sales loss or cost increase that would be required to result in either a complete loss of liquidity headroom or a breach of covenants associated with the Group's financing. Seasonality of the Group's cash flows, with higher purchases and cash outflows over the summer to build inventory for Christmas, means liquidity headroom is at its lowest in September and October ahead of the Christmas season. Conversely, covenant compliance is most sensitive around the year-end.

The reverse stress test analysis demonstrated that the level of sales loss or cost increase required to result in either a covenant breach or exhausting liquidity would be unprecedented for a period where stores are open and trading, this scenario also did not factor in any possible mitigating actions that management could take. Accordingly, we consider that the chance of such scenarios occurring are remote.

Over recent years, the business has demonstrated a significant degree of resilience and a proven ability to manage cash flows and liquidity during a period of economic downturn. Accordingly, the Board retains confidence that, were such a level of downturn to reoccur in the assessment period, the Group would be able to take action to mitigate its effects, such as closing stores to reduce costs as seen through the pandemic.

We are mindful of the macroeconomic uncertainty created by recent geopolitical developments including the current conflict in the Middle East and have assessed incremental costs to date into our plans for the coming financial year.

Based on these factors, the Board has a reasonable expectation that the Group has adequate resources and sufficient loan facility headroom to continue to trade for the foreseeable future and accordingly the accounts are prepared on a going concern basis.

### **Principal accounting policies**

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements.

### **New and amended accounting standards**

The following new standards and amendments to IFRS were effective for the first time in the current financial year:

- Amendments to IAS 21 – The effects of Changes in Foreign Exchange Rates.<sup>1</sup>

New standards and amendments to existing standards effective in the period have not had a material effect on the Group's Financial Statements.

### **UK endorsed standards and amendments issued but not yet effective**

The following new standards and amendments to IFRS have been issued but are not yet effective.

- Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments.<sup>2</sup>
- Annual improvements to IFRS Accounting Standards – Volume 11.<sup>2</sup>
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).<sup>2</sup>
- IFRS 18 – Presentation and Disclosures in Financial Statements.<sup>3</sup>
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.<sup>3</sup>

IFRS 18 Presentation and Disclosure in Financial Statements was issued by the IASB in April 2024. The standard is effective for annual reporting periods beginning on or after 1 January 2027, and also applies to comparative information. IFRS 18 will replace IAS 1 Presentation of Financial Statements and will impact on several aspects of Financial Statements presentation and disclosure, particularly in the Consolidated Income Statement and disclosure requirements for management-defined performance measures (MPMs) within the Financial Statements (consistent with our current disclosure of Alternative Performance Measures (APMs), although it is not expected to impact on the measurement of financial information.

Certain amounts may be reclassified from cash and cash equivalents to other debtors as a result of the amendments to IFRS 9 and IFRS 7, which could be material to the Financial Statements, management will perform a full assessment prior to adoption.

The application of the remaining standards and amendments in future periods is not currently expected to have a material impact on the Group's Financial Statements.

1. Effective for annual periods starting on or after 1 January 2025.
2. Effective for annual periods starting on or after 1 January 2026.
3. Effective for annual periods starting on or after 1 January 2027.

### **Basis of consolidation**

These consolidated Financial Statements incorporate the financial results of the Company and all of its subsidiaries made up to 31 January each year. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to direct the activities that affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date on which control commences until the date on which control ceases. Intercompany transactions and balances between Group companies are eliminated upon consolidation.

### **Business combinations**

Subject to the transitional relief in IFRS 1, all business combinations have historically been accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group, as set out in IFRS 3.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred less the fair value of identifiable assets acquired and liabilities assumed. Costs related to the acquisition are expensed to the income statement as incurred.

### **Acquisitions prior to 1 February 2011 (date of transition to IFRS)**

IFRS 1 grants certain exemptions from the full requirements of IFRS in the transition period. The Group and Company elected not to restate business combinations that took place prior to 1 February 2011. In respect of acquisitions prior to the transition date, goodwill is included at 1 February 2011 on the basis of its deemed cost at that date, which represents the amount recorded under UK GAAP.

## **Revenue**

### **Retail revenue**

Group revenue is principally attributable to the retail sale of cards, gifts and celebration essentials subject to a single performance obligation fulfilled by receipt of goods at the point of payment with minimal returns and refunds. Revenue is recognised net of discounts and VAT at the point of completing the physical sale in stores. Such revenue is allocated wholly to the cardfactory stores operating segment as seen in note 2.

### **Digital revenue**

Revenue from online sales is recognised net of VAT, net of discounts and incorporates postage revenue received as part of the overall sales price. The delivery of goods to the customer is the point when IFRS 15 'performance obligations' are deemed to have been satisfied. Customers may make advance payments in respect of goods or services to be provided in future periods. Such amounts are deferred and only recognised as revenue when the goods or services are delivered to the customer on subsequent orders.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 1 Accounting policies *continued*

#### Revenue *continued*

##### Wholesale partnerships revenue

For the partnerships operating segment, revenue attributable to wholesale sales to business customers is typically recognised at a point in time based on a single performance obligation supplying standard Group products. The timing of the single performance obligation can vary from contract to contract, including from the point of dispatch, (whether from a site controlled by the Group, or from a third-party supplier), delivery to the customer's site or in the case of some retail partners, the point of sales to the end consumer. A right of return is not a separate performance obligation and the Group recognises revenue net of estimated returns and net of anticipated rebates. Payment terms for retail partners are typically 30–90 days from invoicing.

##### Finance expense

Finance expense comprises interest charges, including interest on leases under IFRS 16, and losses on interest rate derivative financial instruments. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Interest expense is recognised in the income statement as it accrues, using the effective interest method. The effective interest method takes into account fees, commissions or other incremental transaction costs integral to the yield. Accounting policies for leases are detailed separately (see page 149).

##### Cash and cash equivalents

Cash and cash equivalents includes short-term deposits with banks and other financial institutions, cash held in stores in the form of till floats, money market funds and credit card payments where cash is received into the bank within five working days of the transaction. Bank transactions are recorded on their settlement date.

##### Foreign currencies

###### Functional and presentation currency

The consolidated Financial Statements are presented in pound Sterling, which is the functional currency of the Company.

###### Foreign operations

The Group has foreign subsidiaries with functional currencies including the US Dollar, the South African Rand and the Euro. On consolidation, assets and liabilities of foreign operations are translated into Sterling at the prevailing market exchange rate on the balance sheet date. The results of foreign operations are translated into Sterling at average rates of exchange for the year with any resulting difference being taken to the translation reserve.

##### Transactions and balances

The Group has currency transactions in respect of inventory purchases and certain sales to retail partners that are denominated in foreign currencies. Transactions in foreign currencies are recorded at the exchange rate on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within cost of sales, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign currency gains and losses are reported on a net basis.

##### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or through other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available, against which the temporary difference can be utilised.

##### Dividends

Dividends are recognised as a liability in the period in which they are approved.

##### Financial instruments

###### Non-derivative financial assets

Non-derivative financial assets comprise trade and other receivables and cash and cash equivalents. The Group classifies all its non-derivative financial assets as financial assets at amortised cost. Financial assets at amortised cost are initially measured at fair value plus directly attributable transaction costs, except for trade and other receivables without a significant financing component that are initially measured at transaction price. Subsequent to initial recognition, non-derivative financial assets are carried at amortised cost less allowances for expected credit losses.

Irrecoverable amounts are based on historical experience and forward-looking information, together with specific amounts that are not expected to be recovered. Using the simplified approach we have assessed that irrecoverable debtors in the Group are not material.

Cash and cash equivalents comprise cash in hand, at bank and on short-term deposit for less than three months. Bank overdrafts, within borrowings, that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

### **Non-derivative financial liabilities**

Non-derivative financial liabilities comprise bank borrowings and trade and other payables. Non-derivative financial liabilities are initially recognised at fair value, less any directly attributable transaction costs and subsequently stated at amortised cost using the effective interest method. Accounting policies for lease liabilities are detailed separately.

Where bank borrowings are refinanced, the Group assesses whether the transaction results in new facilities or a modification of the previous facilities. Where the transaction results in a modification of the facilities, the Group assesses whether that modification is substantial by reference to whether the present value of the cash flows of the new facilities is more than 10% different to the present value of the cash flows of the previous facilities. Where a modification is substantial, the Group derecognises the original liability and recognises a new liability for the modified facilities with any transaction costs expensed to the income statement. Where the modification is non-substantial, the Group amends the carrying amount of the liability to reflect the updated cash flows and amends the effective interest rate from the modification date.

### **Derivative financial instruments**

Derivative financial instruments are mandatorily categorised as fair value through profit or loss (FVTPL) except to the extent they are part of a designated hedging relationship and classified as cash flow hedging instruments.

The Group utilises foreign currency derivative contracts and US Dollar-denominated cash balances 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.

Derivative financial instruments not designated as an effective hedging relationship principally relate to structured foreign exchange options that form part of the foreign exchange risk management policy detailed in note 23. Gains and losses in respect of foreign exchange and interest rate derivative financial instruments that are not part of an effective hedging relationship are recognised within cost of sales and net finance expense.

### **Cash flow hedges**

The Group applies cash flow hedge accounting in respect of certain derivative financial instruments for the forward purchase of foreign currency, and interest rate swaps. The Group's hedging activities are described in further detail in note 23.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and accumulated in the hedging reserve.

The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows, applying a hedge ratio of 1:1. The Group assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- changes in the timing of the hedged transactions; and
- the effect of the counterparties' and the Group's own credit risk on the fair value of derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When foreign exchange hedged forecast transactions subsequently result in the recognition of inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the inventory.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is included in the cost of inventory on its initial recognition or, for interest cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged interest future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

### **Fair value estimation**

The techniques applied in determining the fair values of financial assets and liabilities are disclosed in note 24.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 1 Accounting policies *continued*

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives as follows:

- |  |                                   |
|--|-----------------------------------|
| • buildings                                  | 25–50 years                       |
| • leasehold improvements                     | shorter of 5 years and lease term |
| • plant and equipment, fixtures and fittings | 3–10 years                        |
| • motor vehicles                             | 4 years                           |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Depreciation on assets under construction does not commence until they are complete and available for use and the asset has been classified into one of the categories as above.

#### **Intangible assets and goodwill**

##### **Goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to CGUs (as described in note 10) and is not amortised but is tested annually for impairment.

##### **Software**

Computer software is carried at cost less accumulated amortisation and any provision for impairment. Research expenditure is charged to the income statement in the year in which it is incurred. Development expenditure is charged to the income statement in the year it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets to be capitalised as an intangible asset.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation begins when development is complete and the asset is available for use. Capitalised software costs comprise directly attributable expenditure, including internally capitalised staff costs and external costs, incurred during the development phase.

##### **Amortisation**

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Software is amortised from the date they are available for use. The estimated useful life of software is 3–10 years.

##### **Acquired intangible assets**

Intangible assets that are acquired by the Group as a result of business combinations are recorded at fair value at the acquisition date and stated on an ongoing basis as fair value less accumulated amortisation and less any accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Customer relationships and Brands – 10–15 years.

##### **Impairment of non-financial assets**

The carrying values of non-financial assets are reviewed for impairment where there is an indication of impairment. If an impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the impairment loss is recognised in the income statement. Similarly, if an impairment reversal arises, the asset value is adjusted to its carrying amount, provided this exceeds the recoverable amount, and the impairment reversal is recognised in the income statement.

Goodwill and intangible assets not yet ready for use or with an indefinite useful economic life are reviewed for impairment annually.

##### **Provisions**

A provision is recognised where the Group has a present legal or constructive obligation as a result of a past event, which will more likely than not result in the Group being required to make a payment (or other outflow of economic benefits) in order to settle the obligation.

Provisions are valued at the Group's best estimate of the amount that will be required to settle the obligation. Specific information in respect of the provisions recorded in each financial year covered by these accounts is provided in the provisions note (note 22).

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value.

For inventories manufactured by the Group, cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production costs and other costs in bringing them to their existing location and condition. For manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Given the significant volumes involved, for inventories held in and for retail stores the Group applies a moving average price methodology based on the cost of inventory purchases. The moving average price is updated to reflect the latest cost each time inventory is purchased. Intra-Group profit on inventory (i.e. the difference between the retail standard cost and actual manufactured cost) is eliminated on consolidation.

Provisions are made for obsolete, slow-moving and discontinued inventories, based on experience, the rate that Group inventory sells through and the Group's merchandising plans for current and future seasons.

## **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the Group purchases its own shares, such shares are measured at cost (including directly applicable transaction costs) and deducted from equity. Shares held in treasury are presented in a separate treasury shares reserve until reissued or cancelled. Shares held in treasury do not receive dividend payments and are excluded from the calculation of average shares in issue for the purpose of calculating Earnings Per Share.

## **Merger reserve**

On 30 April 2014, Card Factory plc acquired 100% of the share capital of CF Topco Limited in a share for share exchange, thereby inserting Card Factory plc as the Parent Company of the Group. The shareholders of CF Topco Limited became 100% owners of the enlarged share capital of Card Factory plc. The premium arising on the issue of shares is recognised in the merger reserve.

## **Share-based payments**

The Company issues equity-settled share-based payments to employees within the Group through the cardfactory Restricted Share Awards Scheme (RSA) (previously through the (LTIP)) and the cardfactory SAYE Scheme (SAYE), see note 25 for further details. The cost of equity-settled share awards is measured as the fair value of the award at the grant date using the Black-Scholes model.

The cost of the awards is expensed to the income statement, together with a corresponding adjustment to equity, on a straight-line basis over the vesting period of the award. The total income statement charge is based on the Group's estimate of the number of share awards that will eventually vest in accordance with the vesting conditions. The awards do not include market-based vesting conditions. At each balance sheet date, the Group revises its estimate of the number of awards that are expected to vest. Any revision to estimates is recognised in the income statement, with a corresponding adjustment to equity.

## **Leases**

### **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.

The Group has assessed that its entire store lease portfolio, some warehousing locations, an office location and motor vehicles are 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. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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 does not have any significant lessor contracts.

### **Accounting as a lessee**

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, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, 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, at the date of lease commencement, as the discount rate.

The Group determines its incremental borrowing rate by reference to its own funding arrangements, which are subject to leverage margin ratchets, variable three-month SONIA interest rates and periodic refinancing, thereby ensuring they remain a reasonable reflection of the Group's current borrowing costs. The Group's leases are predominantly in respect of its store portfolio, which represent the majority of the Group's revenue and, therefore, the Group's borrowing costs, as at the date of lease commencement, are deemed to be representative of the incremental borrowing costs for additions to right-of-use assets. The Group does not believe there are significant differences between the risk margins that would apply across its lease portfolio. The term and payment profile are reflected in the discount rate applied to each individual lease by virtue of the variable interest-curve component of the incremental borrowing rate.

