

28 April 2026

Card Factory plc ("cardfactory" or the "Group")

Preliminary results for the year ended 31 January 2026

**Continued strategic progress in a challenging consumer environment.
Commitment to return of surplus cash via £15 million share buyback.**

cardfactory, the UK's leading specialist retailer of greeting cards, gifts and celebration essentials, announces its preliminary results for the year ended 31 January 2026 ("FY26").

Financial summary¹

Financial Metrics	FY26	FY25	Change %
Revenue	£582.7m	£542.5m	+7.4%
EBITDA	£116.8m	£127.5m	-8.4%
Profit Before Tax (PBT)	£43.9m	£64.1m	-31.5%
Adjusted PBT	£56.0m	£66.0m	-15.2%
Adjusted Leverage (exc. leases)	1.0x	0.7x	+0.3x
Net Debt (exc. leases)	£67.9m	£58.9m	+15.1%
Adjusted Free Cash Flow	£40.7m	£28.8m	+41.2%
Basic EPS	9.0 pence	13.8 pence	-35.0%
Adjusted EPS	11.8 pence	14.3 pence	-17.3%
Dividend per share	5.0p	4.8p	+4.2%

¹ For further information and definitions of Like-for-like (LFL) and other alternative performance measures see Explanatory Notes (below) "Alternative Performance Measures ("APMs")".

Darcy Willson-Rymer, Chief Executive Officer, commented:

"Despite a challenging consumer backdrop in FY26, we continued to execute our strategy to transform cardfactory into a global celebrations group, underpinned by targeted investment and disciplined cost management. We are encouraged by the positive contributions of our acquired businesses, with the acquisition of Funky Pigeon accelerating our digital capabilities and strengthening our platform for future online growth.

Softer high street footfall in the second half, particularly during our peak trading period, impacted full-year performance, with Adjusted PBT being delivered in line with our revised guidance. The Group remains highly cash generative, and our 'Simplify & Scale' efficiency and productivity programme will continue to help mitigate inflationary headwinds. We remain committed to disciplined capital allocation and progressive shareholder returns, which is reflected in the proposed final dividend and a commitment to commence a £15 million share buyback programme.

Looking ahead, as widely documented, the external environment remains uncertain. We have robust plans in place for FY27 to deliver further progress against our strategic priorities and medium-term ambitions. By remaining focused on developing our strong value and quality offer, we will continue to help our customers celebrate life's moments."

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 '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 acquisition of Funky Pigeon, creating foundations for future online growth, underpinned by delivery of £5m synergies from FY28.

- Enhanced capability in Garven to support delivery of North America card strategy, alongside rollout of international full-service model in Australia.

Financial highlights:

- Total Group revenue growth of +7.4% to £582.7 million, supported by positive contributions from acquired businesses.
 - Total store sales growth of +1.5%, including +27 net new stores year-on-year.
 - LFL store sales broadly flat at -0.2% with higher average basket values, driven by targeted pricing actions and ongoing mix shift, offset by fewer transactions due to low consumer confidence which particularly affected H2 footfall in our peak Christmas trading period.
 - Category performance reflected a -0.9% LFL decline in cards, impacting attached gifting (gifts -1.9% LFL), while celebration essentials grew +1.7% LFL.
 - Revenue from wholesale partnerships of £47.2 million (FY25: £22.2 million) includes annualisation of prior-year acquisitions of Garven and Garlanna, which have performed in line with the expected acquisition economics.
 - Total digital sales of £20.6 million includes £13.5 million contribution from Funky Pigeon, YoY revenue decline at cardfactory.co.uk, and closure of Getting Personal, as we focus on strengthening profitability.
- Adjusted PBT of £56.0 million down -15.2%, reflecting impact of UK footfall on stores transactions and sales in key trading season; our 'Simplify & Scale' programme continued to mitigate a significant proportion of cost inflation.
- Strong cash performance in FY26, free cash flow of £40.7 million, reflecting improved working capital performance year-on-year and disciplined capital investment, which offset lower trading income.
- FY26 capex of £19.4m, below target range, reflecting prioritisation of spend, including significant investment in new store till point of sale (PoS) system to enhance productivity and future service propositions.
- Net Debt increased £9.0 million to £67.9 million, after acquisition of Funky Pigeon, dividends and share buyback.
- Continued commitment to shareholder returns with recommended final dividend of 3.7 pence per share, resulting in total dividend of 5.0 pence per share for FY26 (FY25: 4.8 pence).
- Commitment to return surplus cash via £15 million share buyback, which is expected to enhance EPS.

Strategic highlights:

- **Stores: Continued expansion of profitable store estate with work to segment stores completed and rollout underway to build authority in celebrations.**
 - +27 net new stores opened in FY26, taking total UK & Republic of Ireland footprint to 1,117 stores as of 31 January 2026.
 - Enhanced data capabilities have enabled the segmentation of the entire store estate, to further evolve space allocation and strengthen our authority in celebrations by tailoring ranges and stock to shopper behaviours (e.g. card-led, party-led, cross-category).
 - Initial rollout in stores saw positive LFL sales, particularly in gift and celebration essentials ranges, versus control group stores.

FY27 priorities:

- New store openings to continue at a similar rate as FY26 in underpenetrated markets; continue rollout of store segmentation approach.
- Strategic range development with a full party category relaunch in H2 and updated customer service programme to drive awareness and participation in our full celebration offer.
- **Digital: Capability enhanced through acquisition of Funky Pigeon, on track to deliver £5m synergies from FY28.**
 - Acquisition of Funky Pigeon completed in August 2025, strengthening market position and capability in online card plus attached gifting and direct-to-recipient market.
 - Separation from WH Smith completed with restructured and combined digital leadership team in place.

