



Capital Markets Strategy Update

3 May 2023



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

Section 1. Business overview

Darcy Willson-Rymer
CEO

Welcome

Purpose of today

Updates on:

- Opening Our New Future Strategy
- Delivery capability
- Projected financial performance



Darcy Willson-
Rymer
CEO



Jen Lawrence
Executive Director
for People and
Transformation



Brian Waring
Executive Director,
Customer



Adam Dury
Chief Commercial
Officer



Sam Davies
Executive Director
for Digital



Syed Kazmi
Executive Director
for Business
Development



Simon Comer
Interim Chief
Financial Officer



FOR 2

1

Humour

3 FOR 2
3 for 2
£1.29

GAME BOOKS

GIFTS

GIFTS

GIFTS

CARDS

Birthday

Age Gifts

Party

Age & Wisp

Party

Balloons

Occasions

Mothers Day

Valentines

Wedding & Anniversary

W Anniversary

Putting customer data at the heart of our decision making

- Applying customer data into our thinking and ability to respond to market change.
- Our new Customer function is providing data and insight to drive decision making.
- The outcome is a continually improving our range and delighting our customers.
- Data-led decisions touch every part of the business.
- Mother's Day allowed us to create a co-ordinated ensemble of products from the insights.



Having a strong leadership capability throughout the business

- New talent ensures we have the right people with the right capabilities and experience.
- Increased investment in time and training for leadership we need at every level.
- Have developed a high challenge, high support leadership culture.
- This is helping people be more effective and able to deliver more because they feel empowered.



Transformation capability to deliver on growth ambition

- At the heart of this capability is our new Transformation Office.
- This is providing the planning, collaboration and risk management diligence we need to deliver at pace, on time and on budget.



Focusing on the core fundamentals of our business

- Optimised our product and range to provide greater choice.
- Focused on our service experience to help customers find what they need.
- Increased capacity in key growth areas, such as online.
- Leaner stock management and using price as a lever.



Financial stability in place to support next stage of business development

- Successfully navigated supply chain pressures and inflationary environment over the last two years.
- Ensured the right financial structure for the balance sheet.
- Successful refinancing of the business last year was crucial to this.



We're facing a changing market

- The landscape has shifted in the past two years.
- Footfall is returning to more normalised shopping behaviour.
- We're investing to help our growth ambition.
- A partnerships focus in the UK and internationally will take time, but gives us the opportunity to update processes.



Opening Our New Future

cardfactory will become:

- The leading omnichannel brand helping customers every day to celebrate life's special moments.
- The UK's number one destination for all customers seeking unrivalled quality, value, choice, convenience and experience.
- And a global competitor putting cards and gifts in the hands of more customers.



Building Blocks of Growth

Vision: To be the leading omnichannel retailer in our sector with extensive UK and ROI footprint and growing international presence.

Categories: Greeting cards, Celebration Essentials and Gifts.
Channels Company Owned: Stores and Online.
Channels Partnerships: Franchise and Wholesale.
Markets: UK & ROI and International.

targeting
revenue
£650m
in FY27

Core Business	Building Blocks of Growth		
UK & Republic of Ireland	UK & Republic of Ireland		UK & ROI and International
<p>Greeting Cards</p> <ul style="list-style-type: none"> Continue to grow leadership position in card through insight led innovation and range development. 	<p>Gift and Celebration Essentials</p> <ul style="list-style-type: none"> Build share of Gifts and Celebration Essentials. 	<p>Online</p> <ul style="list-style-type: none"> Grow share through fixing the basics, new propositions and improved user experience. 	<p>Partnership</p> <ul style="list-style-type: none"> Build out points of purchase through wholesale in UK & ROI and franchise and wholesale in seven identified international markets.
<p>Store Estates</p> <ul style="list-style-type: none"> Grow LFL sales, optimize estate, including fill in of under penetrated markets. 	<p>New Omnichannel Propositions</p> <ul style="list-style-type: none"> E.g. Click & Collect, balloon appointments, assisted selling, customer loyalty, event reminders. 		