The assessment of lease term may include the application of judgement, particularly in respect of options to break often included in the Group's 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 or renew. This period usually equates to the full term of the lease. The Group considers that lease renewal is reasonably certain when it has determined whether the store meets its strategic requirements and is confident the landlord is supportive of lease renewal and on terms acceptable to the Group. This typically occurs in the latter stages of an existing lease.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 1 Accounting policies *continued*

#### Leases *continued*

##### Accounting as a lessee *continued*

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index, rate or contractual market rent review or if there is a significant event or change in circumstances as a result of which the Group changes its assessment of whether it will exercise a break option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From time to time, a lease may expire without a new lease being agreed. In such circumstances, if the Group has not served or received notice under the terms of the lease, it may continue to occupy the store while a new lease is agreed, referred to as a 'holdover arrangement'. Most of the store portfolio is protected by the Landlord and Tenant Act (1954), under which as tenant the Group has an automatic right to a new lease subject to certain specific grounds under which the landlord can cancel. Under a holdover arrangement, the lease typically continues on a rolling basis on the same financial terms as the previous lease until new terms are formally agreed. The Group accounts for holdover arrangements by assuming a new five-year lease with payments equivalent to those previously agreed. Five years represents the average term of a lease across the Group's store portfolio, inclusive of break periods considered reasonably likely not to be exercised. In rare circumstances, the holdover lease may be calculated using alternative assumptions that better reflect the Group's expectations regarding the likely cost and term of the new lease being negotiated. When new terms are agreed, the holdover lease is modified according to the Group's normal accounting policy for lease modifications, as described above.

Where a lease expires at the end of its contractual term, including where the store in question enters a holdover arrangement, the right-of-use asset cost and accumulated depreciation associated with that lease is treated as a disposal.

### 2 Segmental reporting

The Group is organised into four main business areas, which meet the definition of an operating segment under IFRS, those being cardfactory stores, digital, wholesale partnerships and Printcraft. Each of these business areas has a dedicated management team and reports discrete financial information to the Board for the purpose of decision making.

- cardfactory stores sell greeting cards, celebration essentials, and gifts to consumers through an extensive network of retail stores across high streets, retail parks and shopping centres in the UK & the Republic of Ireland.
- Digital sells greeting cards, celebration essentials and gifts to consumers via its online platforms. The digital business has operated cardfactory.co.uk throughout FY26 and FY25, funky pigeon.com since 14 August 2025, and gettingpersonal.co.uk until its closure on 31 January 2025. This segment has been reflected in both FY26 and FY25.
- Wholesale partnerships represents the Group's 'B2B' wholesale operations and sells greeting cards, celebration essentials and gifts via a network of third-party retail partners both in the UK and overseas.
- Printcraft is a manufacturer of greeting cards and personalised gifts and sells the majority of its output intra-group to the stores and digital businesses.

Following its acquisition on 14 August 2025, Funky Pigeon has been integrated into the existing digital business, with a common management structure.

The Group acquired SA Greetings on 25 April 2023, Garlanna Holdings Limited on 4 September 2024 and Garven Holdings, LLC on 4 December 2024. All three business' principal activities relate to the sale of cards, gifts and/or celebration essentials to business customers, and, therefore, the results of SA Greetings, Garven and Garlanna are included in the wholesale partnerships operating segment for the purposes of segmental reporting. The accounting policies applied in preparing financial information for each of the Group's segments are consistent with those applied in the preparation of the consolidated Financial Statements. The Group's support centre and administrative functions are run by the cardfactory Stores segment, with operating costs recharged to other segments where they are directly attributable to the operations of that segment.

The Board reviews revenue and EBITDA by segment, with the exception of Printcraft by virtue of its operations being predominantly intra-group in nature. Note that under IFRS, EBITDA is considered to be a non-GAAP measure as considered in the glossary to these Financial Statements.

Revenue and EBITDA for each segment, and a reconciliation to the consolidated operating profit per the Financial Statements, is provided in the table below:

	2026 £m	2025 £m
<b>Revenue:</b>		
cardfactory stores	<b>514.6</b>	506.8
Digital	<b>20.6</b>	13.2
Wholesale partnerships	<b>47.2</b>	22.2
Other	<b>0.3</b>	0.3
Consolidated Group revenue	<b>582.7</b>	542.5
Of which derived from customers in the UK	<b>522.9</b>	509.8
Of which derived from customers overseas	<b>59.8</b>	32.7
<b>EBITDA<sup>1</sup>:</b>		
cardfactory stores	<b>118.1</b>	131.8
Digital	<b>(3.5)</b>	(6.3)
Wholesale partnerships	<b>3.2</b>	1.0
Other	<b>(1.0)</b>	1.0
Consolidated Group EBITDA <sup>1</sup>	<b>116.8</b>	127.5
Consolidated Group depreciation, amortisation & impairment	<b>(58.1)</b>	(48.1)
Consolidated Group gain on disposal	<b>0.7</b>	(0.1)
Consolidated Group Operating Profit	<b>59.4</b>	79.3

1. This is an Alternative Performance Measure not defined under IFRS.

The 'Other' category principally reflects central overheads, Printcraft sales to third parties and consolidation adjustments not impacting another operating segment.

Group revenue is predominantly 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 as, by segment, revenues are subject to substantially the same economic factors that impact the nature, amount, timing and uncertainty of revenue and cash flows. The types of products sold via each operating segment are fundamentally similar in nature and it is the channel or location of sale that differs. As such, we consider that the segmental analysis above provides a reasonable breakdown of sales by product type.

The table below sets out a geographical analysis of revenues for the current and prior year:

	2026 £m	2025 £m
Revenue derived from customers in the UK	<b>522.9</b>	509.8
Revenue derived from customers overseas:		
– South Africa	<b>11.8</b>	11.6
– Republic of Ireland	<b>20.5</b>	15.4
– United States of America	<b>24.9</b>	3.1
– Rest of the World	<b>2.6</b>	2.6
<b>Consolidated revenue</b>	<b>582.7</b>	542.5

Of the Group's non-current assets, £16.1 million (2025: £9.6 million) relates to assets based outside of the UK, principally in relation to the Group's stores in the Republic of Ireland and wholesale operations within the Republic of Ireland, United States and South Africa. Non-current assets related to stores based in the Republic of Ireland are £9.2 million as at 31 January 2026 (FY25: £6.4 million). Non-current assets related to wholesale operations are £1.6 million in the Republic of Ireland (FY25: £0.2 million), £0.2 million in the United States (FY25: £0.1 million) and are £5.0 million (FY25: £4.6 million) in South Africa.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 3 Operating profit

Operating profit is stated after charging/(crediting) the following items:

	2026 £m	2025 £m
Staff costs (note 5)	<b>185.0</b>	174.5
Depreciation expense		
– Owned fixed assets (note 11)	<b>9.7</b>	8.7
– Right-of-use assets (note 12)	<b>37.3</b>	36.3
Amortisation expense (note 10)	<b>6.5</b>	3.5
Net impairment charge/(reversal) of right-of-use assets (note 12)	<b>1.1</b>	(0.4)
Impairment of tangible assets (note 11)	<b>0.3</b>	–
Impairment of intangible assets (note 10)	<b>3.2</b>	–
(Profit)/loss on disposal of fixed assets (notes 11 and 12)	<b>(0.7)</b>	0.1
Impact of unrealised losses/(gains) on derivate contracts	<b>4.7</b>	(1.5)
Other foreign exchange losses	<b>0.8</b>	2.3

The total fees payable by the Group to Forvis Mazars LLP and their associates during the period was as follows:

	2026 £000	2025 £000
Audit of the consolidated and Company Financial Statements	<b>91</b>	77
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	<b>686</b>	624
Audit-related assurance services	<b>93</b>	92
<b>Total fees</b>	<b>870</b>	793

### 4 EBITDA

EBITDA represents profit for the period before net finance expense, taxation, gains or losses on disposal, depreciation, amortisation and impairment charge/reversals.

	2026 £m	2025 £m
<b>Operating profit</b>	<b>59.4</b>	79.3
Depreciation, amortisation and impairment	<b>58.1</b>	48.1
(Gain)/loss on disposal	<b>(0.7)</b>	0.1
<b>EBITDA<sup>1</sup></b>	<b>116.8</b>	127.5

1. This is an Alternative Performance Measure not defined under IFRS, which is defined and reconciled in the glossary on pages 178 to 181.

### 5 Employee numbers and costs

The average number of people employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2026 Number	2025 Number
Management, administration and support functions	<b>778</b>	773
Retail and warehouse operations	<b>9,171</b>	9,748
	<b>9,949</b>	10,521

The aggregate payroll costs of all employees including Directors were as follows:

	2026 £m	2025 £m
Employee wages and salaries	<b>160.7</b>	154.3
Equity-settled share-based payment expense	<b>2.3</b>	2.3
Social security costs	<b>15.1</b>	11.1
Defined contribution pension costs	<b>2.5</b>	2.3
<b>Total employee costs</b>	<b>180.6</b>	170.0
Agency labour costs	<b>4.4</b>	4.5
<b>Total staff costs</b>	<b>185.0</b>	174.5

### Key management personnel

The key management personnel of the Group comprise the Card Factory plc Board of Directors and the Executive Board.

Key management personnel compensation is as follows:

	2026 £m	2025 £m
Salaries and short-term benefits	6.4	7.9
Equity-settled share-based payment expense	2.0	2.0
Social security costs	0.9	1.1
Defined contribution pension costs	0.1	0.1
	<b>9.4</b>	<b>11.1</b>

### Remuneration of Directors

	2026 £m	2025 £m
Directors' remuneration	1.1	1.3
Amounts receivable under long-term incentive schemes	0.4	0.8
Company contributions to defined contribution pension plans	–	–
	<b>1.5</b>	<b>2.1</b>

Amounts receivable under long-term incentive schemes reflects the value of options exercised during the year.

Further details of the remuneration of the current directors are disclosed in the Directors' Remuneration Report on pages 96 to 107. The basis of calculation for certain items described in the Directors' Remuneration Report may differ to that used in this note, reflecting differences in the relevant regulations.

### 6 Net finance expense

	2026 £m	2025 £m
<b>Net finance expense</b>		
Interest on bank loans and overdrafts	6.5	6.4
Interest received	(0.3)	(0.2)
Other finance costs <sup>1</sup>	0.6	1.0
Lease interest	8.7	8.0
	<b>15.5</b>	<b>15.2</b>

1. Other finance costs includes loan issue cost amortisation and other financing costs.

### 7 Taxation

The tax charge includes both current and deferred tax. The tax charge reflects the estimated effective tax on the profit before tax for the Group for the year ended 31 January 2026 and the movement in the deferred tax balance in the year, so far as it relates to items recognised in the income statement.

Taxable profit or loss differs from profit or loss before tax as reported in the income statement, because it excludes items of income or expenditure that are either taxable or deductible in other years or never taxable or deductible.

### Recognised in the income statement

	2026 £m	2025 £m
<b>Current tax charge/(credit)</b>		
Current year	13.0	16.5
Adjustments in respect of prior periods	(4.0)	(1.5)
<b>Total current tax charge</b>	<b>9.0</b>	<b>15.0</b>
<b>Deferred tax charge/(credit)</b>		
Origination and reversal of temporary differences	(0.2)	(0.2)
Adjustments in respect of prior periods	3.9	1.5
<b>Total deferred tax charge</b>	<b>3.7</b>	<b>1.3</b>
<b>Total income tax charge</b>	<b>12.7</b>	<b>16.3</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 7 Taxation continued

The effective tax rate of 28.9% (2025: 25.4%) on the profit before taxation for the year is higher than (2025: higher than) the average rate of corporation tax in the UK for the year of 25% (2025: 25%) driven by expenses not deductible for tax purposes increasing in FY26, primarily as a result of the annualisation of acquisition-related costs and the acquisition of Funky Pigeon. The tax charge is reconciled to the standard rate of UK corporation tax as follows:

	2026 £m	2025 £m
<b>Profit Before Tax</b>	<b>43.9</b>	64.1
Tax at the standard UK corporation tax rate of 25.0% (FY25: 25.0%)	<b>11.0</b>	16.0
Tax effects of:		
Expenses not deductible for tax purposes	<b>2.2</b>	0.5
Effects of timing differences	<b>(0.3)</b>	–
Adjustments in respect of prior periods	<b>(0.1)</b>	–
Effect of overseas tax rates	<b>(0.1)</b>	(0.2)
<b>Total income tax charge</b>	<b>12.7</b>	16.3

Total taxation recognised through the income statement, other comprehensive income and through equity are as follows:

	2026			2025		
	Current £m	Deferred £m	Total £m	Current £m	Deferred £m	Total £m
Income statement	<b>9.1</b>	<b>3.6</b>	<b>12.7</b>	15.0	1.3	16.3
Other comprehensive income	–	<b>(1.7)</b>	<b>(1.7)</b>	–	0.4	0.4
Equity	–	<b>0.6</b>	<b>0.6</b>	–	0.1	0.1
<b>Total tax</b>	<b>9.1</b>	<b>2.5</b>	<b>11.6</b>	15.0	1.8	16.8

### 8 Dividends

On 27 June 2025, the Group paid a final dividend of 3.6 pence per share (totalling £12.6 million) in respect of the FY25 financial year. This brought total dividends paid in respect of FY25 to 4.8 pence per share (totalling £16.8 million).

On 12 December 2025, the Group paid an interim dividend of 1.3 pence per share (totalling £4.6 million) in respect of the FY26 financial year.

#### FY26 final dividend

At the forthcoming Annual General Meeting, the Board will recommend to shareholders that a resolution is passed to approve payment for a final dividend for the year ended 31 January 2026 of 3.7 pence per share, equivalent to approximately £13.0 million. The final dividend will be payable to shareholders on the share register on 29 May 2026, with payments to be made on 3 July 2026.

	Pence per share	2026 £m	2025 £m
<b>Dividends paid in the year:</b>			
Final dividend for the year ended 31 January 2024	4.5p	–	15.6
Interim dividend for the year ended 31 January 2025	1.2p	–	4.2
Final dividend for the year ended 31 January 2025	3.6p	<b>12.6</b>	–
Interim dividend for the year ended 31 January 2026	1.3p	<b>4.6</b>	–
<b>Total dividends paid to shareholders in the year</b>		<b>17.2</b>	19.8

Dividend equivalents totalling £0.3 million (2025: £0.5 million) were accrued in the year in relation to share-based long-term incentive schemes.

## 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. Shares held in Treasury Reserve are excluded from the shares in issue as they do not hold any voting rights or attract any dividends.