- Target operating model established with implementation underway, creating foundations for future growth through defined proposition for both brands, underpinned by a single technology platform and optimised fulfilment model to lower operating costs.

FY27 priorities:

- Complete integration across systems, fulfilment and commercial planning to establish a scalable and structurally profitable digital business.
- Rollout data capture programme to leverage 24 million store customer base to drive digital acquisition and engagement, while continuing to evolve online offer and customer journey.

- **Wholesale partnerships: North America strategy development alongside roll-out of full-service international model.**

- Developed strategy for North America card market growth and validated wholesale model and operational capability to serve US retailers.
- Scoped required product portfolios to support US card market entry, taking valuable learnings from ongoing partnership with US retailer to inform development of value and premium ranges alongside future celebration solutions.
- Successful rollout of full-service model with The Reject Shop in Australia driving improved performance.
- Completed internal restructure at SA Greetings, strengthening operations and efficiency through IT and logistics investment.

FY27 priorities:

- Deploy card strategy for North America to support ambition from FY28 of capturing 1-2% share of addressable market by the end of the decade.
- Develop product portfolio including value and premium card ranges to support North America growth ambitions and broader wholesale partnership opportunities.

- **‘Simplify & Scale’: Continuing to mitigate inflation through proven efficiency and productivity programme.**

- Delivered £21 million of benefits in FY26, including 9% store efficiency improvement through operational and range optimisation, alongside warehouse efficiencies and benefits from range and pricing.
- Advanced end-to-end operational improvements, including sourcing, supply chain and store execution to structurally lower costs from FY27.

FY27 priorities:

- Deliver further opportunities to in-source areas of competitive advantage and end-to-end operational improvements to offset known inflationary effects in FY27.

Current trading and outlook

- Total Group sales, excluding the incremental benefit of Funky Pigeon, through the first three months of the financial year are in line with the same period in the prior year.
- 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.
- The ongoing geopolitical instability also creates uncertainty in relation to inflation and consumer sentiment.
- While we remain mindful of this external backdrop, the Board expects Adjusted PBT in FY27 to be in line with the current market consensus², reflecting:
 - Anticipated year-on-year sales growth across all channels including benefit from the full year contribution of our Funky Pigeon acquisition.
 - ‘Simplify & Scale’ programme benefits to offset usual headwinds arising from wage growth and general inflation.
 - Our assessment of the impact of incremental costs arising from the ongoing conflict in the Middle East to date.

- Our requirements for foreign currency (100%) and energy (80%) being well hedged for the remainder of FY27. As with recent years, we expect the PBT delivery profile to be weighted to H2.
- The Board remains confident in cardfactory's ability to deliver mid-to-high single digit percentage Adjusted PBT growth per annum, over the medium term.

² According to company compiled consensus estimates as at 27 April 2026, the current range of market expectations for FY27 adjusted PBT is £54.8m to £60.5m, with an average of £58.2m, excluding a statistical outlier significantly in excess of company guidance.

Preliminary results webcast

There will be a meeting for analysts and investors in central London at 10 am. In order to register to attend the event in person and receive full attendance details, please contact cardfactory@teneo.com

We will also provide a live video and audio webcast of the presentation, available by registering via the following link: https://storm-virtual-uk.zoom.us/webinar/register/WN_eRW_i9q9QmuLurlx9Kxmaw

A copy of the webcast and the accompanying presentation will be made available via the cardfactory investor relations website: www.cardfactoryinvestors.com.

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CHAIR'S STATEMENT

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 whilst 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, whilst 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 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 consensus². 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 3.7p per share, resulting in a total dividend of 5.0 pence per share for FY26 (FY25: 4.8 pence).

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

CHIEF EXECUTIVE OFFICER'S REVIEW

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 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 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 which will deliver integration synergies of £5m 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 & 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

CHIEF FINANCIAL OFFICER'S REVIEW

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

	FY26	FY25
Revenue	£582.7m	£542.5m
EBITDA	£116.8m	£127.5m
Adjusted Profit Before Tax	£56.0m	£66.0m
Profit Before Tax	£43.9m	£64.1m
Adjusted earnings per share	11.8 pence	14.3 pence
Basic earnings per share	9.0 pence	13.8 pence
Dividend per share	5.0 pence	4.8 pence
Net Debt (exc leases)	£67.9m	£58.9m
Adjusted free cash flow	£40.7m	£28.9m
Cash from operations	£122.3m	£105.6m
Free cash conversion	98.9%	58.2%
Adjusted Leverage (exc. leases)	1.0x	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 explanatory notes at the end of this document.

Introduction

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. All this, despite absorbing an estimated £60m+ 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		Change %
	FY26 £m	FY25 £m	
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%
Group	582.7	542.5	+7.4%

	LFL Sales	
	FY26	FY25
cardfactory stores	-0.2%	+3.4%
cardfactory online	-19.9	+0.1%
cardfactory LFL	-0.5%	+3.3%

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	FY26	FY25	FY25
	£m	% Sales	£m	% Sales
Group sales	582.7		542.5	
COGs	(189.0)	(32.4%)	(164.4)	(30.3%)
Product margin – constant currency	393.7	67.6%	378.1	69.7%
FX (losses)/gains	(5.5)	(0.9%)	(0.8)	(0.1%)
Product margin	388.2	66.6%	377.3	69.5%
Store & 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%)
Gross profit	188.7	32.4%	193.8	35.7%
Adjusted Gross profit	193.2	33.1%	192.9	35.6%

Product margin calculated on a constant currency basis using a consistent GBPUSD 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 GBPUSD 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 an 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 below.