Strategy overview

The leading omnichannel retailer in our sector with extensive UK & ROI footprint and growing international presence

At cardfactory, we make sharing in and celebrating life's moments special and accessible for everyone

Value & Choice

Leadership in Card

We will always be the leader in card range and value

Authority in Gifts and Celebration Essentials

We will build authority as a destination for celebration essentials and gifting

Convenience

Digital Experience innovation

We will move at pace to innovate in technology and digital experience

Extensive UK & ROI footprint

We will elevate our store experience, grow our footprint and drive LFL transactions

Growing International presence

We will invest and grow our brand and business in key international markets

Experience

Customer & community focus

We will use data and insights to put customers at the heart of our business

Passionate colleagues

We will invest in our colleagues to recognize their passion and commitment, and ensure they share in our success

Scalable central model driving organisational efficiency

Creative

Insight driven product, design & creative content publisher at the heart of cardfactory intellectual property

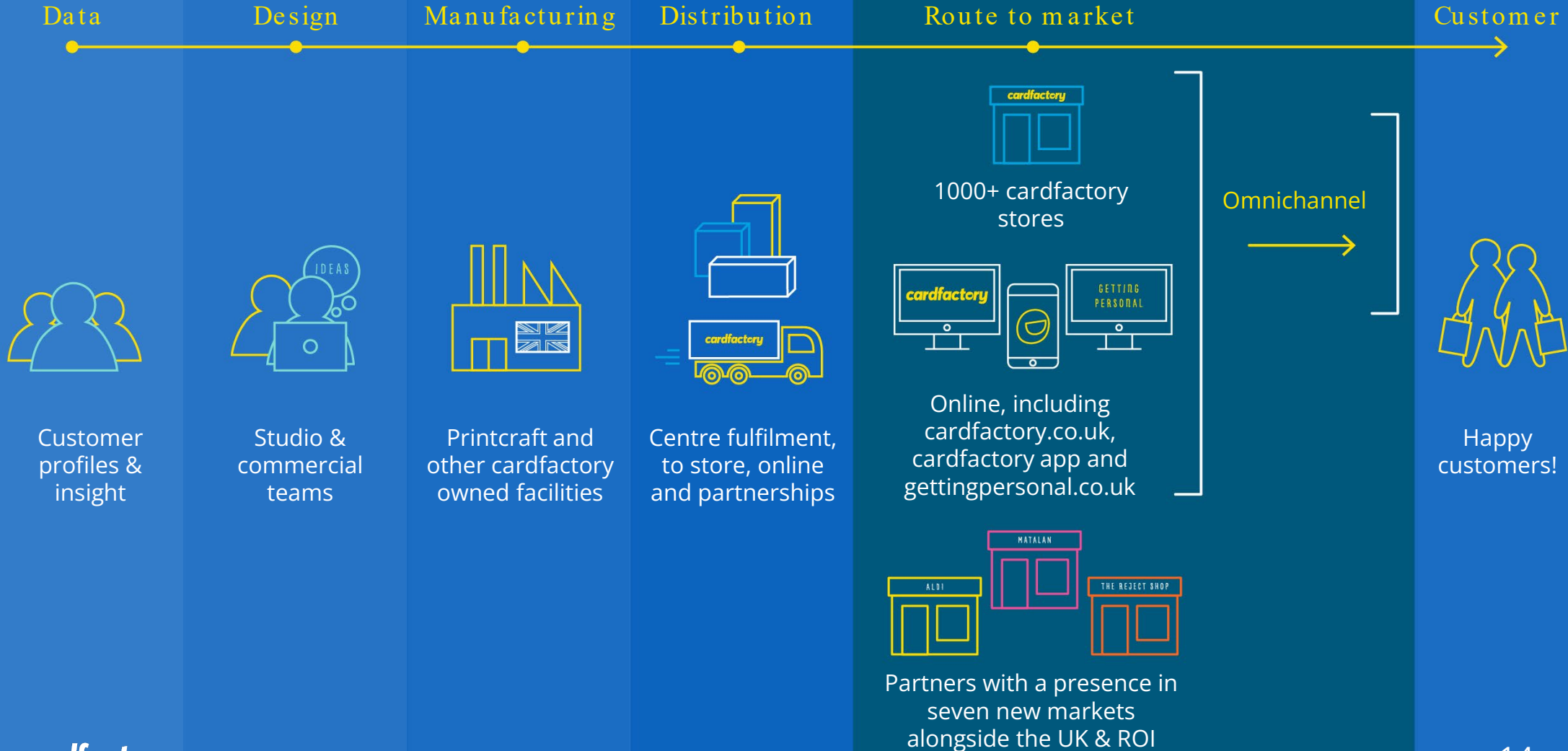
Manufacturing

Ability to scale up production to meet increased demand in line with projections

Technology

Enabling greater efficiency, more agile practices and the ability to do business world-wide