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 employee share incentive awards and save as you earn share options.

	2026 (Number)	2025 (Number)
Weighted average number of shares in issue	348,196,571	346,910,019
Weighted average number of dilutive share options	771,642	2,295,420
Weighted average number of shares for diluted Earnings Per Share	348,968,213	349,205,439
	<i>£m</i>	<i>£m</i>
Profit for the financial period	31.2	47.8
	<i>Pence</i>	<i>Pence</i>
Basic Earnings Per Share	9.0	13.8
Diluted Earnings Per Share	8.9	13.7

Adjusted EPS, which excludes the post-tax effect of items excluded from Adjusted PBT in the period, is equal to 11.8 pence per share (FY25: 14.3 pence per share). Adjusted Diluted Earnings Per Share is equal to 11.8 pence per share (FY25: 14.2 pence per share). These are Alternative Performance Measures not defined under IFRS, which is defined and reconciled in the glossary on pages 178 to 181.

## 10 Intangible assets

	Goodwill <i>£m</i>	Acquired Customer Relationships <i>£m</i>	Acquired Brands <i>£m</i>	Software <i>£m</i>	Total <i>£m</i>
<b>Cost</b>					
At 1 February 2025	336.9	12.2	0.7	42.0	391.8
Additions	-	-	-	7.7	7.7
Acquisitions (note 29)	7.4	11.5	8.2	7.2	34.3
Derecognition on cessation of trade	(14.4)	-	-	-	(14.4)
<b>At 31 January 2026</b>	<b>329.9</b>	<b>23.7</b>	<b>8.9</b>	<b>56.9</b>	<b>419.4</b>
<b>Amortisation/impairment</b>					
At 1 February 2025	14.4	0.3	-	20.6	35.3
Amortisation in the period	-	1.8	0.3	4.4	6.5
Impairment in the period	-	-	-	3.2	3.2
Derecognition on cessation of trade	(14.4)	-	-	-	(14.4)
<b>At 31 January 2026</b>	<b>-</b>	<b>2.1</b>	<b>0.3</b>	<b>28.2</b>	<b>30.6</b>
<b>Net book value</b>					
<b>At 31 January 2026</b>	<b>329.9</b>	<b>21.6</b>	<b>8.6</b>	<b>28.7</b>	<b>388.8</b>
At 31 January 2025	322.5	12.0	0.6	21.4	356.5

During the year, the Group has derecognised the cost and accumulated impairment (with a net book value of £nil) associated with goodwill allocated to the Getting Personal CGU, which ceased to trade on 31 January 2025.

As at 31 January 2026, the Group held £6.3 million of assets under construction within Software (FY25: £3.5 million). These assets do not amortise until brought into use. Software assets include individually material assets relating to core, integrated business systems with a net book value of £8.4 million and a remaining useful life of approximately eight years.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 10 Intangible assets *continued*

	Goodwill £m	Acquired Customer Relationships £m	Acquired Brands £m	Software £m	Total £m
<b>Cost</b>					
At 1 February 2024	328.2	–	–	35.0	363.2
Additions	–	–	–	7.0	7.0
Acquisitions (note 29)	8.7	12.2	0.7	–	21.6
<b>At 31 January 2025</b>	<b>336.9</b>	<b>12.2</b>	<b>0.7</b>	<b>42.0</b>	<b>391.8</b>
<b>Amortisation/impairment</b>					
At 1 February 2024	14.4	–	–	17.4	31.8
Amortisation in the period	–	0.3	–	3.2	3.5
<b>At 31 January 2025</b>	<b>14.4</b>	<b>0.3</b>	<b>–</b>	<b>20.6</b>	<b>35.3</b>
<b>Net book value</b>					
<b>At 31 January 2025</b>	<b>322.5</b>	<b>11.9</b>	<b>0.7</b>	<b>21.4</b>	<b>356.5</b>
At 31 January 2024	313.8	–	–	17.6	331.4

#### Goodwill

The carrying amount of goodwill is allocated to the following cash-generating units:

	2026 £m	2025 £m
cardfactory stores	313.8	313.8
Garven Holdings	8.7	8.7
Funky Pigeon	7.4	–
<b>Total goodwill</b>	<b>329.9</b>	<b>322.5</b>

£313.8 million of goodwill is allocated to the cardfactory stores business, which is comprised of all of the cardfactory stores (each an individual CGU for asset impairment testing purposes), associated central functions and shared assets. The portfolio of cardfactory stores is the lowest level at which the Group's management monitors goodwill related to stores internally.

The total carrying amount of the cardfactory stores group of CGUs for impairment testing purposes, inclusive of liabilities that are necessarily considered in determining the recoverable amount, at 31 January 2026 was £362.7 million (FY25: £374.6 million).

#### Impairment testing

As a result of the acquisition of Garven Holdings, LLC in FY25, £8.9 million of goodwill was recognised by the Group and allocated wholly to the Garven CGU, which forms part of the wholesale partnerships operating segment. The total carrying amount of the Garven CGU for impairment purposes, inclusive of liabilities that are necessarily considered in determining the recoverable amount, at 31 January 2026 was £10.6 million (FY25: £10.9 million).

As a result of the acquisition of Funkypigeon.com Limited on 14 August 2025, the Group have recognised both goodwill and intangible assets associated with existing customer relationships and branding of the acquired business. The valuation of the intangible assets was performed using the Multi-Period Excess Earnings Method (MPEEM) to determine the fair value of the customer relationships and the Relief from Royalty Method (RFR) to determine the fair value of the brand acquired.

Both the MPEEM and RFR valuation methods relied on several key assumptions in reaching a valuation for the customer relationships and branding. The MPEEM method used forecast cash flows of the acquired business in order to generate the present value of future cash flows, which represents the fair value of the assets acquired. The key assumptions in the customer relationship valuation include the growth rate of sales, the discount rate applied and the retention rate of existing customer relationships. The RFR method values the brand using the projected future revenues of the acquired business and applying a benchmarked royalty rate to determine the fair value of the brand acquired.

Customer relationships and Brands are intangible assets with a definite life, the average remaining useful life of these classes of assets are:

- Brand – 14 years and 2 months.
- Customer relationships – 9 years and 2 months.

The Group has completed an impairment test as at 31 January 2026 in respect of the goodwill allocated to the stores, Garven and Funky Pigeon CGUs.

In each case, the recoverable amount was determined based on a value-in-use calculation. The cash flows used in the value-in-use calculation were based on the Group's most recently approved five-year plan, adjusted where necessary to exclude the costs and benefits associated with future investments or initiatives (such as, for example, new stores) so as to assess the valuation of the assets in their current state and condition.

The key assumptions used in determining the recoverable amount are:

- Future trading performance including sales growth, product mix, material and operating costs;
- Foreign exchange rates applicable to purchases of goods for resale (for the stores CGU);
- The terminal growth rate applied; and
- The discount rate.

The values assigned to the variables that underpin the Group's expectations of future trading performance were determined based on actual performance and the Group's expectations with regard to future trends. Where applicable, amounts take into account the Group's hedges and fixed contracts, changes in market prices and rates, and relevant industry and consumer data to inform expectations around future trends.

The Group assumes a long-term GBP/USD exchange rate in line with published forward curves at the balance sheet date, adjusted to reflect the value of forward contracts in place. The fair value of these contracts is included in the carrying amount of the relevant CGU. The values assigned to terminal growth rates and discount rates for each CGU are shown in the table below:

CGU	Terminal growth rate		Discount rate	
	FY26	FY25	FY26	FY25
Stores	0%	0%	10.5%	12.0%
Garven	0%	0%	11.5%	12.0%
Funky Pigeon	0%	N/A	11.5%	N/A

The Group applies a 0% terminal growth rate beyond the five-year term of the plan for all CGUs, representing a sensitised view of the Group's estimate of the long-term growth rate in the markets in which each CGU operates. While such long-term rates are inherently difficult to benchmark using independent data, the Group's reverse stress-testing of the goodwill impairment model indicated a significant negative terminal decline would be required in order to eliminate the headroom completely.

The forecast cash flows are discounted using a pre-tax rate derived from the weighted average cost of capital of the Group (determined using the capital asset pricing model, actual debt costs and available market data), adjusted to reflect the specific risks associated with each CGU, including the country risk, currency risk and size risk. In all cases, no impairment loss was identified and the recoverable amount indicated sufficient headroom such that any reasonably possible change in the key assumptions would not result in an impairment charge in respect of any CGU.

During the year, the Group recognised an impairment charge of £3.2 million in respect of the online platform for cardfactory online. The charge to the cardfactory online assets reflects the post-acquisition plans regarding future use of technology across the two platforms and this has resulted in the existing cardfactory online assets being considered obsolete. No further impairment review has been performed on this CGU as the remaining assets have a trivial net book value.

### Impairment testing: Intangible assets not yet available for use

Assets not yet ready for use relate to software assets under construction within the cardfactory stores and Funky Pigeon CGUs that have both been considered for impairment as above.

## 11 Property, plant and equipment

	Freehold property £m	Leasehold improvements £m	Plant, equipment, fixtures & vehicles £m	Total £m
<b>Cost</b>				
At 1 February 2025	22.7	40.8	106.5	170.0
Additions	1.4	-	10.3	11.7
Acquisitions (note 29)	-	-	1.2	1.2
Disposals	-	-	(0.1)	(0.1)
<b>At 31 January 2026</b>	<b>24.1</b>	<b>40.8</b>	<b>117.9</b>	<b>182.8</b>
<b>Depreciation</b>				
At 1 February 2025	5.7	40.4	75.2	121.3
Depreciation in the period	0.5	0.1	9.1	9.7
Impairment	-	-	0.3	0.3
Depreciation on disposals	-	-	(0.1)	(0.1)
<b>At 31 January 2026</b>	<b>6.2</b>	<b>40.5</b>	<b>84.6</b>	<b>131.2</b>
<b>Net book value</b>				
<b>At 31 January 2026</b>	<b>17.9</b>	<b>0.3</b>	<b>33.4</b>	<b>51.6</b>
At 31 January 2025	17.0	0.4	31.3	48.7

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 11 Property, plant and equipment *continued*

	Freehold property £m	Leasehold improvements £m	Plant, equipment, fixtures & vehicles £m	Total £m
<b>Cost</b>				
At 1 February 2024	22.6	40.8	95.7	159.1
Additions	0.1	-	11.3	11.5
Acquisition of Garven & Garlanna (note 29)	-	-	0.2	0.2
Disposals	-	-	(0.7)	(0.7)
<b>At 31 January 2025</b>	<b>22.7</b>	<b>40.8</b>	<b>106.5</b>	<b>170.0</b>
<b>Depreciation</b>				
At 1 February 2024	5.3	40.0	67.9	113.2
Depreciation in the period	0.4	0.4	7.9	8.7
Depreciation on disposals	-	-	(0.6)	(0.6)
<b>At 31 January 2025</b>	<b>5.7</b>	<b>40.4</b>	<b>75.2</b>	<b>121.3</b>
<b>Net book value</b>				
<b>At 31 January 2025</b>	<b>17.0</b>	<b>0.4</b>	<b>31.3</b>	<b>48.7</b>
At 31 January 2024	17.3	0.8	27.8	45.9

As at 31 January 2026, the Group held assets under construction of £1.5 million (FY25: £nil) within plant, equipment, fixtures and vehicles. These assets do not depreciate until brought into use. The impairment charge of £0.3 million for plant, equipment, fixtures and vehicles has arisen as part of the cardfactory stores impairment testing as discussed in note 12.

### 12 Leases

The Group has lease contracts, within the definition of IFRS 16 leases, in relation to its entire store lease portfolio, some warehousing locations and motor vehicles. Other contracts, 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.

	2026 £m	2025 £m
<b>Right-of-use assets</b>		
Buildings	<b>113.5</b>	109.4
Motor vehicles	<b>1.3</b>	0.8
	<b>114.8</b>	110.2

The right-of-use assets movement in the year is as follows:

	2026 £m	2025 £m
<b>At the beginning of the year</b>		
	<b>110.2</b>	99.2
Acquisition of Funky Pigeon	<b>0.6</b>	-
Acquisition of Garven	<b>-</b>	0.1
Additions:		
Buildings	<b>41.1</b>	47.5
Motor vehicles	<b>1.4</b>	0.3
Disposals	<b>(0.4)</b>	(1.0)
Depreciation charge:		
Buildings	<b>(36.4)</b>	(35.7)
Motor vehicles	<b>(0.9)</b>	(0.6)
Net impairment (charge)/reversal	<b>(1.1)</b>	0.4
Effect of foreign exchange rates	<b>0.3</b>	-
<b>At the end of the year</b>	<b>114.8</b>	110.2

Disposals and depreciation/impairment on disposals includes fully depreciated right-of-use assets where the lease term has expired, including amounts in respect of leases that have expired but the asset remained in use while a new lease was negotiated.

Profits on disposal arise where leases that have been exited before the end of the lease term where the asset has been previously impaired. The Group's full accounting policy in respect of leases and right-of-use assets is set out in note 1.

### Impairment testing: Store assets

As described in note 10, the Group considers each individual store in the estate to be a CGU for impairment testing purposes. The Group assesses indicators of impairment for the store portfolio on the basis of whether an impairment charge (or reversal) could arise in respect of an individual store, being the smallest group of assets to which separable cash flows can be allocated. As a result of carried forward impairment charges, indicators of impairment linked to economic performance and any stores planned to close, the Group identified a number of stores with an indicator of potential impairment for FY26.

The recoverable amount of each store was determined based on the expected future cash flows applicable to that store, assessed using a basis consistent with the future cash flows used in the goodwill impairment test described in note 10, but limited to the term of the current lease as assessed under IFRS 16. As a result, the key assumptions are also considered to be consistent with those described in note 10, in addition to the allocation of central and shared costs to individual stores insofar as such an allocation can be made on a reasonable and consistent basis. Shared costs applicable to the store estate are allocated to individual stores on the basis of pro-rata revenue.

The significant assumptions in the store impairment model are consistent with those described in note 10, with the addition of the allocation of central and shared overheads. The vertically integrated and omnichannel nature of the Group with a single, central support function means the allocation of shared overheads between divisions, CGUs and, for the purpose of store-level impairment testing, to individual stores inherently involves judgement.

Central costs are reviewed on a line-by-line basis to identify amounts that are necessarily incurred to generate the CGU cash flows, which includes identification of certain costs that cannot be reasonably and accurately allocated to individual stores and are only necessarily incurred to generate the cash flows of the CGU comprising the whole Group of stores.

Application of this approach and assumptions resulted in a net impairment charge of £1.4 million in respect of stores, which is comprised of £1.4 million of impairment reversals and £2.8 million of impairment charges. The reversals reflect those stores where an impairment charge made in a prior period has been reversed due to improved trading and outlook. The net impairment charge in the current year included a net charge to impairment on right-of-use assets of £1.1 million and a net charge to PPE of £0.3 million.