EBITDA & operating profit

	FY26 £m	FY26 % Sales	FY25 £m	FY25 % Sales
Group sales	582.7		542.5	
Gross profit	188.7	32.4%	193.8	35.7%
Operating expenses	(71.9)	(12.3%)	(66.3)	(12.3%)
EBITDA	116.8	20.0%	127.5	23.4%
Adjusted EBITDA	123.6	21.2%	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%
Operating profit	59.4	10.2%	79.3	14.6%
Adjusted operating profit	71.5	12.3%	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 annualized 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%).

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

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

	FY26	FY25
	£m	£m
Interest on bank loans and overdrafts	6.5	6.4
Interest received on deposits	(0.3)	(0.2)
Other finance costs ¹	0.6	1.0
IFRS 16 leases interest	8.7	8.0
Total finance expenses	15.5	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	FY25
	£m	£m
IFRS 16 depreciation	37.7	36.0
IFRS 16 leases interest	8.7	8.0
Total IFRS 16	46.4	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, above.

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)	31.2	47.8
Adjusted EPS (pence)	11.8 pence	14.3 pence
Basic EPS (pence)	9.0 pence	13.8 pence
Diluted EPS (pence)	8.9 pence	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 in the explanatory notes at the end of this document.

Cash flows

	FY26	FY25
	£m	£m
Cash from Operating Activities (after tax)	110.3	88.9
Cash used in Investing Activities	(44.8)	(40.5)
Cash used in Financing Activities	(64.2)	(42.9)
Impact of foreign currency exchange rates	(0.4)	(0.1)
Net Cash Flow for Year	0.9	5.4
Operating cash flows less lease repayments	64.6	43.3
Free Cash Flow	40.7	17.2
Adjusted Free Cash Flow	40.7	28.8
Free cash conversion (%)	98.9%	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 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 25 in the condensed 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	FY26	FY25	FY25
	£m	Leverage	£m	Leverage
Current borrowings	1.5		-	
Non-current borrowings	83.8		74.0	
Total borrowings	85.3		74.0	
Add back capitalised debt costs	1.4		1.4	
Gross bank debt	86.7		75.4	
Less cash	(18.8)		(16.5)	
Net Debt (exc. leases)	67.9		58.9	
Leverage (exc. leases)		0.6x		0.5x
Adjusted Leverage (exc. leases)		1.0x		0.7x

Lease liabilities	123.2	110.4
Net Debt (inc. leases)	191.1	169.3
Leverage (inc. leases)		1.6x
		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, described above, whilst 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 above, 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 explanatory notes at the end of this document.

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

Facility	31 January	31 January
	2026	2025
	£m	£m
£160m Revolving Credit Facility (FY25: £125m)	85.0	75.0
Other facilities	1.7	0.4
Gross bank debt	86.7	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.

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 current market consensus².

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

Technical Guidance

Our mid-term financial targets are unchanged:

- Mid-single-digit group revenue growth
- Mid-to-high-single-digit group adjusted PBT growth
- 70-80% conversion of Adjusted earnings to free cash

The principles and guardrails of our capital allocation policy are also unchanged:

- £20-25 million annual capital expenditure
- Adjusted leverage <1.5x
- Progressive regular dividend
- Dividend cover ratio between 2-3x

The table below provides further technical guidance for the purpose of building financial models.

Energy & currency hedging	Electricity and currency requirements are hedged across a three-year rolling window, subject to minimum and maximum limits in each year. Currency requirements for FY27 are fully hedged at rates slightly favourable to those achieved in FY26. Our electricity requirements for FY27 are 80% hedged. The average hedged rate for the full year is similar to that achieved in FY26.
IFRS 16 costs	Total IFRS 16 costs (depreciation and interest charges combined) will continue to increase gradually, reflecting the expected increase in size of the store estate (1-2% per annum). The accounting allocation of costs between depreciation and interest charges is expected to continue to move gradually towards a higher interest charge, as leases renew at higher implicit interest rates than previously.
Depreciation & amortisation	We expect underlying non-IFRS 16 depreciation and amortisation charges to gradually increase until they are more closely aligned with annual capital expenditure. We expect an increase of approximately £3-£4 million (subject to the timing of in-year capital expenditure) in FY27. Total depreciation and amortisation will include amortisation of intangibles related to acquisitions, which will increase by approximately £1.0 million in FY27 due to annualisation of the Funky Pigeon acquisition.
Net finance costs	Excluding lease-related finance charges, we currently expect net finance costs to remain flat in FY27. This assumes that free cash generation is in line with expectations, there are no changes to capital allocation, and interest rates remain on the current market curve.
Taxation	Over the medium term, we expect our effective tax rate to be around the headline rate of corporation tax in the UK, which is currently 25%.
Capital expenditure	Our mid-term expectation is for capital expenditure to be between £20-£25 million. In FY27, we expect to be at the upper end of this range, higher than in recent years, reflecting planned investment in production facilities at Printcraft and investments associated with the integration of Funky Pigeon.
Working capital	The Group benefits from a relatively short cash cycle due to the majority of sales being at the till in stores. As the Group builds its wholesale business, an increasing proportion of sales will be subject to normal trade credit terms, lengthening the cash cycle. Overall working capital investment is expected to gradually increase, reflecting overall Group revenue growth trends.
Free cash	Our mid-term target is to deliver free cash of approximately 70-80% of Adjusted earnings. In FY27, we expect to be at the lower end of this range.
Adjusted leverage	We currently expect Adjusted Leverage for FY27 to be between flat and 0.2x lower, based on current trading and free cash projections and approved capital allocation decisions.