Business Model in FY27



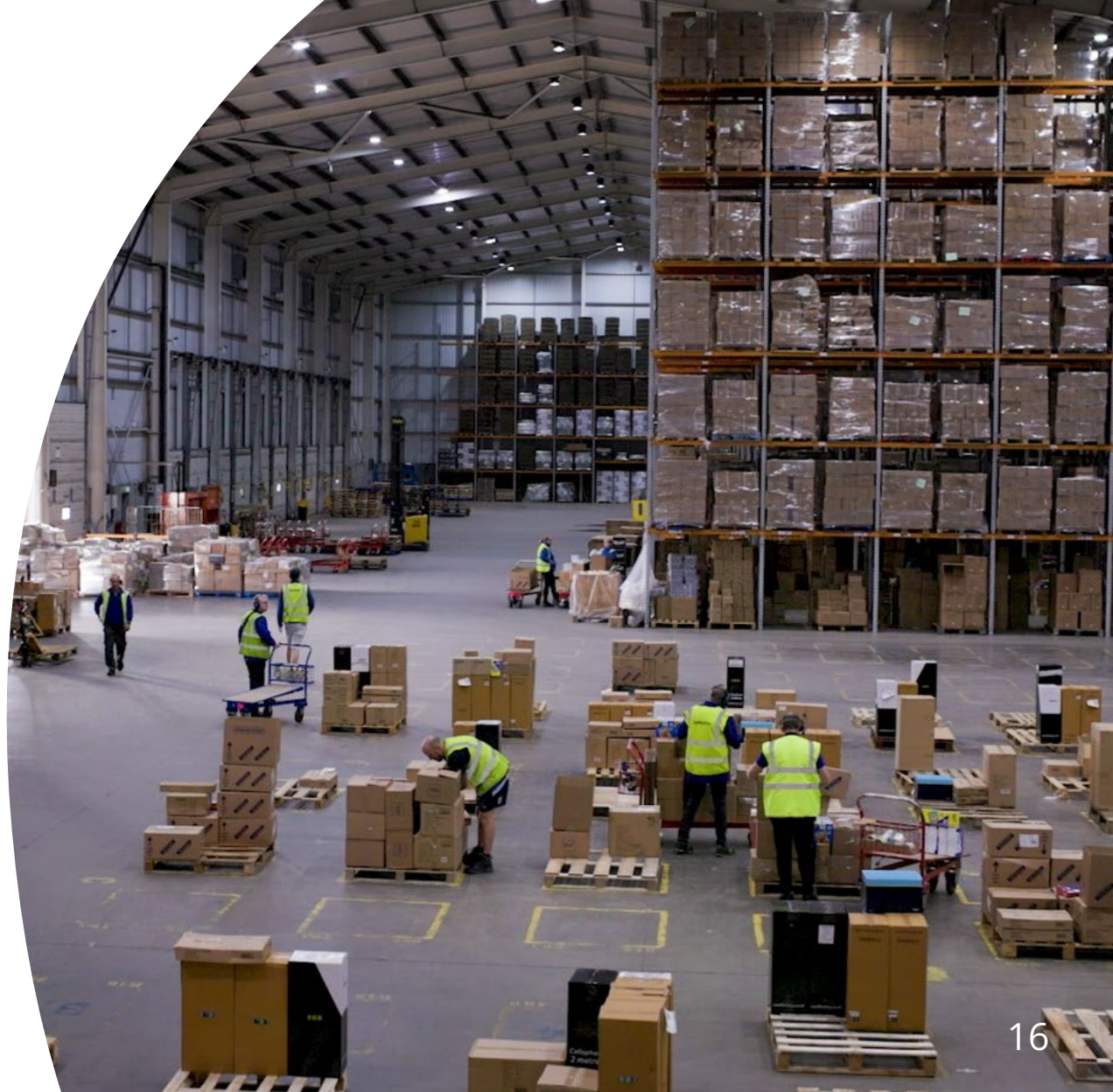
Sustained focus on ESG priorities with update at Interims on new five year plan

- Operate sustainably across all areas of our business.
- Positive impact on our people, our customers, our communities and the environment.
- Operate with integrity and transparency and always strive to do the right thing.
- Continually review our sustainability strategy to ensure it delivers meaningful impact:
 - United Nations Sustainable Development Goals (SDGs).
 - Risks and issues prioritised by our colleagues, customers, suppliers and stakeholders in our 2021 materiality assessment.
 - Assessing our scope 3 greenhouse gas emissions.