The Group considered a range of feasible alternative allocations of central overhead based on different scenarios and differing judgements regarding the allocation of specific cost items. This analysis indicated a potential range of impairment charges between £0.6 million and £2.7 million. The Group believes that the position adopted in the Financial Statements represents a balanced view of central overheads that are necessarily incurred and can be allocated to individual stores on a reasonable and consistent basis.

Having considered scenarios consistent with those reviewed in the goodwill impairment tests, the Group is satisfied that there are no other reasonable changes in key assumptions that would result in a material change in the impairment charge recorded for stores.

### Lease liabilities

	2026 £m	2025 £m
Current lease liabilities	(32.8)	(21.7)
Non-current lease liabilities	(90.4)	(88.7)
<b>Total lease liabilities</b>	<b>(123.2)</b>	<b>(110.4)</b>

### Lease expense

	2026 £m	2025 £m
Depreciation expense on right-of-use assets	37.3	36.3
Impairment/(reversal of impairment) of right-of-use assets	1.1	(0.4)
Profit on disposal of right-of-use assets	(0.7)	-
Lease interest	8.7	8.0
Expense relating to variable lease payments <sup>1</sup>	0.4	0.2
<b>Total lease-related income statement expense</b>	<b>46.8</b>	<b>44.1</b>

1. 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.

Accounting policies for leases are detailed in note 1. Assets, liabilities and the income statement expense in relation to leases are detailed as follows.

Disposals and depreciation/impairment on disposals includes fully depreciated right-of-use assets where the lease term has expired, including amounts in respect of leases that have expired but the asset remained in use while a new lease was negotiated. Profits on disposal arise where leases that have been exited before the end of the lease term where the asset has been previously impaired. The Group's full accounting policy in respect of leases and right-of-use assets is set out in note 1.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 13 Deferred tax assets and liabilities

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of an asset or liability in the Financial Statements and the corresponding tax bases used in the computation of taxable profit/loss.

Movement in deferred tax during the year:

	Fixed assets £m	Share-based payments £m	Derivative financial instruments and hedge accounting £m	Tax losses £m	Other temporary differences £m	Total £m
At 31 January 2024	(1.7)	1.2	0.2	-	1.5	1.2
Prior year adjustment	(0.6)	-	-	-	(1.1)	(1.7)
Credit/(charge) to income statement	(0.5)	0.3	-	0.6	(0.2)	0.2
Credit/(charge) to other comprehensive income	-	-	(0.4)	-	-	(0.4)
Charge to equity	-	(0.1)	-	-	-	0.1
At 31 January 2025	(2.8)	1.4	(0.2)	0.6	0.2	(0.8)
Acquisition of subsidiary	(0.7)	-	-	-	(4.9)	(5.6)
Prior year adjustment	(4.0)	-	-	-	0.1	(3.9)
Credit/(charge) to income statement	(0.2)	0.2	-	0.3	(0.1)	0.2
Credit/(charge) to other comprehensive income	-	-	1.7	-	-	1.7
Charge to equity	-	(0.1)	(0.5)	-	-	(0.6)
<b>At 31 January 2026</b>	<b>(7.7)</b>	<b>1.5</b>	<b>1.0</b>	<b>0.9</b>	<b>(4.7)</b>	<b>(9.0)</b>

Other temporary differences includes deferred tax recognised on acquired intangible assets.

Deferred tax assets and liabilities are offset to the extent they are levied by the same tax authority and the Group has a legally enforceable right to do so, otherwise they are shown separately in the balance sheet. The deferred tax asset for tax losses of £0.9 million has been recognised separately as it relates to losses under different tax authorities.

Deferred tax assets and liabilities are offset as follows:

	2026 £m	2025 £m
Deferred tax assets	3.4	1.6
Deferred tax liabilities	(12.4)	(3.0)
<b>Net deferred tax liability</b>	<b>(9.0)</b>	<b>(1.4)</b>

The Group measures deferred tax assets and liabilities at the current rate of UK corporation tax, 25% or the relevant local tax authority rate where there is no right to offset.

### 14 Inventories

	2026 £m	2025 £m
Finished goods	58.5	60.5
Work in progress	0.4	0.6
	<b>58.9</b>	<b>61.1</b>

Inventories are stated net of provisions totalling £10.6 million (2025: £8.2 million). The cost of inventories recognised as an expense and charged to cost of sales in the year, net of movements in provisions, was £186.0 million (2025: £162.8 million).

### 15 Trade and other receivables

	2026 £m	2025 £m
<b>Current</b>		
Trade receivables	13.0	7.4
Other receivables	0.8	0.4
Prepaid property costs	1.6	5.0
Other prepayments	5.4	4.2
	<b>20.8</b>	<b>17.0</b>

The Group has net US Dollar-denominated trade and other receivables of £4.9 million (2025: £1.6 million) and net South African Rand-denominated trade and other receivables of £4.3 million (2025: £2.8 million). Trade receivables is recorded net of £0.8 million of specific provisions related to potential irrecoverable debt.

Group revenue is principally attributable to the retail and wholesale sale of cards, dressings and gifts. Revenue is subject to a single performance obligation fulfilled by receipt of goods at the point of payment with minimal returns and refunds. Trade receivables are attributable to retail partnerships and non-retail sales which generated revenue of £47.2 million (2025: £22.2 million) in the year. Payment terms for retail partners are typically 30-90 days from invoicing. No material impairment loss has been recorded against trade receivables.

## 16 Cash and cash equivalents

	2026 £m	2025 £m
Cash at bank and in hand	18.8	16.5
<b>Cash presented as current assets in the balance sheet</b>	<b>18.8</b>	16.5
Bank overdraft	(1.4)	–
<b>Overdraft presented as current liabilities in the balance sheet</b>	<b>(1.4)</b>	–
<b>Net cash and cash equivalents</b>	<b>17.4</b>	16.5

The Group manages its liquidity requirements on a Group-wide basis and regularly sweeps and pools cash in order to optimise returns and/or ensure the most efficient deployment of borrowing facilities in order to minimise fees, while maintaining sufficient short-term liquidity to meet its liabilities as they fall due.

Cash in bank accounts and overdrafts are presented net where the Group has a legal right to offset amounts – such as those with the same banking provider or included in netting arrangements under its financing facilities.

The Group's cash and cash equivalents are denominated in the following currencies:

	2026 £m	2025 £m
Sterling	10.2	8.5
Euro	4.4	2.5
US Dollar	3.7	5.0
Australian Dollar	0.4	–
South African Rand	(1.3)	0.5
	<b>17.4</b>	16.5

## 17 Borrowings

	2026 £m	2025 £m
<b>Current liabilities</b>		
Bank loans and accrued interest	0.1	0.1
Bank overdraft	1.4	–
<b>Total current liabilities</b>	<b>1.5</b>	0.1
<b>Non-current liabilities</b>		
Bank loans	83.8	73.9
<b>Total non-current liabilities</b>	<b>83.8</b>	73.9

### Bank loans

Bank borrowings as at 31 January 2026 are summarised as follows:

	Liability £m	Interest rate %	Interest margin ratchet range %	
<b>31 January 2026</b>				
Secured revolving credit facility	85.0	Margin + SONIA	1.90–2.80	Total facility size = £160 million
Property mortgage	0.3			
Bank overdraft	1.4			
Debt issue costs	(1.4)			
	<b>85.3</b>			
<b>31 January 2025</b>				
Secured revolving credit facility	75.0	Margin + SONIA	1.90–2.80	Total facility size = £125 million
Property mortgage	0.4			
Debt issue costs	(1.4)			
	74.0			

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 17 Borrowings *continued*

The Group's financing facilities are principally comprised of a revolving credit facility (RCF) originally entered into in April 2024. In August 2025, the Group exercised a £35 million Accordion option with lender approval, to extend the total size of the RCF to £160 million (see note 1).

The facilities had an initial maturity date in April 2028, which was extended to November 2028 during FY26.

The facilities include £40 million of remaining accordion and a further extension option to November 2029, both of which can be executed subject to certain administrative conditions and lender approval.

The margin on the facilities is dependent upon the Group's leverage position, with margins between 1.9–2.8%. The facilities include covenants for a maximum leverage ratio (calculated as Net Debt excluding leases divided by EBITDA less rent costs for the prior 12 months) of 2.5x and a fixed charge cover ratio of at least 1.75x (calculated as the ratio of EBITDA plus IFRS 16 interest and depreciation to net finance charges plus IFRS 16 interest and depreciation). The Group expects to operate comfortably within these covenant levels for the foreseeable future.

Other facilities include a property mortgage in the Group's South African business, which has been fully settled and extinguished since the period-end plus local overdraft facilities, which are used for day-to-day liquidity management purposes.

Outstanding debt issue costs in respect of the April 2024 refinancing totalled £1.4 million and are being amortised to the income statement over the remaining duration of the revised facilities including £0.2 million of extension fees incurred in FY26.

### 18 Trade and other payables

	2026 £m	2025 £m
<b>Current</b>		
Trade payables	25.2	20.7
Other taxation and social security	19.8	21.4
Property accruals	2.8	5.5
Payroll accruals	8.6	8.9
Other accruals	17.5	20.3
	<b>73.9</b>	<b>76.8</b>

The Group has net US Dollar-denominated trade and other payables of £11.8 million (2025: £15.8 million), net South African Rand-denominated trade and other payables of £1.4 million (2025: £1.3 million), and net Euro-denominated trade and other payables of £2.6 million (2025: £2.7 million).

### 19 Share capital and share premium

	2026 (Number)	2025 (Number)
<b>Share capital</b>		
Allotted, called up and fully paid ordinary shares of one pence:		
At the start of the period	348,004,716	345,576,361
Issued in the period (note 25)	3,591,206	2,428,355
At the end of the period	<b>351,595,922</b>	<b>348,004,716</b>

	£m	£m
<b>Share capital</b>		
At the start of the period	3.5	3.5
Issued in the period (note 25)	-	-
At the end of the period	<b>3.5</b>	<b>3.5</b>

	£m	£m
<b>Share premium</b>		
At the start of the period	203.2	202.7
Issued in the period (note 25)	0.6	0.5
At the end of the period	<b>203.8</b>	<b>203.2</b>

Shares issued in the period relate entirely to those issued upon vesting of employee share schemes (see note 25).

<i>Treasury shares</i>	2026 (Number)	2026 (£'m)	2025 (Number)	2025 (£'m)
Ordinary shares of one pence:				
At the start of the period	-	-	-	-
Purchase of shares into treasury	5,795,564	5.0	-	-
Transfer of shares to retained earnings	(28,730)	-	-	-
At the end of the period	5,766,834	5.0	-	-

On 30 October 2025, the Group announced the commencement of a share repurchase programme, the purpose of which was to acquire shares to satisfy future awards under the Group's employee share schemes (see note 25).

On 28 April 2026, the Group announced the intention to return surplus cash to shareholders via a £15 million share buyback programme. Shares purchased under the programme are to be cancelled.

<i>Share capital in issue</i>	2026 (Number)	2025 (Number)
Total allotted, called up and fully paid ordinary shares as at 31 January 2026	351,595,922	348,004,716
Less: Shares held in treasury reserve	(5,766,834)	-
Total shares in issue	345,829,088	348,004,716

## 20 Notes to the cash flow statement

Reconciliation of operating profit to cash generated from operations:

	2026 £'m	2025 £'m
<b>Profit before tax</b>	<b>43.9</b>	64.1
Net finance expense	15.5	15.2
<b>Operating profit</b>	<b>59.4</b>	79.3
Adjusted for:		
Depreciation and amortisation	53.6	48.5
Impairment charge/(reversal) of right-of-use assets	1.1	(0.4)
Impairment of tangible assets	0.3	-
Impairment of intangible assets	3.2	-
Gain on disposal of fixed assets	(0.7)	-
Cash flow hedging foreign currency movements	4.7	(1.9)
Unrealised foreign exchange (gains)/losses	(1.3)	(0.1)
Share-based payments charge	2.3	2.3
<b>Operating cash flows before changes in working capital</b>	<b>122.6</b>	127.7
Decrease/(increase) in receivables	(2.7)	(3.3)
Decrease/(increase) in inventories	(1.4)	(11.2)
(Decrease)/increase in payables	5.9	(4.1)
Movement in provisions	(2.1)	(3.5)
<b>Cash inflow from operating activities</b>	<b>122.3</b>	105.6

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 21 Analysis of Net Debt

	At 1 February 2025 £m	Cash flow £m	Non-cash changes £m	At 31 January 2026 £m
Secured bank loans and accrued interest (note 17)	(74.0)	(3.3)	(6.6)	<b>(83.9)</b>
Lease liabilities	(110.4)	45.7	(58.5)	<b>(123.2)</b>
<b>Total debt</b>	<b>(184.4)</b>	<b>42.4</b>	<b>(65.1)</b>	<b>(207.1)</b>
Add: debt costs capitalised	(1.4)	(0.2)	0.2	<b>(1.4)</b>
Add: bank overdraft	-	(1.4)	-	<b>(1.4)</b>
Less: cash and cash equivalents excluding bank overdraft (note 16)	16.5	2.3	-	<b>18.8</b>
<b>Net Debt</b>	<b>(169.3)</b>	<b>43.1</b>	<b>(64.9)</b>	<b>(191.1)</b>
Lease liabilities	110.4	(45.7)	58.5	<b>123.2</b>
<b>Net Debt excluding lease liabilities</b>	<b>(58.9)</b>	<b>(2.6)</b>	<b>(6.4)</b>	<b>(67.9)</b>

	At 1 February 2024 £m	Cash flow £m	Non-cash changes £m	At 31 January 2025 £m
Secured bank loans and accrued interest (note 17)	(44.8)	(23.6)	(5.6)	(74.0)
Lease liabilities	(100.8)	45.6	(55.2)	(110.4)
<b>Total debt</b>	<b>(145.6)</b>	<b>22.0</b>	<b>(60.8)</b>	<b>(184.4)</b>
Add: debt costs capitalised	(0.7)	(1.6)	0.9	(1.4)
Add: bank overdraft	(0.2)	0.2	-	-
Less: cash and cash equivalents excluding bank overdraft (note 16)	11.3	5.2	-	16.5
<b>Net Debt</b>	<b>(135.2)</b>	<b>25.8</b>	<b>(59.9)</b>	<b>(169.3)</b>
Lease liabilities	100.8	(45.6)	55.2	110.4
<b>Net Debt excluding lease liabilities</b>	<b>(34.4)</b>	<b>(19.8)</b>	<b>(4.7)</b>	<b>(58.9)</b>

Non-cash changes in respect of lease liabilities reflect changes in the carrying amount of leases arising from additions, disposals and modifications.