Condensed consolidated financial statements

Consolidated income statement for the year ended 31 January 2026

	Note	2026 £'m	2025 £'m
Revenue	4	582.7	542.5
Cost of sales		(394.0)	(348.7)
Gross profit		188.7	193.8
Operating expenses	5	(129.3)	(114.5)
Operating profit	5	59.4	79.3
Finance income	8	0.3	0.2
Finance expense	8	(15.8)	(15.4)
Profit before tax		43.9	64.1
Taxation	9	(12.7)	(16.3)
Profit for the year		31.2	47.8
Earnings per share		Pence	Pence
– Basic	11	9.0	13.8
– Diluted	11	8.9	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).

Consolidated statement of comprehensive income

For the year ended 31 January 2026

	2026 £'m	2025 £'m
Profit for the year	31.2	47.8
Items that may be recycled subsequently into profit or loss:		
Exchange differences on translation of foreign operations	(0.3)	(0.2)
Cash flow hedges – changes in fair value	(5.9)	1.4
Cost of hedging reserve – changes in fair value	(0.7)	(0.1)
Tax relating to components of other comprehensive income	15	(0.4)
Other comprehensive income for the period, net of income tax	(5.2)	0.7
Total comprehensive income for the period attributable to equity shareholders of the parent	26.0	48.5

Consolidated statement of financial position

As at 31 January 2026

	Note	2026 £'m	2025 £'m
Non-current assets			
Intangible assets	12	388.8	356.5

Property, plant and equipment	13	51.6	48.7
Right of use assets	14	114.8	110.2
Deferred tax assets	15	0.9	0.6
Derivative financial instruments		0.7	0.9
		556.8	516.9
Current assets			
Inventories	16	58.9	61.1
Trade and other receivables		20.8	17.0
Tax receivable		4.6	1.7
Derivative financial instruments		1.0	2.4
Cash at bank and in hand	17	18.8	16.5
		104.1	98.7
Total assets		660.9	615.6
Current liabilities			
Borrowings	18	(1.5)	(0.1)
Lease liabilities	14	(32.8)	(21.7)
Trade and other payables		(73.9)	(76.8)
Provisions	22	(3.3)	(5.4)
Derivative financial instruments		(4.9)	(0.3)
		(116.4)	(104.3)
Non-current liabilities			
Borrowings	18	(83.8)	(73.9)
Lease liabilities	14	(90.4)	(88.7)
Deferred tax liabilities	15	(9.9)	(1.4)
Provisions	22	(2.5)	-
Derivative financial instruments		(3.4)	(0.4)
		(190.0)	(164.4)
Total liabilities		(306.4)	(268.7)
Net assets		354.5	346.9
Equity			
Share capital	19	3.5	3.5
Share premium	19	203.8	203.2
Treasury Shares	19	(5.0)	-
Hedging reserve		(1.8)	1.0
Cost of hedging reserve		(0.6)	(0.1)
Reverse acquisition reserve		(0.5)	(0.5)
Merger reserve		2.7	2.7
Translation reserve		(0.8)	(0.6)
Retained earnings		153.2	137.7
Equity attributable to equity holders of the parent		354.5	346.9

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
At 31 January 2024	3.5	202.7	-	(0.6)	-	(0.5)	2.7	(0.4)	108.4	315.8
Total comprehensive income for the period										
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	-	-	-	0.2	-	-	-	-	-	0.2

inventory										
Deferred tax related to Share-based payments	-	-	-	-	-	-	-	-	(0.1)	(0.1)
Transactions with owners, recorded directly in equity										
Shares issued (note 19)	-	0.5	-	-	-	-	-	-	-	0.5
Share-based payment charges	-	-	-	-	-	-	-	-	2.3	2.3
Dividends (note 10)	-	-	-	-	-	-	-	-	(20.3)	(20.3)
Total contributions by and distributions to owners	-	0.5	-	-	-	-	-	-	(18.0)	(17.5)
At 31 January 2025	3.5	203.2	-	1.0	(0.1)	(0.5)	2.7	(0.6)	137.7	346.9
Total comprehensive income for the period										
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)
Transactions with owners, recorded directly in equity										
Shares issued (note 19)	-	0.6	-	-	-	-	-	-	-	0.6
Treasury shares purchased (note 19)	-	-	(5.0)	-	-	-	-	-	-	(5.0)
Share-based payment charges	-	-	-	-	-	-	-	-	2.2	2.2
Dividends (note 10) ¹	-	-	-	-	-	-	-	-	(17.5)	(17.5)
Total contributions by and distributions to owners	-	0.6	(5.0)	-	-	-	-	-	(15.3)	(19.7)
At 31 January 2026	3.5	203.8	(5.0)	(1.8)	(0.6)	(0.5)	2.7	(0.8)	153.2	354.5

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
Cash from operations	20	122.3	105.6
Corporation tax paid		(12.0)	(16.7)
Net cash inflow from operating activities		110.3	88.9
Cash flows from investing activities			
Interest received on bank deposits		0.3	0.2
Purchase of property, plant and equipment	13	(11.7)	(11.4)
Purchase of intangible assets	12	(7.7)	(7.0)
Acquisition of subsidiaries net of cash acquired	25	(25.7)	(22.5)
Proceeds from disposal of fixed assets		-	0.2
Net cash outflow from investing activities		(44.8)	(40.5)
Cash flows from financing activities			
Interest paid on bank borrowings	8	(6.5)	(6.4)
Proceeds from bank borrowings	18	238.0	258.5
Repayment of bank borrowings	18	(228.2)	(228.5)

Other financing costs paid	8	(0.2)	(1.6)
Shares issued under employee share schemes	19	0.6	0.5
Treasury Shares purchased	19	(5.0)	–
Payment of lease liabilities	14	(37.0)	(37.6)
Interest paid in respect of lease liabilities	14	(8.7)	(8.0)
Dividends paid		(17.2)	(19.8)
Net cash outflow from financing activities		(64.2)	(42.9)
Impact of changes in foreign exchange rates		(0.4)	(0.1)
Net increase/(decrease) in cash and cash equivalents		0.9	5.4
Cash and cash equivalents at the beginning of the year		16.5	11.1
Closing net cash and cash equivalents	17	17.4	16.5

Notes to the condensed consolidated financial statements

1 General information

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

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group').