Momentum for growth

- The business is in good shape with a **strengthened** balance sheet now in place.
- We are **clear** on our core business priorities and building blocks of growth.
- Having made a **strong start** on our growth delivery in FY23, we are **confident** in our ability to reach our revenue target of around £650m in FY27.



Section 2.

Transformation capability

Jen Lawrence
Executive Director
for People and
Transformation

Creating the culture and behaviours that will allow the business to transform

- Positive headway in evolving our cultural behaviours.
- Progress made is delivering positive results.
- Training and encouraging the right outcomes.



This change has been recognised in our delivery and through awards

Creating the culture and behaviours that will allow the business to transform.



Updated values defining decision-making, customer interaction and approach to strategy delivery

We lead the way

We stay curious, agile and strive for better

We celebrate our differences

We know that diversity is a superpower

We make it happen

We take personal accountability

We do the right thing

We make time to think and act with fairness

We care

We nurture our communities

The core enablers of change

- **Cultural change** to embrace the needs of our customers.
- Developing our **leadership capability**.



Cultural change is delivering positive outcomes

- Customer-centricity.
- Data-led decision-making.
- Creative thinking.
- Pace of change and agility of thinking.
- Cross-functional alignment & collaboration.



Our leadership capability is continually evolving

- Upweighted leadership talent.
- Leadership capability development.
- Devolved decision-making.



Delivering a pay and benefits model we can be proud of

Our objective is to reward everyone fairly, inclusively and competitively.

Progress to date includes:

- Increased pay median.
- Significant benefit improvements.

Resulted in reduction of store manager turnover from 9% to 3%.



Delivering key strategic initiatives within our IT roadmap

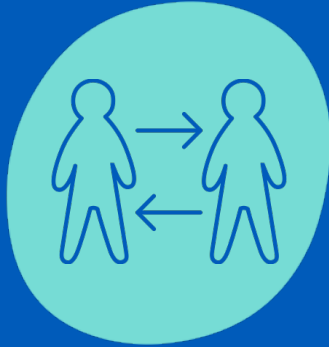
1. Enterprise Resource Planning implementation.
2. Store network upgrade.

Our roadmap of initiatives is to deliver an omnichannel experience, partnerships and operational improvements.

Significant progress has been made in strengthening our cybersecurity controls enhancing our abilities to protect against potential cyber threats.



Our new Transformation Office has been built to deliver on the five year transformation plan



Placing the right talent
in the right roles



Plan alignment across
the business



Team collaboration



Combining project management
and change management skillsets



Redesigning the
operating model

Section 3.