### 22 Provisions

	Covid-19- related support £m	Property provisions £m	Restructuring provision £m	Total £m
<b>At 1 February 2024</b>	5.4	2.1	-	7.5
Acquisitions	-	0.6	-	0.6
Provisions utilised during the year	(3.3)	(0.3)	-	(3.6)
Provisions released during the year	-	(0.8)	-	(0.8)
Amounts provided during the year	-	0.5	1.2	1.7
<b>At 31 January 2025</b>	2.1	2.1	1.2	5.4
Acquisitions (note 29)	-	2.5	-	2.5
Provisions utilised during the year	-	(0.4)	(1.2)	(1.6)
Provisions released during the year	-	(0.8)	-	(0.8)
Amounts provided during the year	-	0.3	-	0.3
<b>At 31 January 2026</b>	<b>2.1</b>	<b>3.7</b>	<b>-</b>	<b>5.8</b>
Current provisions as at 31 January 2026	2.1	1.2	-	3.3
Non-current provisions as at 31 January 2026	-	2.5	-	2.5
<b>Total provisions as at 31 January 2026</b>	<b>2.1</b>	<b>3.7</b>	<b>-</b>	<b>5.8</b>

Covid-19-related support provisions reflect amounts received under one-off schemes designed to provide support to businesses affected by Covid-19 restrictions, including lockdown grants and CJRS, in excess of the value the Group reasonably believes it is entitled to retain under the terms and conditions of those schemes. The provisions have been estimated based on the Group's interpretation of the terms and conditions of the respective schemes and, where applicable, independent professional advice.

A partial settlement of these amounts was paid in April 2024 amounting to £3.3 million, leaving £2.1 million outstanding. The Group continues to hold discussions regarding settlement of the remaining element of the provision. The Group has not obtained any information that changes its assessment of the valuation of the remaining provision at 31 January 2026. The Group believes a range of reasonably possible outcomes remains and that the Group's provision reflects a reasonable assessment of the amount that may be repayable. The Group does not believe that any position within the range of reasonably possible outcomes would reflect a material change to the provision held at the balance sheet date and this provision is classified as current as the Group is actively aiming to resolve this settlement in the next 12 months.

The costs incurred as a result of the restructuring programme associated with the closure of the Getting Personal website in FY25 were wholly utilised in FY26.

The Group maintains provisions in respect of its store portfolio to cover the estimated cost of restoring properties to their original condition upon exit of the property. Despite the size of the Group's store portfolio, such provisions are generally small, which is consistent with the Group's experience of actual dilapidations and restoration costs.

Specific provisions are usually made where the Group has a reasonable expectation that the related property may be exited, or is at a higher risk of exiting, in the near future and are generally expected to be utilised in the short term. Any non-current portion of the provision is considered immaterial.

We have recognised a £2.5 million provision for dilapidations related to the Guernsey property acquired in the acquisition of Funky Pigeon in FY26, see note 29 for further details.

### 23 Financial risk management

The principal financial risks faced by the Group are liquidity, foreign currency, interest rate and counterparty credit risk.

The Board have overall responsibility for managing risks and uncertainties across the Group. The principal financial risks and uncertainties and the actions taken to mitigate them are reviewed on an ongoing basis. Further details of the Group's approach to managing risk are included in the Principal Risks and Uncertainties section of the Strategic Report on pages 73 to 77 and in the Corporate Governance Report on pages 84 to 89.

#### Liquidity risk

The Group has continued to generate significant operating cash inflows in FY26. Cash flow forecasts are prepared to assist management in identifying future liquidity requirements. At the balance sheet date, the Group had Net Debt (note 21) of £67.9 million (2025: £58.9 million) and undrawn RCF facility of £73.7 million (see note 17).

The quantum, tenor and key terms of the Group's financing facilities are set out in note 17.

The table below analyses the contractual cash flows of the Group's non-derivative financial liabilities as at the balance sheet date. The amounts disclosed in the tables are the contractual undiscounted cash flows, including contractual interest. Where amounts are not yet fixed, principally in respect of interest payments linked to SONIA in the Group's bank facilities, the values have been determined with reference to forward curves at the balance sheet date.

	<i>Less than one year £m</i>	<i>One to two years £m</i>	<i>Two to five years £m</i>	<i>More than five years £m</i>	<i>Total £m</i>
<b>At 31 January 2026</b>					
Bank loans	0.1	0.1	85.1	–	85.3
Lease liabilities	40.2	38.8	53.0	8.6	140.6
Trade and other payables	73.9	–	–	–	73.9
	<b>114.2</b>	<b>38.9</b>	<b>138.1</b>	<b>8.6</b>	<b>299.8</b>
<b>At 31 January 2025</b>					
Bank loans	0.1	0.1	75.2	–	75.4
Lease liabilities	29.0	35.0	56.3	6.7	127.0
Trade and other payables	77.8	–	–	–	77.8
	<b>106.9</b>	<b>35.1</b>	<b>131.5</b>	<b>6.7</b>	<b>280.2</b>

The table below analyses the contractual cash flows of the Group's derivative financial instruments as at the balance sheet date. The amounts disclosed represent the total contractual undiscounted cash flows at the balance sheet date exchange and interest rates. The figures included under bank loans are aged based on the maturity date of the existing facilities as laid out in note 17.

	<i>Less than one year £m</i>	<i>One to two years £m</i>	<i>Two to five years £m</i>	<i>More than five years £m</i>	<i>Total £m</i>
<b>At 31 January 2026</b>					
Foreign exchange contracts					
– Inflow	61.2	45.4	29.9	–	136.5
– Outflow	(64.9)	(47.8)	(30.5)	–	(143.2)
<b>At 31 January 2025</b>					
Foreign exchange contracts					
– Inflow	60.4	26.6	4.8	–	91.8
– Outflow	(58.3)	(25.2)	(4.6)	–	(88.1)

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 23 Financial risk management *continued*

#### Foreign currency risk

The Group has an exposure to foreign currency risk due to a significant proportion of the Group's goods for resale being procured from overseas suppliers with purchases denominated in US Dollars. The Group has an established currency hedging policy, reviewed annually, which aims to mitigate the risk of adverse currency movements while providing sufficient flexibility and available credit lines to act when markets are volatile.

The Group's policy requires forward cover, using a combination of currency on hand, expected receipts and derivative contracts, of between 50% and 100% of the next 12-months' rolling forecast US Dollar requirements, between 25% and 75% forward cover for the period 12 to 24 months, and up to 50% for the period 24 to 36 months. The policy permits a proportion of each year's US Dollar requirement to be covered by structured options and similar instruments.

The table below analyses the sensitivity of the valuation of the Group's US Dollar-denominated financial instruments to a 10 cent movement in the US Dollar to GBP exchange rate at the balance sheet date, holding all other assumptions constant.

	2026		2025	
	Impact on profit after tax £m	Impact on cash flow hedging reserve £m	Impact on profit after tax £m	Impact on cash flow hedging reserve £m
10 cent increase	(3.2)	(3.9)	(2.2)	(2.8)
10 cent decrease	3.7	4.5	2.6	3.3

The Group generates a small proportion of its total revenue in Euros as a result of its operations in the Republic of Ireland and Australian Dollars (AUD) as a result of its supply contracts in Australia. Euro and AUD receipts are used to settle obligations denominated in those currencies with any surplus converted to GBP using either spot or forward contracts to manage liquidity.

#### Interest rate risk

The Group's principal interest rate risk arises from its long-term borrowings. Bank borrowings are denominated in Sterling and are borrowed at floating interest rates (see note 17). The Group has an established policy that permits the use of interest rate derivative financial instruments to mitigate the interest rate risk on an element of these borrowing costs. Current Group policy permits up to 75% of forecast floating interest rate borrowings to be hedged for the next 24 months, up to 50% for the period 24 to 36 months and up to 25% for periods greater than 36 months.

The table below shows the impact on the reported results as a result of the revaluation of such hedges given a 50 basis point increase or decrease in the interest rate for the year. As of 31 January 2026, the Group no longer holds any interest rate hedges.

	2026		2025	
	Impact on profit after tax £m	Impact on cash flow hedging reserve £m	Impact on profit after tax £m	Impact on cash flow hedging reserve £m
50 basis point interest rate increase	-	-	(0.3)	-
50 basis point interest rate decrease	-	-	0.3	-

A change of 50 basis points in the SONIA rate would cause a movement of +/- £0.3 million in profit after tax if the current RCF balance was maintained throughout the year.

#### Counterparty credit risk

The Group is exposed to counterparty credit risk on its holdings of cash and cash equivalents and derivative financial assets. To mitigate the risk, where possible, counterparties are limited to high credit-quality financial institutions and exposures are monitored on a monthly basis. We typically maintain cash balances at a level required to meet our working capital requirements, minimise our cash drawings on debt facilities and net interest expense. Short-term cash surpluses are invested in treasury deposit accounts with reputable banking institutions.

The Group is also exposed to counterparty credit risk in relation to certain payments in advance of goods to overseas suppliers. To limit this exposure, goods from overseas suppliers are not paid until after shipment, except for a limited number of deposit payments in prepayments.

Credit risk in respect of trade receivables on revenues from retail partners and non-retail customers, and other receivables and prepayments, is not significant to the Group. Revenues from retail partners and non-retail customers represented £47.5 million in the year (2025: £22.2 million) and trade receivables at 31 January 2026 were £12.4 million (2025: £7.4 million). Total trade and other receivables at 31 January 2026 are £20.8 million (2025: £17.0 million). The Group considers expected credit losses as not material and no material impairment allowances have been recognised in respect of credit risk.

#### Capital management

The Group is disciplined in its management of capital, which is achieved through its Capital Allocation Policy. The aim of the policy is to balance delivery of sustainable, long-term growth in shareholder value against cash returns to shareholders and the needs of the Group's other stakeholders. Each year, the Group will assess the appropriate use of free cash after allocating funds to investments that will deliver the stated strategy.

The Group is committed to a transparent, systemic and disciplined use of cash. The Board will, as part of its annual planning cycle, review investment opportunities and allocate capital between strengthening the balance sheet, investment to deliver the strategy and returns to shareholders. At 31 January 2026, our capital allocation policy is unchanged and the Board has proposed a final dividend of 3.7 pence per share in respect of the 2026 financial year (see note 8).

The Group defines capital as equity attributable to the equity holders of the parent plus Net Debt. Net Debt is shown in note 21.

The Board monitors the Group's capital structure principally through reviewing free cash generation and Adjusted Leverage – the ratio of Net Debt (excluding lease liabilities) to EBITDA (after deducting rent-related costs). The Group's long-term target is to maintain a maximum Adjusted Leverage position of 1.5 times.

Details on Group borrowings are set out in note 17. The Group has a continued focus on free cash flow generation. The Board monitors a range of financial metrics together with banking covenant ratios, maintaining suitable headroom to ensure that the Group's financing requirements continue to be serviceable.

Further detail regarding covenant restrictions and liquidity forecasts are provided in notes 1 and 17.

## 24 Financial instruments

### Fair value

IFRS 13 requires categorisation of the Group's financial instruments, where measured at fair value, in accordance with the fair value hierarchy to illustrate the basis upon which the fair value has been determined:

- Level 1: fair value measurements are derived from quoted prices in active markets for identical assets or liabilities;
- Level 2: fair value measurements are based on 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: fair value measurements derived from valuation techniques that use inputs that are not based on observable market data (unobservable inputs).

The fair value of the Group's foreign currency and interest rate derivative financial instruments are largely determined by comparison between forward market prices and the contract price; therefore, these contracts are categorised as Level 2.

### Derivative financial instruments

The balance sheet date fair value of derivative financial instruments is as follows:

	2026 £m	2025 £m
<b>Derivative assets</b>		
<i>Non-current</i>		
Foreign exchange contracts	0.7	0.9
<i>Current</i>		
Foreign exchange contracts	1.0	2.4
<b>Derivative liabilities</b>		
<i>Current</i>		
Foreign exchange contracts	(4.9)	(0.3)
<i>Non-current</i>		
Foreign exchange contracts	(3.4)	(0.4)
<b>Net derivative financial instruments</b>		
Foreign exchange contracts	(6.6)	2.6

### Foreign exchange contracts

At 31 January 2026, the Group held a portfolio of foreign currency derivative contracts with notional principal amounts in GBP totalling £143.2 million (2025: £88.1 million) to mitigate the exchange risk on future US Dollar-denominated trade purchases.

Foreign currency derivatives with a notional value of £76.5 million were designated in cash flow hedging relationships at 31 January 2026 (2025: £39.7 million). Of this amount, £27.7 million is expected to unwind in the next 12 months with an average strike price of 1.30, £27.1 million is expected to unwind between 13 and 24 months at an average strike price of 1.30, and £21.7 million is expected to unwind between 25 and 72 months at an average strike price of 1.34. The average strike prices reflect only those derivatives designated into hedging relationships, and not the Group's whole portfolio of currency purchase contracts.

Foreign currency derivative contracts with a notional value of £66.6 million representing a fair value liability of £3.4 million (2025: £48.4 million representing a fair value asset of £1.2 million) were not designated as hedging relationships.

Fair value movements in foreign currency derivatives are recognised in other comprehensive income/expense to the extent the contract is part of an effective hedging relationship.

The fair value movements of £4.7 million that do not form part of an effective hedging relationship have been charged to the income statement (2025: £1.5 million) within cost of sales.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 24 Financial instruments *continued*

#### Classification of financial instruments

The table below shows the classification of financial assets and liabilities at the balance sheet date. Fair value disclosures in respect of lease liabilities are not required.

	Mandatorily at FVTPL £m	Cash flow hedging instruments £m	Financial assets at amortised cost £m	Financial liabilities at amortised cost £m
<i>At 31 January 2026</i>				
<b>Financial assets measured at fair value</b>				
Derivative financial instruments	0.2	1.5	-	-
<b>Financial assets not measured at fair value</b>				
Trade receivables	-	-	20.8	-
Cash and cash equivalents	-	-	18.8	-
<b>Financial liabilities measured at fair value</b>				
Derivative financial instruments	(3.7)	(4.6)	-	-
<b>Financial liabilities not measured at fair value</b>				
Secured bank loans	-	-	-	(83.9)
Unsecured bank overdrafts	-	-	-	(1.4)
Trade and other payables	-	-	-	(73.9)
	<b>(3.4)</b>	<b>(3.2)</b>	<b>39.6</b>	<b>(159.2)</b>
<i>At 31 January 2025</i>				
	£m	£m	£m	£m
<b>Financial assets measured at fair value</b>				
Derivative financial instruments	1.6	1.7	-	-
<b>Financial assets not measured at fair value</b>				
Trade receivables	-	-	17.0	-
Cash and cash equivalents	-	-	16.5	-
<b>Financial liabilities measured at fair value</b>				
Derivative financial instruments	(0.4)	(0.3)	-	-
<b>Financial liabilities not measured at fair value</b>				
Secured bank loans	-	-	-	(74.0)
Unsecured bank overdrafts	-	-	-	-
Trade and other payables	-	-	-	(76.8)
	<b>1.2</b>	<b>1.4</b>	<b>33.5</b>	<b>(150.8)</b>

The fair values of financial instruments have been assessed as approximating to their carrying values. Derivative financial instruments are utilised to mitigate foreign exchange risk on the requisition of inventory and interest rate risk on borrowings. Derivatives not designated as a hedging relationship are mandatorily classified at FVTPL. Prepayments do not meet the definition of Financial Instruments and as such are not disclosed in the above table.