2 Basis of preparation

This preliminary announcement and condensed consolidated financial statements have been prepared in accordance with the recognition and measurement principles of UK-adopted International Accounting Standards ('UK-IFRS') in conformity with the requirements of the Companies Act 2006.

It does not include all the information required for full annual accounts. The financial information contained in this preliminary announcement does not constitute the company's statutory accounts for the years ended 31 January 2026 ('FY26') or 31 January 2025 ('FY25') but is derived from these accounts.

Statutory accounts for the year ended 31 January 2025 have been delivered to the registrar of companies, and those for the year ended 31 January 2026 will be delivered to the registrar in due course. The auditor has reported on those accounts; the audit reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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 18). 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 13th 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:

- 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 whilst meeting all covenant requirements on the relevant test dates (see note 18 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 periods 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.

Accounting judgements and estimates

The preparation of financial statements in conformity with UK IFRS requires judgement to be applied in forming 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.

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 +/-£1.5m movement in the overall value of the provision.

Other sources of judgment 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 considered are described in more detail in note 12.

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 Card Factory 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 12 (intangible assets) and note 14 (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 for further 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 cashflows of the acquired business in order to generate the present value of future cashflows 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 with no impact on the profit of the Group and any reported profit impact of a change in amortisation would be immaterial in FY26.

Climate Change

The Group has reviewed the potential impact of climate change and 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.

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, note 12), going concern (note 2), and inventory provisions (impact of customer preferences and ESG considerations on potential inventory obsolescence, note 16) and concluded in each case that there is no material impact in each area at 31 January 2026.

3 Principle accounting policies

The preliminary announcement has been prepared using accounting policies that are consistent with those published in the Group's accounts for the year-ended 31 January 2025 (available on the Company's website).

Amended standards and interpretations effective in the period do not have a material effect on the Group's financial statements.

The Group made a minor change to the accounting policy in respect of acquired intangible assets, following the recognition of assets related to the acquisition of Funkypigeon.com Limited in FY26.

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.

The Group also updated its accounting policy wording regarding revenue to better reflect the various revenue streams around the Group and to account for the inclusion of revenue from Funky Pigeon in FY26.

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 4.

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.

Wholesale partnerships revenue

For the wholesale 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 sale to 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.

The Group also updated its accounting policy for Share Capital as a result of the commencement of purchases of its own share.

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.

4 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 sells greeting cards, celebration accessories, and gifts to consumers through an extensive network of retail stores across high streets, retail parks and shopping centres in the UK and 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, funkypigeon.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 greetings 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 04 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 explanatory notes at the end of this document.

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	2025
	£'m	£'m
Revenue:		
cardfactory Stores	514.6	506.8
Digital	20.6	13.2

Wholesale Partnerships	47.2	22.2
Other	0.3	0.3
Consolidated Group revenue	582.7	542.5
Of which derived from customers in the UK	522.9	509.8
Of which derived from customers overseas	59.8	32.7

EBITDA¹:

cardfactory Stores	118.1	131.8
Digital	(3.5)	(6.3)
Wholesale Partnerships	3.2	1.0
Other	(1.0)	1.0
Consolidated Group EBITDA ¹	116.8	127.5
Consolidated Group depreciation, amortisation & impairment	(58.1)	(48.1)
Consolidated Group gain on disposal	0.7	(0.1)
Consolidated Group Operating Profit	59.4	79.3

¹This 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	522.9	509.8
Revenue derived from customers overseas:		
- South Africa	11.8	11.6
- Republic of Ireland	20.5	15.4
- United States of America	24.9	3.1
- Rest of the World	2.6	2.6
Consolidated revenue	582.7	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.

5 Operating profit

Operating profit is stated after charging/(crediting) the following items:

	2026 £'m	2025 £'m
Staff costs (note 7)	185.0	174.5
Depreciation expense		
- owned fixed assets (note 13)	9.7	8.7
- right of use assets (note 14)	37.3	36.3
Amortisation expense (note 12)	6.5	3.5
Net Impairment charge / (reversal) of right-of-use assets (note 14)	1.1	(0.4)
Impairment of tangible assets (note 13)	0.3	-
Impairment of intangible assets (note 12)	3.2	-
(Profit)/loss on disposal of fixed assets	(0.7)	0.1
Impact of unrealised losses/(gains) on derivative contracts	4.7	(1.5)

Other foreign exchange losses	0.8	2.3
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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	91	77
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	686	624
Audit-related assurance services	93	92
Total fees	870	793

6 EBITDA

EBITDA represents profit for the period before net finance expense, taxation, gains or losses on disposal, depreciation, amortisation and impairment charges/reversals.

	2026 £'m	2025 £'m
Operating profit	59.4	79.3
Depreciation, amortisation and impairment	58.1	48.1
(Gain) / loss on disposal	(0.7)	0.1
EBITDA¹	116.8	127.5

¹This is an Alternative Performance Measure not defined under IFRS which is defined and reconciled in the explanatory notes at the end of this document

7 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	778	773
Retail and warehouse operations	9,171	9,748
	9,949	10,521

The aggregate payroll costs of all employees including Directors were as follows:

	2026 £'m	2025 £'m
Employee wages and salaries	160.7	154.3
Equity-settled share-based payment expense	2.3	2.3
Social security costs	15.1	11.1
Defined contribution pension costs	2.5	2.3
Total employee costs	180.6	170.0
Agency labour costs	4.4	4.5
Total staff costs	185.0	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
	9.4	11.1

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	–	–
	1.5	2.1

The table above includes the remuneration of Directors in each year.