Market & customer

Brian Waring
Executive Director,
Customer

We are making a strategic shift to a much larger addressable market

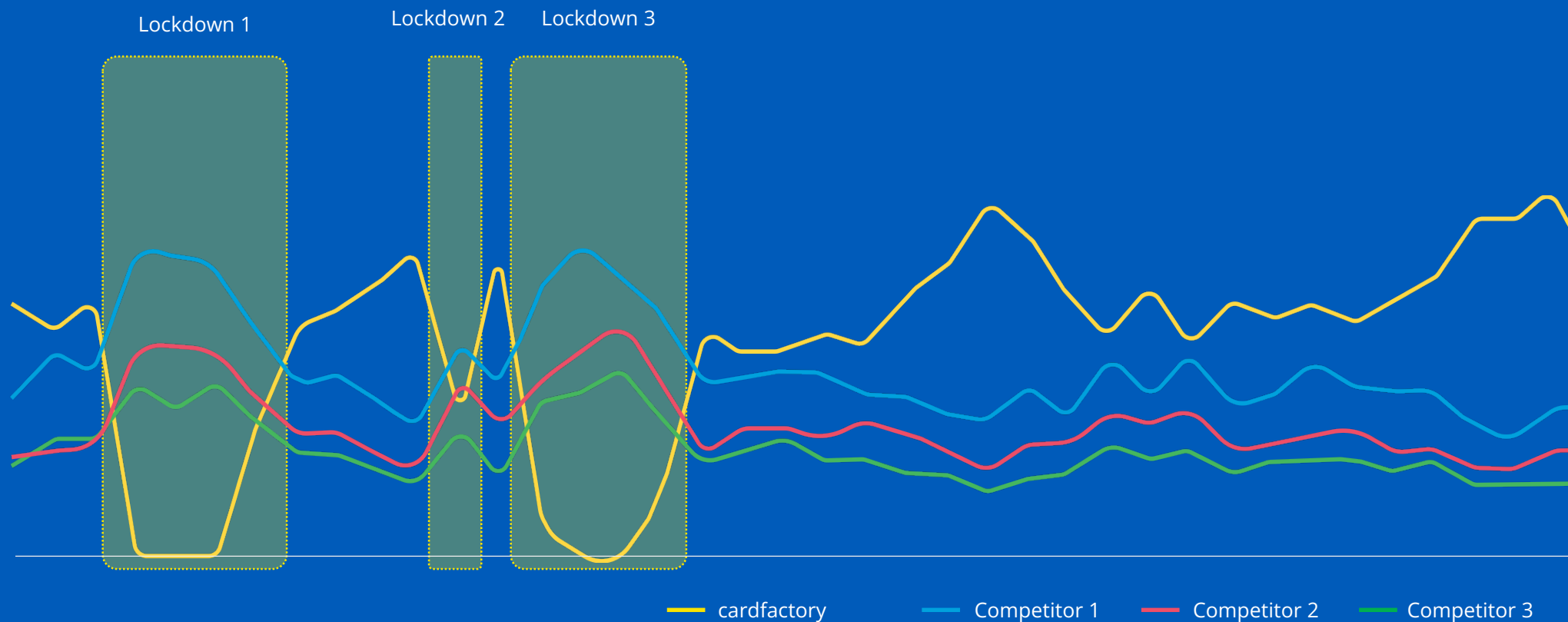
- We have defined our market as Celebration Occasions.
- In the UK alone it is worth c.£13.4bn¹.
- Within this, we will focus on Greeting Cards, Celebration Essentials and Gifts.
- This represents a significant growth opportunity for cardfactory.

¹ Source: See slide 39



Customers are returning to more normalised shopping behaviour

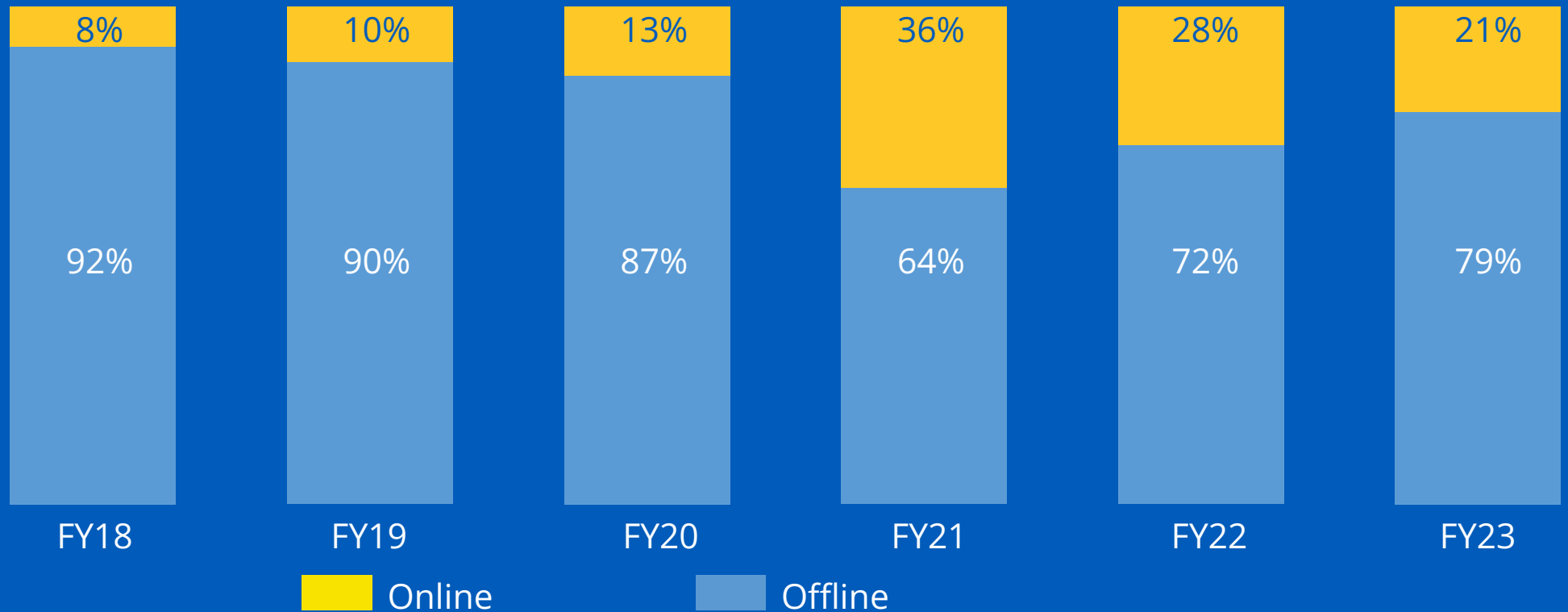
Kantar greeting card share of spend from January 2020 – December 2022