### 25 Equity-settled share-based payment arrangements *cardfactory Restricted Share Awards and Long Term Incentive Plan*

The Company grants restricted share awards (RSAs) to the Executive Directors, members of the senior management team and senior employees within the Group under the terms of the Group's LTIP. Grants are made annually under the scheme, subject to approval by the Board. The award comprises a right to receive free shares or nil cost options. The shares are to be issued within 30 days, or as soon as practicable, after the vesting date. Grants awarded in the year to Executive Directors and senior management vest in stages over three, four and five years and vested shares may not be sold (other than to pay taxes due on vesting) until the end of the five-year period. Grants awarded in the year to senior employees are subject to a three-year vesting period. All restricted share awards are subject to a performance underpin through which the Remuneration Committee can exercise discretion to reduce the number of awards that will vest based on certain defined criteria.

Grants awarded prior to 31 January 2018 under the LTIP were subject to a three-year vesting period with performance conditions and a two-year holding period for awards in favour of senior management. Further details on Executive Director share awards are provided in the Remuneration Report on pages 96 to 107.

#### *cardfactory SAYE Scheme (SAYE)*

The SAYE scheme is open to all employees (in years prior to FY19 length of service eligibility applied). Grants are made annually under the scheme, subject to approval by the Board. Options may be exercised under the scheme within six months of the completion of the three-year savings contract. There is provision for early exercise in certain circumstances such as death, disability, redundancy and retirement.

#### Reconciliation of outstanding awards

	RSA/LTIP		SAYE	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
<b>Outstanding at 1 February 2024</b>	7,628,948	£0.01	3,996,743	£0.56
Granted during the year	2,480,692	£0.01	1,493,898	£0.75
Exercised during the year	(1,469,447)	£0.01	(958,908)	£0.50
Forfeited during the year	(791,808)	£0.01	(613,838)	£0.61
<b>Outstanding at 31 January 2025</b>	7,848,385	£0.01	3,917,895	£0.58
Granted during the year	<b>2,205,624</b>	<b>£0.01</b>	<b>1,699,864</b>	<b>£0.77</b>
Exercised during the year	<b>(2,288,138)</b>	<b>£0.01</b>	<b>(1,331,798)</b>	<b>£0.49</b>
Forfeited during the year	<b>(406,667)</b>	<b>£0.01</b>	<b>(858,140)</b>	<b>£0.69</b>
<b>Outstanding at 31 January 2026</b>	<b>7,359,204</b>	<b>£0.01</b>	<b>3,427,821</b>	<b>£0.75</b>

The weighted average remaining contract for options under the SAYE scheme is 1.6 years and under the RSA/LTIP scheme is 1.4 years.

### Fair value of awards

The fair value of awards granted during the year has been measured using the Black-Scholes model assuming the inputs below.

	2026			2025	
	RSA/LTIP (1)	SAYE	RSA/LTIP (1)	RSA/LTIP (2)	SAYE
Granted during the year	2,205,624	1,699,864	2,431,769	48,923	1,493,898
Fair value at grant date	£0.97	£0.27	£0.93	£0.99	£0.46
Share price at grant date*	£0.97	£0.94	£0.93	£0.99	£1.12
Exercise price*	£0.01	£0.77	£0.01	£0.01	£0.75
Expected volatility	40%	41%	48%	43%	47%
Expected term (years)	3	3	3	1.25	3
Expected dividend yield	N/A**	5.1%	N/A**	N/A**	4%
Risk free interest rate	3.87%	3.75%	4.38%	4.24%	4.30%

\* The exercise price for SAYE awards is set at a 20% discount to an average market price determined in accordance with scheme rules. The share price at the grant date is the closing price on the grant date. The outstanding SAYE awards as at 31 January 2026 have an exercise price ranging from £0.49 to £0.75.

\*\* RSA/LTIP awards have a £0.01 exercise price (covered via a nominal bonus award from the Group) and accrue dividend equivalents over the vesting period, consequently, the fair value at grant date is equal to the grant date share price.

The expected volatility is based on historical volatility of the Company over the expected term at the grant date.

### Impact on the income statement

The total expense recognised in the income statement arising from share-based payments is as follows:

	2026 £m	2025 £m
<i>All amounts exclude national insurance costs</i>		
RSA or LTIP	2.0	2.0
SAYE	0.3	0.3
Total share-based payment expense	2.3	2.3

### 26 Capital commitments

The Group had £2.1 million of capital commitments relating to the purchase of a printing machine at 31 January 2026 (2025: £nil).

### 27 Contingent liabilities

There were no material contingent liabilities at 31 January 2026 (2025: £nil).

### 28 Related party transactions

The Group has taken advantage of the exemptions contained within IAS 24 'Related Party Disclosures' from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

The Card Factory Foundation is considered a related party of the Group due to one common individual considered as key management personnel. In the year ended 31 January 2026, the Group donated £1.2 million (2025: £1.4 million) to the Foundation from carrier bag sales and has an outstanding balance owed to the Foundation of £0.1 million at 31 January 2026 (2025: £0.1 million).

A full listing of the Group's subsidiary undertakings is provided in the notes to the Company accounts on page 175.

### Transactions with key management personnel

The key management personnel of the Group comprise the Card Factory plc Board of Directors and the Executive Board. Disclosures relating to remuneration of key management personnel are included in note 5. Further details of Directors' remuneration are set out in the Directors' Remuneration Report on pages 96 to 107. Directors of the Company and their immediate families control 0.4% of the ordinary shares of the Company.

There were no other related party transactions in the year.

### 29 Business combinations

Business combinations are accounted for using the acquisition method. The identifiable assets acquired and liabilities assumed are recognised at their fair values at the acquisition date.

### Acquisition of Funky Pigeon

On 14 August 2025, the Group acquired 100% of the issued share capital of Funkypigeon.com Limited ('Funky Pigeon') from WHSmith plc for cash consideration which, following finalisation of customary adjustments for closing cash, debt and working capital, totalled £25.7 million.

Acquisition-related costs totalling £1.7 million have been expensed and included within operating expenses in the consolidated income statement. These costs have been excluded from Adjusted PBT as they are non-recurring in nature as seen in the glossary on page 178 to 181.

The purchase price allocation for the acquisition of Funky Pigeon was prepared in accordance with IFRS 3 with the fair values of the assets and liabilities acquired set in the table overleaf.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 29 Business combinations *continued*

Fair value of identifiable net assets	As at 14 August 2025 £m
<b>Non-current assets</b>	9.0
Property, plant & equipment	1.2
Intangible assets	7.2
Right-of-use assets	0.6
<b>Current assets</b>	2.4
Inventories	1.1
Trade & other receivables	1.3
Cash at bank and in hand	–
<b>Total assets</b>	11.4
<b>Current liabilities</b>	(7.9)
Trade & other payables	(4.0)
Deferred income	(0.1)
Deferred tax	(0.7)
Lease liabilities	(0.6)
Provisions	(2.5)
<b>Total liabilities</b>	(2.7)
<b>Net assets</b>	3.5
Add: acquired intangible assets (note 10)	19.7
Less: deferred tax on acquired intangible assets	(4.9)
Add: Goodwill (note 10)	7.4
<b>Total consideration paid</b>	25.7
Cash at bank and in hand acquired	–
<b>Net cash outflow on acquisition</b>	25.7

The acquired business operates [funkypigeon.com](http://funkypigeon.com), an established online personalised card and attached gifting business, which is supported by its standalone team in Bristol and Guernsey. Over the prior two financial years, Funky Pigeon on average generated c.£32 million revenue per annum and c.£5 million EBITDA.

The acquisition of Funky Pigeon accelerates cardfactory's existing digital strategy, providing a platform for online growth, particularly in the direct-to-recipient card and attached gifting market. By combining Funky Pigeon's digital platform with our existing omnichannel offer, cardfactory intends to leverage its 24 million unique store customers to develop a highly competitive online presence in the celebration occasions market. Our vision for online is to expand our digital presence by becoming an online destination to help our customers celebrate all of life's moments.

The total cash consideration for the transaction was £25.7 million on a cash/debt free basis, of which £24.1 million was paid on the acquisition date and the remaining amount settled on finalisation of the completion accounts in October 2026. There is no further contingent or deferred consideration payable.

The Group have made fair value adjustments to the assets and liabilities in the acquiree's local financial records in arriving at the provisional fair values as required by IFRS 3, which are detailed below:

- The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.
- Recognising a provision (£2.5 million) in relation to costs expected to be incurred to return leased property to its original state as disclosed in note 22.

The fair value of the net assets acquired is £3.5 million. The Group has recognised £11.5 million of identifiable customer-related intangibles assets and £8.2 million of brand-related intangible assets, see note 10 for further details. This also led to the recognition of a deferred tax liability of £4.9 million, which is a timing difference that will unwind over the life of the intangible assets. This gives a total fair value of acquired assets of £18.3 million, which is lower than the fair value of the consideration paid (including cash acquired) of £25.7 million, the balance has resulted in recognition of £7.4 million of goodwill, which is not tax-deductible. We consider that goodwill is appropriately recognised as we expect to achieve synergies with our existing Online business in integrating the operations of Funky Pigeon with the Group as part of our digital strategy.

Funky Pigeon contributed revenue of £13.5 million and a loss of £0.4 million to the Group's profit after tax for the period between the date of acquisition and the reporting date.

If the acquisition of Funky Pigeon had been completed on the first day of the financial year, Group revenues for the year to 31 January 2026 would have been £597.9 million and Group profit after tax would have been £34.1 million.

## PARENT COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 January 2026

	Note	2026 £m	2025 £m
<b>Non-current assets</b>			
Investments	4	316.2	316.2
Deferred tax assets		0.5	0.4
		<b>316.7</b>	316.6
<b>Current assets</b>			
Trade and other receivables	5	0.1	6.5
<b>Total assets</b>		<b>316.8</b>	323.1
<b>Current liabilities</b>			
Trade and other payables	6	(4.4)	(3.3)
<b>Net assets</b>		<b>312.4</b>	319.8
<b>Equity</b>			
Share capital	7	3.5	3.5
Share premium	7	203.8	203.2
Treasury shares	7	(5.0)	-
Merger reserve		2.7	2.7
Retained earnings		107.4	110.4
<b>Equity attributable to equity holders of the parent</b>		<b>312.4</b>	319.8

The Company's profit for the year to 31 January 2026 was £12.4 million (2025: profit of £20.3 million).

The Financial Statements on pages 171 to 177 were approved by the Board of Directors on 27 April 2026 and were signed on its behalf by

**Matthias Seeger**  
Chief Financial Officer

Company number 09002747

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2026

	Share capital £m	Share premium £m	Treasury shares £m	Merger reserve £m	Retained earnings £m	Total equity £m
<b>At 31 January 2024</b>	3.5	202.7	-	2.7	108.1	317.0
<b>Total comprehensive income for the year</b>						
Profit or loss	-	-	-	-	20.3	20.3
<b>Transactions with owners, recorded directly in equity</b>						
Shares issued	-	0.5	-	-	-	0.5
Share-based payments	-	-	-	-	2.3	2.3
Dividends <sup>1</sup>	-	-	-	-	(20.3)	(20.3)
<b>At 31 January 2025</b>	3.5	203.2	-	2.7	110.4	319.8
<b>Total comprehensive income for the year</b>						
Profit or loss	-	-	-	-	12.4	12.4
<b>Transactions with owners, recorded directly in equity</b>						
Deferred tax on share-based payments	-	-	-	-	(0.1)	(0.1)
Shares issued	-	0.6	-	-	-	0.6
Treasury shares purchased	-	-	(5.0)	-	-	(5.0)
Share-based payments	-	-	-	-	2.2	2.2
Dividends <sup>1</sup>	-	-	-	-	(17.5)	(17.5)
<b>At 31 January 2026</b>	<b>3.5</b>	<b>203.8</b>	<b>(5.0)</b>	<b>2.7</b>	<b>107.4</b>	<b>312.4</b>

1. Dividends includes £0.3 million (FY25: £0.5 million) dividend equivalents payable on employee share awards.

The notes that accompany these Financial Statements are included on pages 172 to 177.

## PARENT COMPANY CASH FLOW STATEMENT

For the year ended 31 January 2026

	Note	2026 £m	2025 (Restated) £m
<b>Cash (outflow)/inflow from operating activities</b>	10	<b>21.6</b>	19.3
Corporation tax paid		-	-
<b>Net cash (outflow)/inflow from operating activities</b>		<b>21.6</b>	19.3
<b>Cash flows from financing activities</b>			
Shares issued under employee share schemes	3	<b>0.6</b>	0.5
Treasury shares purchased		<b>(5.0)</b>	-
Dividends paid <sup>1</sup>		<b>(17.2)</b>	(19.8)
<b>Net cash outflow from financing activities</b>		<b>(21.6)</b>	(19.3)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
<b>Closing cash and cash equivalents</b>		<b>-</b>	-

1. The cash flow statement has been amended to present dividends paid as cash flows from financing activities. Comparatives for FY25 have also been reclassified. In FY25, dividends paid were presented as cash flows from investing activities, in error. This change is presentational only, and there are no changes to any of the current or prior year cash flows or closing cash balances as a result of this reclassification. See note 1 for further detail.

The notes that accompany these Financial Statements are included on pages 172 to 177.

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

For the year ended 31 January 2026

### 1 Accounting policies

#### Basis of preparation

These Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards (UK IFRS) and applicable law.

The Financial Statements have been prepared under the historical cost convention and on the going concern basis. The Directors' assessment of going concern is set out on page 127 of the consolidated Financial Statements.

#### Significant judgements and estimates

The preparation of Financial Statements in conformity with UK IFRS requires the use of judgements, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Company has not identified any significant judgements or areas of significant estimation uncertainty in the current year. However, reflecting the degree of management focus, notes the following in respect of impairment testing.