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 in the final Annual Report. 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.

8 Net finance expense

	2026 £'m	2025 £'m
Net finance expense		
Interest on bank loans and overdrafts	6.5	6.4
Interest received	(0.3)	(0.2)
Other finance costs ¹	0.6	1.0
Lease interest	8.7	8.0
	15.5	15.2

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

9 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
Current tax charge/(credit)		
Current year	13.0	16.5
Adjustments in respect of prior periods	(4.0)	(1.5)
Total current tax charge	9.0	15.0
Deferred tax charge/(credit)		
Origination and reversal of temporary differences	(0.2)	(0.2)
Adjustments in respect of prior periods	3.9	1.5
Total deferred tax charge	3.7	1.3
Total income tax charge	12.7	16.3

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
Profit before tax	43.9	64.1
Tax at the standard UK corporation tax rate of 25.0% ¹ (FY25: 25.0%)	11.0	16.0
Tax effects of:		
Expenses not deductible for tax purposes	2.2	0.5
Effects of timing differences	(0.3)	–
Adjustments in respect of prior periods	(0.1)	–
Effect of overseas tax rates	(0.1)	(0.2)
Total income tax charge	12.7	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	9.1	3.6	12.7	15.0	1.3	16.3
Other comprehensive income	–	(1.7)	(1.7)	–	0.4	0.4
Equity	–	0.6	0.6	–	0.1	0.1
Total tax	9.1	2.5	11.6	15.0	1.8	16.8

10 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.

Dividends paid in the year:	Pence per share	2026 £'m	2025 £'m
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	1.3p	4.6	–
Total dividends paid to shareholders in the year		17.2	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.

11 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

	£'m	£'m
Profit for the financial period	31.2	47.8

	Pence	pence
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 explanatory notes at the end of this document.

12 Intangible assets

	Goodwill £'m	Acquired Customer Relationships £'m	Acquired Brands £'m	Software £'m	Total £'m
Cost					
At 1 February 2025	336.9	12.2	0.7	42.0	391.8
Additions	–	–	–	7.7	7.7
Acquisitions (note 25)	7.4	11.5	8.2	7.2	34.3
Derecognition on cessation of trade	(14.4)	–	–	–	(14.4)
At 31 January 2026	329.9	23.7	8.9	56.9	419.4
Amortisation/impairment					
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)
At 31 January 2026	–	2.1	0.3	28.2	30.6

Net book value					
At 31 January 2026	329.9	21.6	8.6	28.7	388.8
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 8 years.

	Goodwill £'m	Acquired Customer Relationships £'m	Acquired Brands £'m	Software £'m	Total £'m
Cost					
At 1 February 2024	328.2	–	–	35.0	363.2
Additions	–	–	–	7.0	7.0
Acquisitions (note 25)	8.7	12.2	0.7	–	21.6
At 31 January 2025	336.9	12.2	0.7	42.0	391.8
Amortisation/impairment					
At 1 February 2024	14.4	–	–	17.4	31.8
Amortisation in the period	–	0.3	–	3.2	3.5
At 31 January 2025	14.4	0.3	–	20.6	35.3

Net book value					
At 31 January 2025	322.5	11.9	0.7	21.4	356.5
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	–
Total goodwill	329.9	322.5

£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 2025 was £362.7 million (FY25: £374.6 million).

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 Muti-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 cashflows of the acquired business in order to generate the present value of future cashflows 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

Impairment Testing

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 GBPUSD 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. Whilst 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 Card Factory Online. The charge to the Card Factory Online assets reflects the post-acquisition plans regarding future use of technology across the two platforms and this has resulted in the existing Card Factory 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.

13 Property, plant and equipment

	Freehold property £'m	Leasehold improvements £'m	Plant, equipment, fixtures & vehicles £'m	Total £'m
Cost				
At 1 February 2025	22.7	40.8	106.5	170.0
Additions	1.4	–	10.3	11.7
Acquisitions (note 25)	–	–	1.2	1.2
Disposals	–	–	(0.1)	(0.1)
At 31 January 2026	24.1	40.8	117.9	182.8
Depreciation				
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)
At 31 January 2026	6.2	40.5	84.6	131.2
Net book value				
At 31 January 2026	17.9	0.3	33.4	51.6
At 31 January 2025	17.0	0.4	31.3	48.7

	Freehold property £'m	Leasehold improvements £'m	Plant, equipment, fixtures & vehicles £'m	Total £'m
Cost				
At 1 February 2024	22.6	40.8	95.7	159.1
Additions	0.1	–	11.3	11.5
Acquisition of Garven & Garlanna (note 25)	–	–	0.2	0.2
Disposals	–	–	(0.7)	(0.7)
At 31 January 2025	22.7	40.8	106.5	170.0
Depreciation				
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)
At 31 January 2025	5.7	40.4	75.2	121.3
Net book value				
At 31 January 2025	17.0	0.4	31.3	48.7
At 31 January 2024	17.3	0.8	27.8	45.9

As at 31 January 2026, the Group held assets under construction of £0.5 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.

14 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.