Source: Kantar Worldpanel Plus (Physical Retail) data Jan 2020-Dec 2022

We have observed sizable swings in channel mix but evidence suggests we are returning to a new normal

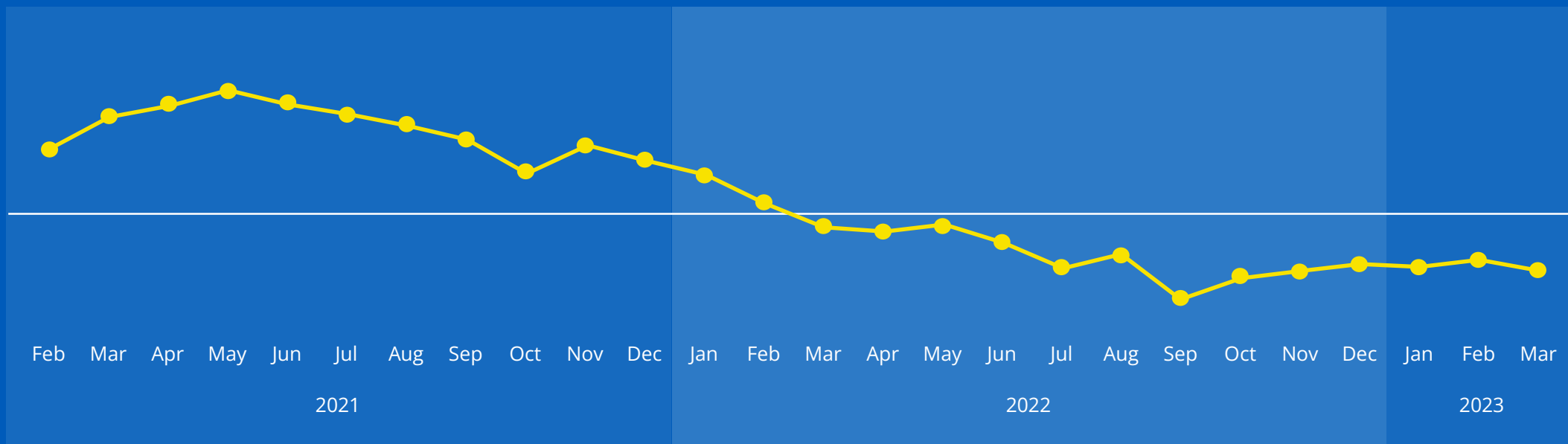
UK greeting cards value, channel mix online/offline FY18 – FY23



Source: cardfactory bespoke annual UK greeting cards market surveys FY18 - FY23 (4000+ participants annually) commissioned with Dynata

Consumers are impacted by the cost of living crisis but importance of celebrations remain resilient

Overall Consumer Sentiment index, 2021 - 2023



Source: GlobalData Retail's UK Future Consumer Sentiment Report March 2023

Our value for money proposition is resonating strongly

cardfactory is well positioned with market leading perceptions in value for money