#### Investment in subsidiaries impairment testing

The impairment testing of investment in subsidiaries requires judgement in determining the assumptions to be used to estimate the value-in-use, including estimates of future revenues, operating costs, terminal value growth rates, and the pre-tax discount rate to be applied. Whether or not the estimation used in determining these assumptions is significant depends upon the outcome of the assessment and the level of headroom in the analysis and sensitivity to changes in those assumptions.

Further detail is provided in note 4 to the Company Financial Statements. There were no reasonably possible changes in key assumptions in the impairment test performed that would result in an impairment charge.

#### Principal accounting policies

The principal accounting policies set out as follows have been applied consistently to all periods presented in these Financial Statements.

#### Changes in significant accounting policies

New standards and amendments to existing standards effective in the period, which are set out in full on page 145 of the consolidated Financial Statements, have not had a material effect on the Company's Financial Statements.

### **UK endorsed standards and amendments issued but not yet effective**

A full list of standards and amendments that are in issue but not yet effective is provided on page 145 of the consolidated Financial Statements.

The adoption of these standards and amendments in future periods is not expected to have a material impact on the Company's Financial Statements.

### **Income statement**

The Company made a profit after tax of £12.4 million for the year ended 31 January 2026 (2025: £20.9 million), including £12.6 million dividends received from subsidiary undertakings (2025: £19.7 million). As permitted by section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of the Financial Statements.

### **Investments**

Investments in subsidiary undertakings are held at cost less any provision for impairment.

### **Financial instruments**

#### **Non-derivative financial assets**

Non-derivative financial assets comprise trade and other receivables classified as financial assets at amortised cost. The trade and other receivables do not have a significant financing component and are initially measured at transaction price. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company measures loss allowances at an amount equal to lifetime expected credit loss.

#### **Non-derivative financial liabilities**

Non-derivative financial liabilities comprise trade and other payables. Trade and other payables are initially recognised at fair value, less any directly attributable transaction costs and subsequently stated at amortised cost using the effective interest method.

### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

### **Merger reserve**

On 30 April 2014, Card Factory plc acquired 100% of the share capital of CF Topco Limited in a share for share exchange, thereby inserting Card Factory plc as the Parent Company of the Group. The shareholders of CF Topco Limited became 100% owners of the enlarged share capital of Card Factory plc. The premium arising on the issue of shares is recognised in the merger reserve.

### **Share-based payments**

The Company issues equity-settled share-based payments to employees within the Group through the cardfactory Restricted Share Awards Scheme (RSA) and the cardfactory SAYE Scheme (SAYE), see note 25 of the consolidated Financial Statements for further details. The cost of equity-settled share awards is measured as the fair value of the award at the grant date using the Black-Scholes model.

The cost of awards to employees of the Company is expensed to the income statement of relevant subsidiary companies, together with a corresponding adjustment to equity, on a straight-line basis over the vesting period of the award. The cost of awards to employees of subsidiary undertakings is immediately reimbursed by the subsidiary. The total cost of the awards is based on the Company's estimate of the number of share awards that will eventually vest in accordance with the vesting conditions. The awards do not include market-based vesting conditions. At each balance sheet date, the Company revises its estimate of the number of awards that are expected to vest. Any revision to estimates is recognised in the income statement, with a corresponding adjustment to equity. The expense recognised in the Company income statement is subsequently charged to subsidiary entities to the extent that management services are provided to those subsidiary entities.

### **Dividends**

Dividends are recognised as a liability in the period in which they are approved such that the Company is obliged to pay the dividend.

### **Prior period adjustment**

In December 2025, the Company received an enquiry from the Financial Reporting Council requesting further information on the Group's Annual Report & Accounts for the period ended 31 January 2025. This brought to our attention a classification error in the presentation of the Parent Company's cash flow statement.

Dividends paid were incorrectly classified as 'cash flows from investing activities' in the FY25 Parent Company cash flow statement. To reflect these transactions in compliance with IAS 7 'Statement of cash flows' the FY26 Parent Company cash flow statement has been amended to show dividends paid as 'cash flows from financing activities'. Comparatives for FY25 have also been reclassified. There are no other changes to any other statements or supporting notes.

This amendment has no impact on the consolidated Financial Statements of the Group (see pages 138 to 170). The amendment is presentational only and does not affect the cash flows, opening nor closing cash balances of the Company for any of the periods presented.

The FRC's review was based solely on the Group's published annual report and accounts and does not provide assurance that the annual report and accounts are correct in all material respects. The FRC's role is not to verify the information provided, but to consider compliance with reporting requirements.

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 31 January 2026

## 1 Accounting policies *continued*

### Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or through other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted, or substantively enacted, at the balance sheet date. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### 2 Employee costs

The Company has no employees other than the Board of Directors. Full details of Directors' remuneration are set out in the Directors' Remuneration Report on pages 96 to 107.

### 3 Dividends

On 27 June 2025, the Group paid a final dividend of 3.6 pence per share (totalling £12.6 million) in respect of the FY25 financial year. This brought total dividends paid in respect of FY25 to 4.8 pence per share (totalling £16.8 million).

On 12 December 2025, the Group paid an interim dividend of 1.2 pence per share (totalling £4.6 million) in respect of the FY26 financial year.

### FY26 final dividend

At the forthcoming Annual General Meeting, the Board will recommend to shareholders that a resolution is passed to approve payment for a final dividend for the year ended 31 January 2026 of 3.7 pence per share, equivalent to approximately £13.0 million. The final dividend will be payable to shareholders on the share register on 29 May 2026, with payments to be made on 3 July 2026.

	Pence per share	2026 £m	2025 £m
<b>Dividends paid in the year:</b>			
Final dividend for the year ended 31 January 2024	4.5p	–	15.6
Interim dividend for the year ended 31 January 2025	1.2p	–	4.2
Final dividend for the year ended 31 January 2025	3.6p	12.6	–
Interim dividend for the year ended 31 January 2026	1.2p	4.6	–
<b>Total dividends paid to shareholders in the year</b>		<b>17.2</b>	19.8

Dividend equivalents totalling £0.3 million (2025: £0.5 million) were accrued in the year in relation to share-based long-term incentive schemes.

### 4 Investments in subsidiaries

	£m
At 31 January 2025 and 31 January 2026	316.2

The Company evaluates its investments in subsidiary undertakings annually for any indicators of impairment. Management have considered that, as the balance sheet net asset value exceeds the market capitalisation as at 31 January 2026, there is a potential indicator of impairment of the Company's investments, and as a result, management have performed an impairment review.

Management consider that the value in this investment closely aligns with the goodwill allocated to the cardfactory Stores business, which is comprised of all of the cardfactory Stores (each an individual CGU for asset impairment testing purposes), associated central functions and shared assets.

The Company investment impairment review considers the ability of the subsidiaries to repay the investment value via dividends as opposed to the stores goodwill impairment review, which looks at the carrying amount of specific assets. As a result, we have performed a value-in-use assessment that follows the same methodology and largely applies the same assumptions as discussed in note 10 on page 156, however, management have also taken into account the fact that the Group's borrowing facilities held in CF Bidco Limited impact upon the ability of the subsidiary to pay dividends to the Company. Otherwise, the methodology, assumptions and cash flows of the value-in-use model follow those discussed in note 10.

No impairment loss was identified. The valuation indicates sufficient headroom such that any reasonably possible change to the key assumptions would not result in an impairment of the related investments and we have performed sensitivity analysis to inform this conclusion.

#### 4 Investments in subsidiaries *continued*

##### Subsidiary undertakings

At 31 January 2026 the Company controlled 100% of the issued ordinary share capital of the following subsidiaries, all of which are included in the consolidated Financial Statements. All subsidiaries are registered in England and Wales with the exception of those subsidiaries listed with a different registered address as below. The registered office of the Company is Century House, Brunel Road, Wakefield 41 Industrial Estate, Wakefield, West Yorkshire WF2 0XG.

Subsidiary undertaking	Nature of business	Registered office
CF Bidco Limited*	Intermediate holding company	Same as the Company
Sportswift Limited	Sale of greeting cards and gifts	Same as the Company
Printcraft Limited	Printers	Same as the Company
Getting Personal Limited	Online sale of personalised products and gifts	Same as the Company
Card Factory Ireland Limited	Sale of greeting cards and gifts	**
CF SA Holdings (Pty) Limited	Intermediate holding company	***
SA Greetings Corporation (Pty) Ltd	Intermediate holding company	***
SA Greetings (Pty) Limited	Sale of greeting cards	***
CNA Properties (Baragwanath) (Pty) Limited	Property company	***
Funny Paper (Pty) Limited	Dormant	***
Cardfactory US Holdings Inc.	Intermediate holding company	****
Cardfactory US Holdings LLC	Sale of greeting cards and gifts	****
Garlanna Holdings Limited	Intermediate holding company	*****
Garlanna Limited	Sale of greeting cards and gifts	*****
Garlanna (UK) Limited	Sale of greeting cards and gifts	Same as the Company
Garven Holding, LLC	Intermediate holding company	****
Garven LLC	Sale of gift bags, tags, wrapping and gifts	*****
Cadence Packaging Group LLC	Sale of gift bags and packaging	*****
Funkypigeon.com Limited	Online sale of personalised products and gifts	Same as the Company

\* Shares held directly. All other subsidiaries shares are held indirectly through subsidiary undertakings.

\*\* 6th Floor, 2 Grand Canal Square, Dublin 2, Dublin, Republic of Ireland.

\*\*\* 2 Aeroton Road, Aeroton, Johannesburg 2013.

\*\*\*\* Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

\*\*\*\*\* Greeting Card House, Rathnew Business Park, Rathnew, Co.Wicklow, Ireland, A67YO17.

\*\*\*\*\* 1450 Northland Drive, Mendato Heights, MN 55120.

\*\*\*\*\* Suite 200 4530 West 77th Street, Edina, MN 55435-5161.

#### 5 Trade and other receivables

	2026 £m	2025 £m
Amounts owed by Group undertakings	-	6.3
Prepayments and other debtors	0.1	0.2
	0.1	6.5

Trade and other receivables of the Company principally relate to balances due on demand from subsidiary undertakings. The Company has assessed the expected credit loss as very low and has made no provision for impairment.

#### 6 Trade and other payables

	2026 £m	2025 £m
Amounts owed to Group undertakings	3.0	-
Trade payables	0.1	2.2
Accruals	1.3	1.1
	4.4	3.3

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 31 January 2026

### 7 Share capital and share premium

	2026 (Number)	2025 (Number)
<b>Share capital</b>		
Allotted, called up and fully paid ordinary shares of one pence:		
At the start of the period	348,004,716	345,576,361
Issued in the period (note 25)	3,591,206	2,428,355
At the end of the period	351,595,922	348,004,716

	£m	£m
<b>Share capital</b>		
At the start of the period	3.5	3.5
Issued in the period (note 25)	-	-
At the end of the period	3.5	3.5

	£m	£m
<b>Share premium</b>		
At the start of the period	203.2	202.7
Issued in the period (note 25)	0.6	0.5
At the end of the period	203.8	203.2

Shares issued in the period relate entirely to those issued upon vesting of employee share schemes. See note 25 to the consolidated Financial Statements.

	2026 (Number)	2026 (£m)	2025 (Number)	2025 (£m)
<b>Treasury shares</b>				
Ordinary shares of one pence:				
At the start of the period	-	-	-	-
Purchase of shares into treasury	5,795,564	5.0	-	-
Transfer of shares to retained earnings	(28,730)	-	-	-
At the end of the period	5,766,834	5.0	-	-

	2026 (Number)	2025 (Number)
<b>Share capital in issue</b>		
Total allotted, called up and fully paid ordinary shares as at 31 January 2026	351,595,922	348,004,716
Less: Shares held in treasury reserve	(5,766,834)	-
Total shares in issue	345,829,088	348,004,716

The Company has only one class of shares, which are ordinary shares of one pence each, carrying no right to a fixed income. No shareholders have waived their rights to dividends.

During the 2026 financial year, 3,591,206 shares (2025: 2,428,355 shares) were issued in satisfaction of options vesting in accordance with the rules of the Group's employee share schemes. Full details in respect of the Group's employee share schemes, including remaining options outstanding, are included in note 25 to the consolidated Financial Statements.

On 30 October 2025, the Group announced the commencement of a share repurchase programme, the purpose of which was to acquire shares to satisfy future awards under the Group's employee share schemes.

On 28 April 2026, the Group announced the intention to return surplus cash to shareholders via a £15 million share buyback programme. Shares purchased under the programme are to be cancelled.

## 8 Financial risk management

The financial risk management strategy of the Company is consistent with the Group strategy detailed in note 23 of the consolidated Financial Statements. Company exposure to liquidity, interest rate, foreign exchange and credit risk are principally to the extent they impact the trade of its subsidiary investments. Trade and other receivables of the Company principally comprise amounts due from Group undertakings.

## 9 Financial instruments

### Classification of financial instruments

Financial assets have all been classified as financial assets at amortised cost. Financial liabilities have all been classified as other financial liabilities.

### Maturity analysis

All financial instrument assets and liabilities fall due in less than one year.

### Fair values

The fair values of financial instruments have been assessed as approximating to their carrying values.

## 10 Notes to the cash flow statement

	2026 £m	2025 £m
Profit/(Loss) before tax (excluding dividends received)	(0.4)	0.5
Dividends received	12.6	19.8
<b>Operating profit/(loss)</b>	<b>12.2</b>	20.3
Adjusted for:		
Share-based payment charge	2.2	2.3
<b>Operating cash flows before changes in working capital</b>	<b>14.4</b>	22.6
Decrease/(Increase) in receivables	6.4	(3.3)
Increase/(decrease) in payables	0.8	-
<b>Cash inflow/(outflow) from operating activities</b>	<b>21.6</b>	19.3

The increase in payables stated above is adjusted to reflect amounts analysed elsewhere in the cash flow statement, which are included within amounts owed to group undertakings in the statement of financial position.

## 11 Related party transactions

Amounts due to, and from, Group undertakings are set out in notes 5 and 6 of the Financial Statements. Transactions between the Company and its subsidiaries were as follows:

	2026 £m	2025 £m
Management services	2.0	2.0
Dividends received from Group undertakings	12.6	19.8
Inter-company working capital cash flows from Group undertakings	7.2	3.1

### Transactions with key management personnel

The key management personnel of the Company comprise the Card Factory plc Board of Directors. Disclosures relating to Directors' remuneration are set out in the Remuneration Report on pages 96 to 107. Directors of the Company control 0.04% of the ordinary shares of the Company.

## GLOSSARY

### Alternative Performance Measures (APMs) and other explanatory information

In the reporting of the consolidated Financial Statements, the Directors have adopted various Alternative Performance Measures (APMs) of financial performance, position or cash flows other than those defined or specified under International Accounting Standards (IFRS).