Right of use assets	2026 £m	2025 £m
Buildings	113.5	109.4
Motor Vehicles	1.3	0.8
	114.8	110.2

The right-of-use assets movement in the year is as follows:

	2026 £m	2025 £m
At the beginning of the year	110.2	99.2
Acquisition of Funky Pigeon	0.6	–
Acquisition of Garven	–	0.1
Additions:		
Buildings	41.1	47.5
Motor Vehicles	1.4	0.3
Disposals	(0.4)	(1.0)
Depreciation charge:		
Buildings	(36.4)	(35.7)
Motor Vehicles	(0.9)	(0.6)
Net Impairment (Charge) / Reversal	(1.1)	0.4
Effect of foreign exchange rates	0.3	–
At the end of the year	114.8	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 whilst 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 the final Annual Report.

Impairment Testing: Store assets

As described in note 12, 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 cashflows 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 12, 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 12, 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 12, 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 which 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 cashflows 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	2025
	£m	£m
Current lease liabilities	(32.8)	(21.7)
Non-current lease liabilities	(90.4)	(88.7)
Total lease liabilities	(123.2)	(110.4)

Lease expense	2026	2025
	£m	£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 ¹	0.4	0.2

Total lease related income statement expense	46.8	44.1
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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 the final Annual Report. Assets, liabilities and the income statement expense in relation to leases are detailed below.

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 whilst 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 the final Annual Report.

15 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)	–	–	(0.7)
At 31 January 2026	(7.7)	1.5	1.0	0.9	(4.7)	(9.0)

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)
Net deferred tax liability	(9.0)	(1.4)

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.

16 Inventories

	2026 £'m	2025 £'m
Finished goods	58.5	60.5
Work in progress	0.4	0.6
	58.9	61.1

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).

17 Cash and cash equivalents

	2026 £'m	2025 £'m
Cash at bank and in hand	18.8	16.5
Cash presented as current assets in the balance sheet	18.8	16.5
Bank overdraft	(1.4)	–
Overdraft presented as current liabilities in the balance sheet	(1.4)	–

Net cash and cash equivalents	17.4	16.5
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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, whilst 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
	17.4	16.5

18 Borrowings

	2026 £'m	2025 £'m
Current liabilities		
Bank loans and accrued interest	0.1	0.1
Bank overdraft	1.4	–
Total current liabilities	1.5	0.1
Non-current liabilities		
Bank loans	83.8	73.9
Total Non-current liabilities	83.8	73.9

Bank loans

Bank borrowings as at 31 January 2026 are summarised as follows:

	Liability £'m	Interest rate %	Interest margin ratchet range %	
31 January 2026				
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)			
	85.3			
31 January 2025				
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			

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.

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. 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.

19 Share capital and share premium

	2026 (Number)	2025 (Number)
Share capital		
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	3,591,206	2,428,355
At the end of the period	351,595,922	348,004,716
	£'m	£'m
Share capital		
At the start of the period	3.5	3.5
Issued in the period	–	–
At the end of the period	3.5	3.5
	£'m	£'m
Share premium		
At the start of the period	203.2	202.7
Issued in the period	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.

	2026 (Number)	2026 (£'m)	2025 (Number)	2025 (£'m)
Treasury Shares				
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.

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.

	2026 (Number)	2025 (Number)
Share Capital in Issue		
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
Profit before tax	43.9	64.1
Net finance expense	15.5	15.2
Operating profit	59.4	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
Operating cash flows before changes in working capital	122.6	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)
Cash inflow from operating activities	122.3	105.6

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 18)	(74.0)	(3.3)	(6.6)	(83.9)
Lease liabilities	(110.4)	45.7	(58.5)	(123.2)
Total debt	(184.4)	42.4	(65.1)	(207.1)
Add: debt costs capitalised	(1.4)	(0.2)	0.2	(1.4)
Add: bank overdraft	–	(1.4)	–	(1.4)
Less: cash and cash equivalents excluding bank overdraft (note 17)	16.5	2.3	–	18.8
Net debt	(169.3)	43.1	(64.9)	(191.1)
Lease liabilities	110.4	(45.7)	58.5	123.2
Net debt excluding lease liabilities	(58.9)	(2.6)	(6.4)	(67.9)

	At 1 February 2024 £'m	Cash flow £'m	Non-cash changes £'m	At 31 January 2025 £'m
Secured bank loans and accrued interest (note 18)	(44.8)	(23.6)	(5.6)	(74.0)
Lease liabilities	(100.8)	45.6	(55.2)	(110.4)
Total debt	(145.6)	22.0	(60.8)	(184.4)
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 17)	11.3	5.2	–	16.5
Net debt	(135.2)	25.8	(59.9)	(169.3)
Lease liabilities	100.8	(45.6)	55.2	110.4
Net debt excluding lease liabilities	(34.4)	(19.8)	(4.7)	(58.9)

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
At 1 February 2024	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
At 31 January 2025	2.1	2.1	1.2	5.4
Acquisitions (note 25)	–	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
At 31 January 2026	2.1	3.7	–	5.8
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
Total provisions as at 31 January 2026	2.1	3.7	–	5.8

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 25 for further details.

23 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).

24 Related party transactions

A full listing of the Group's subsidiary undertakings is provided in the notes to the Company accounts in the final Annual report.

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 of the financial statements. Further details of Directors' remuneration are set out in the Directors' Remuneration Report in the final Annual Report. 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.

25 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 explanatory notes at the end of this document.

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 below.

	As at
Fair value of identifiable net assets	14 August
	2025
	£'m
Non-current assets	9.0
Property, plant & equipment	1.2
Intangible assets	7.2
Right-of-use assets	0.6
Current assets	2.4
Inventories	1.1
Trade & other receivables	1.3
Cash at bank and in hand	–
Total assets	11.4
Current liabilities	(7.9)
Trade & other payables	(4.0)

Deferred income	(0.1)
Deferred tax	(0.7)
Lease liabilities	(0.6)
Provisions	(2.5)
Total liabilities	(2.7)
<hr/>	
Net assets of acquired subsidiary	3.5
Add: intangible assets (note 12)	19.7
Less: deferred tax on intangible assets	(4.9)
Add: Goodwill (note 12)	7.4
Total consideration paid	25.7
Less cash acquired:	–
Net cash outflow	25.7

The acquired business operates 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 12 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.