These measures are not defined by IFRS and, therefore, may not be directly comparable with other companies' APMs, including those in the Group's industry or that appear to have similar titles or labels. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

The Directors believe that these APMs provide additional useful information on the performance and position of the Group and are intended to aid the user in understanding the Group's results.

The APMs presented are consistent with measures used internally by the Board and management for performance analysis, planning, reporting and incentive setting purposes.

The table below sets out the APMs used in this report, with further information regarding the APM, and a reconciliation to the closest IFRS equivalent measure, below.

<b>Sales APMs</b>	Like-for-like sales (LFL)
<b>Profitability APMs</b>	EBITDA
	Adjusted Profit Before Tax (PBT)
	Adjusted EPS
<b>Financial position APMs</b>	Net Debt
	Leverage and Adjusted Leverage
<b>Cash flow APMs</b>	Operating Cash Conversion
	Free cash flow

### Sales APMs

#### LFL Sales

Closest IFRS Equivalent: Revenue.

Like-for-like or LFL calculates the growth or decline in gross sales in the current period versus a prior comparative period.

For stores, LFL measures exclude any sales earned from new stores opened in the current period or closed since the comparative period and only consider the time period where stores were open and trading in both the current and prior period.

LFL measures for product lines or categories, where quoted, are calculated using the same principles.

LFL measures for our online businesses ([cardfactory.co.uk](http://cardfactory.co.uk) and [gettingpersonal.co.uk](http://gettingpersonal.co.uk)) compare gross sales for the current and comparative period made through the respective online platform.

All LFL measures in this report compare FY26 to FY25, unless otherwise stated.

In addition, the Group reports combined Like-for-like sales measures for certain components of the business as follows:

- 'cardfactory LFL' is defined as Like-for-like sales in stores plus Like-for-like sales from the cardfactory website [www.cardfactory.co.uk](http://www.cardfactory.co.uk).

Sales by Printcraft, the Group's printing division, to external third-party customers and wholesale partnerships sales are excluded from any LFL sales measure.

	<i>cardfactory Stores £m</i>	<i>cardfactory Online £m</i>	<i>cardfactory LFL £m</i>
<b>Reconciliation of Revenue to LFL Sales</b>			
Revenue FY26	514.0	7.2	521.2
VAT/other	99.6	1.4	100.9
Adjustment for stores not open in both periods	(12.0)	-	(12.0)
<b>LFL Sales FY26</b>	<b>601.6</b>	<b>8.6</b>	<b>610.1</b>
Revenue FY25	506.8	8.8	515.6
VAT/other	99.1	1.9	101.0
Adjustment for stores not open in both periods	(3.1)	-	(3.1)
<b>LFL Sales FY25</b>	<b>602.8</b>	<b>10.7</b>	<b>613.5</b>
<b>LFL Sales Growth</b>	<b>-0.2%</b>	<b>-19.9%</b>	<b>-0.5%</b>

Note: percentages are calculated based on absolute figures before rounding.

## Profitability APMs

### EBITDA

Closest IFRS Equivalent: Operating Profit.<sup>1</sup>

EBITDA is earnings before interest, tax, gains or losses on disposal, depreciation, amortisation and impairment charges. Earnings is equivalent to profit after tax calculated in accordance with IFRS and each adjusting item is calculated in accordance with the relevant IFRS.

The Group uses EBITDA as a measure of trading performance, as it usually closely correlates to the Group's operating cash generation.

<i>Reconciliation of EBITDA to Operating Profit</i>	<i>FY26 £m</i>	<i>FY25 £m</i>
Operating Profit <sup>1</sup>	<b>59.4</b>	79.3
Add back:		
Depreciation	<b>47.0</b>	45.2
Amortisation	<b>6.5</b>	3.3
(Gains)/Losses on disposals	<b>(0.7)</b>	0.1
Impairment charges/(reversals)	<b>4.6</b>	(0.4)
<b>EBITDA</b>	<b>116.8</b>	127.5
Add back/(deduct) unrealised losses/(gains) on derivative contracts	<b>4.7</b>	(1.5)
Add back one-off restructuring costs	<b>0.4</b>	1.9
Add back acquisition-related transaction costs	<b>1.7</b>	0.7
<b>Adjusted EBITDA</b>	<b>123.6</b>	128.6

1. While operating profit is not defined formally in IFRS, it is considered a generally accepted accounting measure.

### Adjusted PBT

Closest IFRS Equivalent: Profit Before Tax.

Adjusted PBT is Profit Before Tax adjusted to exclude the effect of transactions that, in the opinion of the Directors, are either one-off in nature and/or are unreflective of the underlying trading performance of the Group in the period. Adjusted PBT reports a normalised or underlying trading performance of the Group.

The transactions that have been adjusted could distort the impression of future performance trends based on the current year results. The Group uses Adjusted PBT to assess its performance on an underlying basis excluding these items and believe measures adjusted in this manner provide additional information about the impact of unusual or one-off items on the Group's performance in the period.

In FY26, the Directors have identified the following items that they believe to meet the definition of 'one-off/non-underlying' for this purpose.

- Transaction costs related to the acquisition of Funky Pigeon of £1.7 million.
- Amortisation charged relating to intangible assets recognised as a result of the acquisitions in FY25 and FY26 of £2.1 million.
- One-off restructuring costs of £0.4 million associated with the closure of the Getting Personal platform and streamlining central operations, the Ezhakeni site closure in South Africa and the Property acquisition at Garlanna in Ireland.
- Unrealised losses of £4.7 million on derivative contracts held at 31 January 2026.
- Impairment of the CF Online intangible assets due to our considerations of use of technology in our digital strategy following the acquisition of Funky Pigeon.

The following items are taken into account in arriving at Adjusted PBT for the equivalent period last year (FY25):

- Non-recurring finance charges related to refinancing completed in April 2024 of £0.5 million.
- Transaction costs related to the acquisitions of Garven and Garlanna of £0.7 million.
- Amortisation charged relating to intangible assets recognised as a result of the acquisitions of Garven and Garlanna of £0.3 million.
- One-off restructuring costs of £1.9 million associated with the closure of the Getting Personal platform and streamlining central support operations.
- Unrealised gains of £1.5 million on derivative contracts held at 31 January 2025.

<i>Reconciliation of Adjusted PBT to Profit Before Tax</i>	<i>FY26 £m</i>	<i>FY25 £m</i>
<b>Profit Before Tax</b>	<b>43.9</b>	64.1
Add back/(deduct):		
Unrealised losses/(gains) on derivative contracts	<b>4.7</b>	(1.5)
CF Online Intangible impairment	<b>3.2</b>	-
Amortisation of acquired intangibles	<b>2.1</b>	0.3
Acquisition-related transaction costs	<b>1.7</b>	0.7
One-off restructuring costs	<b>0.4</b>	1.9
Non-recurring refinancing charges	<b>-</b>	0.5
<b>Adjusted PBT</b>	<b>56.0</b>	66.0

## GLOSSARY CONTINUED

### Adjusted PBT *continued*

The following table reconciles the impact of adjusting items as outlined on Adjusted Gross Profit, adjusted operating profit and Adjusted Profit Before Tax.

	FY26 £m	FY25 £m
<i>Reconciliation of adjusting items on the income statement</i>		
<b>Gross profit</b>	<b>188.7</b>	193.8
(Deduct)/Add back one-off restructuring/transformation costs	<b>(0.2)</b>	0.6
Add back/(deduct) unrealised losses/(gains) on derivative contracts	<b>4.7</b>	(1.5)
<b>Adjusted Gross Profit</b>	<b>193.2</b>	192.9
Operating expenses	<b>(129.3)</b>	(114.5)
Add back acquisition-related transaction costs	<b>1.7</b>	0.7
Add back one-off restructuring costs	<b>0.6</b>	1.3
Add back amortisation of acquired intangibles	<b>2.1</b>	0.3
Add back CF Online Intangible impairment	<b>3.2</b>	-
<b>Adjusted operating profit</b>	<b>71.5</b>	80.7
Finance costs	<b>(15.5)</b>	(15.2)
<b>Adjusted Profit Before Tax</b>	<b>56.0</b>	66.0

### Adjusted EPS

Closest IFRS Equivalent: Basic EPS.

Adjusted EPS is earnings per share adjusted to exclude the post-tax effect of items identified as one-off and excluded from Adjusted PBT in the period. The Group calculates adjusted EPS as it is the basis of dividend calculations under its capital allocation policy, under which the Board targets a dividend cover ratio of between 2–3x Adjusted EPS. The starting point of the calculation is Adjusted PBT, as calculated above.

	FY26 £m	FY25 £m
<i>Calculation of Adjusted EPS</i>		
Adjusted PBT	<b>56.0</b>	66.0
Tax charge	<b>(12.7)</b>	(16.3)
Tax impact of non-underlying items	<b>(2.2)</b>	(0.2)
Adjusted PAT	<b>41.1</b>	49.5
Weighted average number of shares	<b>348,196,571</b>	346,910,019
Weighted average number of dilutive share options	<b>771,642</b>	2,295,420
Weighted average number of shares for diluted Earnings Per Share	<b>348,968,213</b>	349,205,439
Adjusted EPS	<b>11.8p</b>	14.3p
Adjusted Diluted EPS	<b>11.8p</b>	14.2p

### Financial position APMs

#### Net Debt

Closest IFRS Equivalent: No equivalent; however, is calculated by combining IFRS measures for Cash and Borrowings.

Net Debt is calculated by subtracting the Group's cash and cash equivalents from its gross borrowings (before debt-issue costs). Net Debt is a key measure of the Group's balance sheet strength, and is also a covenant in the Group's financing facilities. The Group presents Net Debt both inclusive and exclusive of lease liabilities, but focusses upon the value exclusive of lease liabilities, which is consistent with the calculation used for covenant purposes.

	FY26 £m	FY25 £m
<i>Calculation of Net Debt</i>		
Current Borrowings (including overdraft)	<b>1.5</b>	-
Non-Current Borrowings	<b>83.8</b>	74.0
Add back Debt Issue Costs	<b>1.4</b>	1.4
Gross Borrowings	<b>86.7</b>	75.4
Less cash	<b>(18.8)</b>	(16.5)
<b>Net Debt (excluding leases)</b>	<b>67.9</b>	58.9
Add back lease liabilities	<b>123.2</b>	110.4
<b>Net Debt (including leases)</b>	<b>191.1</b>	169.3

#### Leverage & Adjusted Leverage

Closest IFRS Equivalent: No equivalent; however, is calculated with reference to Net Debt and EBITDA, which are reconciled to relevant IFRS measures in this section.

Leverage is the ratio of Net Debt (excluding lease liabilities) to EBITDA for the previous 12 months expressed as a multiple. Adjusted Leverage is calculated in the same way, but deducts lease-related charges from EBITDA. The Group monitors and reports leverage as a key measure of its financing position and as an assessment of the Group's ability to manage and repay its debt position. Adjusted Leverage is consistent with a covenant defined within the Group's financing facilities.

Under its capital allocation policy, the Group targets Adjusted Leverage below 1.5x throughout the financial year. The Group have remained within the maximum Adjusted Leverage target in the year to 31 January 2026. As described in the financial review, the Group's cash flows and earnings are materially affected by seasonality, with higher sales and cash flows in the second half of the year linked to the Christmas season. As a result, Net Debt levels are lower and Leverage improved at the year-end, after the Christmas season.

**Financial position APMs** *continued*  
**Leverage & Adjusted Leverage** *continued*

	FY26 £m	FY25 £m
<i>Calculation of Leverage</i>		
Net Debt (as calculated on the previous page) (A)	<b>67.9</b>	58.9
EBITDA (as calculated on the previous page) (B)	<b>116.8</b>	127.5
IFRS 16 depreciation	<b>(37.3)</b>	(36.3)
IFRS 16 impairment (charge)/reversal	<b>(1.1)</b>	0.4
Gains/(losses) on modification/disposal	<b>0.7</b>	(0.1)
IFRS 16 interest	<b>(8.7)</b>	(8.0)
EBITDA less rent costs (C)	<b>70.4</b>	83.5
<b>Leverage (A/B)</b>	<b>0.6x</b>	0.5x
<b>Adjusted Leverage (A/C)</b>	<b>1.0x</b>	0.7x

**Cash flow APMs**

**Free Cash Flow**

Closest IFRS Equivalent: No equivalent; however, it is calculated with reference to net cash inflow from operating activities (an IFRS measure).

Free cash flow is net cash inflow from operating activities per the cash flow statement prepared in accordance with IFRS less capital expenditure, lease payments (including interest) and net finance costs.

Adjusted Free Cash Flow excludes the impact of cash flows that are considered one-off in nature. In FY25, this includes £6.1 million of working capital outflow, which is deemed one-off due to timing of payments, total fees of £1.6 million related to the refinancing completed in April 2024 and £3.3 million related to repayment of COVID Grant funds. No adjustments for cash flows that are one-off in nature have occurred in FY26.

	FY26 £m	FY25 £m
<i>Calculation of Free Cash Flow</i>		
Net cash inflow from operating activities (excluding transaction costs)	<b>112.0</b>	88.9
Less:		
Capital Expenditure	<b>(19.4)</b>	(18.4)
Lease Payments (including Interest)	<b>(45.7)</b>	(45.6)
Net Finance Costs	<b>(6.2)</b>	(7.8)
Non-operating income	-	0.7
Free Cash Flow	<b>40.7</b>	17.8
Adjusted Free Cash Flow	<b>40.7</b>	28.8

**Free Cash Conversion**

Closest IFRS Equivalent: No equivalent; however, it is calculated with reference to Free cash flow which is reconciled to Net cash inflow from operating activities in this section and Adjusted Profit after Tax, which is reconciled to profit after tax in this section.

Free cash conversion is adjusted Free Cash Flow as defined divided by adjusted profit after tax as defined in this section and expressed as a percentage.

	FY26 £m	FY25 £m
<i>Calculation of Free Cash Conversion</i>		
Adjusted Free Cash Flow	<b>40.7</b>	28.8
Adjusted profit after tax	<b>41.1</b>	49.5
Free Cash Conversion	<b>98.9%</b>	58.2%

**Other financial calculation information**

Unless otherwise stated, amounts in this report are presented in Pound Sterling (GBP), and have been rounded to the nearest £0.1 million.

Information in tables or charts may not add down or across, or calculate precisely, due to rounding.

Percentage movements, where provided, are based on amounts before they were rounded to the nearest £0.1 million.

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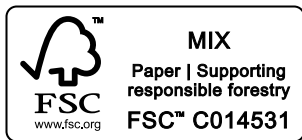
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