Explanatory Notes

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.

Sales APMs	Like-for-like sales (LFL)
Profitability APMs	EBITDA Adjusted Profit Before Tax (PBT) Adjusted EPS
Financial position APMs	Net Debt Leverage and Adjusted Leverage
Cash flow APMs	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 and 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.

Sales by Printcraft, the Group’s printing division, to external third-party customers and partnerships sales are excluded from any LFL sales measure.

	cardfactory Stores £m	cardfactory Online £m	cardfactory LFL £m
Reconciliation of Revenue to LFL Sales			
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)
LFL Sales FY26	601.6	8.6	610.1
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)
LFL Sales FY25	602.8	10.7	613.5
LFL Sales Growth	-0.2%	-19.9%	-0.5%

Note percentages are calculated based on absolute figures before rounding.

Profitability APMs

EBITDA

Closest IFRS Equivalent: Operating Profit¹

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.

	FY26	FY25
	£m	£m
Reconciliation of EBITDA to Operating Profit		
Operating Profit ¹	59.4	79.3
Add back:		
Depreciation	47.0	45.2
Amortisation	6.5	3.3
(Gains) / Losses on disposals	(0.7)	0.1
Impairment charges / (reversals)	4.6	(0.4)
EBITDA	116.8	127.5
Add back / (deduct) unrealised losses / (gains) on derivative contracts	4.7	(1.5)
Add back one-off restructuring costs	0.4	1.9
Add back acquisition related transaction costs	1.7	0.7
Adjusted EBITDA	123.6	128.6

¹ Whilst 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.

	FY26	FY25
	£m	£m
Reconciliation of Adjusted PBT to Profit Before Tax		
Profit Before Tax	43.9	64.1
Add back/(deduct):		

Unrealised losses / (gains) on derivative contracts	4.7	(1.5)
CF Online Intangible impairment	3.2	–
Amortisation of acquired intangibles	2.1	0.3
Acquisition-related transaction costs	1.7	0.7
One-off restructuring costs	0.4	1.9
Non-recurring refinancing charges	–	0.5
Adjusted PBT	56.0	66.0

The following table reconciles the impact of adjusting items as above on Adjusted Gross Profit, adjusted operating profit and Adjusted Profit Before Tax.

	FY26	FY25
	£m	£m
Reconciliation of adjusting items on the income statement (FY25)		
Gross profit	188.7	193.8
(Deduct) / Add back one-off restructuring / transformation costs	(0.2)	0.6
Add back / (deduct) unrealised losses / (gains) on derivative contracts	4.7	(1.5)
Adjusted Gross Profit	193.2	192.9
Operating expenses	(129.3)	(114.5)
Add back acquisition-related transaction costs	1.7	0.7
Add back one-off restructuring costs	0.6	1.3
Add back amortisation of acquired intangibles	2.1	0.3
Add back CF Online Intangible impairment	3.2	–
Adjusted operating profit	71.5	80.7
Finance costs	(15.5)	(15.2)
Adjusted Profit Before Tax	56.0	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	FY25
	£m	£m
Calculation of Adjusted EPS		
Adjusted PBT	56.0	66.0
Tax charge	(12.7)	(16.3)
Tax impact of non-underlying items	(2.2)	(0.2)
Adjusted PAT	41.1	49.5
Weighted average number of shares	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
Adjusted EPS	11.8p	14.3p
Adjusted Diluted EPS	11.8p	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	FY25
	£m	£m
Calculation of Net Debt		
Current Borrowings (including overdraft)	1.5	–
Non-Current Borrowings	83.8	74.0

Add back Debt Issue Costs	1.4	1.4
Gross Borrowings	86.7	75.4
Less cash	(18.8)	(16.5)
Net Debt (exc. Leases)	67.9	58.9
Add back Lease Liabilities	123.2	110.4
Net Debt (inc. Leases)	191.1	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 with-in 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 above, 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.

	FY26	FY25
	£m	£m
Calculation of Leverage		
Net debt (as calculated above) (A)	67.9	58.9
EBITDA (as calculated above) (B)	116.8	127.5
IFRS 16 depreciation	(37.3)	(36.3)
IFRS 16 impairment (charge) / reversal	(1.1)	0.4
Gains / (losses) on modification/disposal	0.7	(0.1)
IFRS 16 interest	(8.7)	(8.0)
EBITDA less rent costs (C)	70.4	83.5
Leverage (A/B)	0.6x	0.5x
Adjusted Leverage (A/C)	1.0x	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 cashflows 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 cashflows that are one-off nature have occurred in FY26.

	FY26	FY25
	£m	£m
Calculation of Free Cash Flow		
Net cash inflow from operating activities (excluding transaction costs)	112.0	88.9
Less:		
Capital Expenditure	(19.4)	(18.4)
Lease Payments (inc. Interest)	(45.7)	(45.6)
Net Finance Costs	(6.2)	(7.8)
Non-operating income	–	0.7
Free Cash Flow	40.7	17.8
Adjusted Free Cash Flow	40.7	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 above divided by adjusted profit after tax as defined in this section and expressed as a percentage.

	FY26	FY25
Calculation of Free Cash Conversion	£m	£m
Adjusted Free Cash Flow	40.7	28.8
Adjusted profit after tax	41.1	49.5
Free Cash conversion	98.9%	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.