#1

For low prices

#1

For value for money

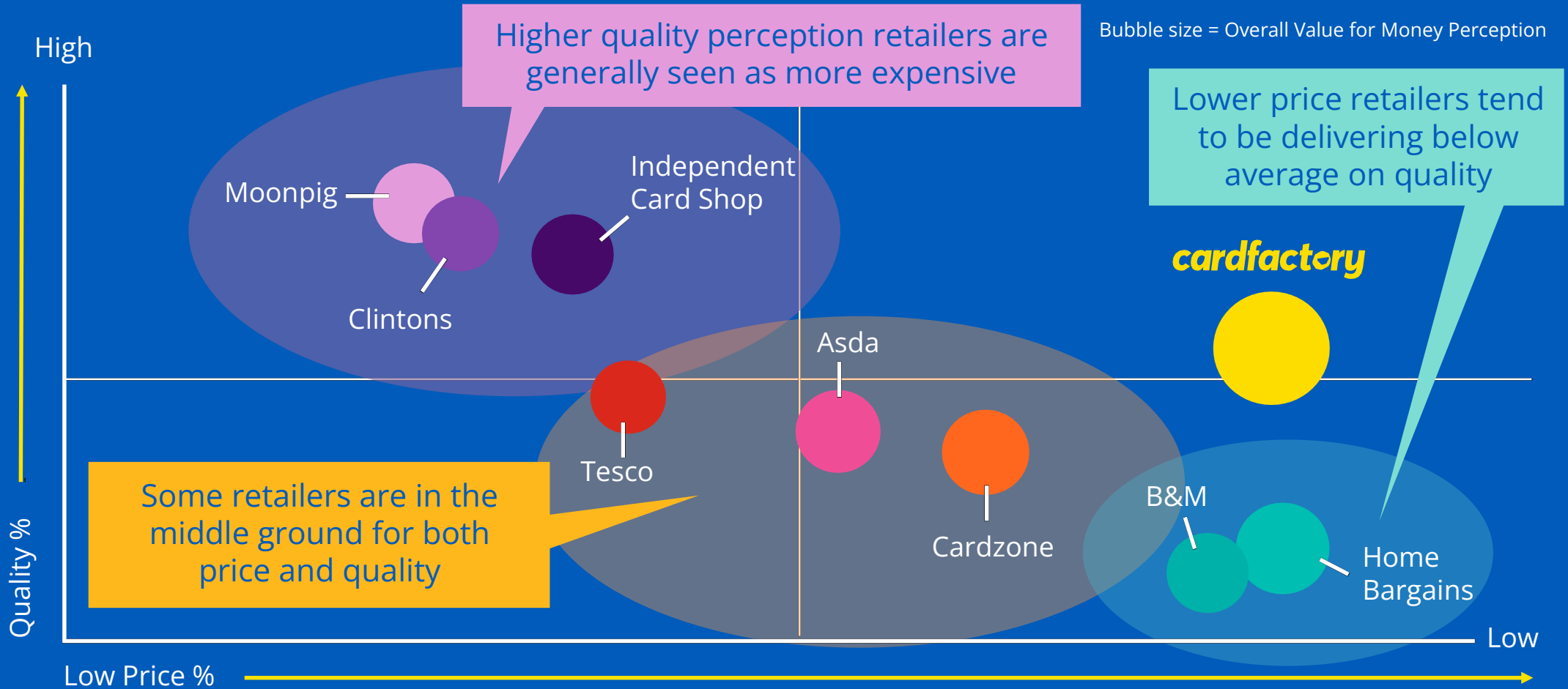
Recognised as a top 20 most loved UK retail brand



RETAIL

Source: Left - cardfactory bespoke annual UK greeting cards market survey FY23 (4,501 participants) commissioned with Dynata, February 2023
Right - Savanta BrandVue Most Loved Retail Brands 2023 - Report published on 16th March 2023

These strengths give cardfactory a highly differentiated position in the UK market



Source: cardfactory price and value research, commissioned with boxclever, November 2022

We're benefiting from more customers, visiting more often and spending more

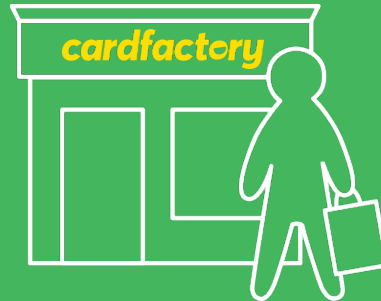
More customers shopping with cardfactory in the last 12 months¹

+9.5%
year on year



Frequency has increased with customers visiting more often²

4.5 vs 3.5
Times compared to last year



In the last three months of the year customers were spending more with us too³

+2.9%
year on year



Source: 1 and 2 Kantar Worldpanel Plus, UK Physical Retail, Data 52 weeks to 22 Jan 2023, versus comparable period in 2022.
3 Kantar Worldpanel Plus, UK Physical Retail, Data 12 weeks to 22 Jan 2023, versus comparable period in 2022.

Our position in the UK Greeting Cards market provides a platform for growth

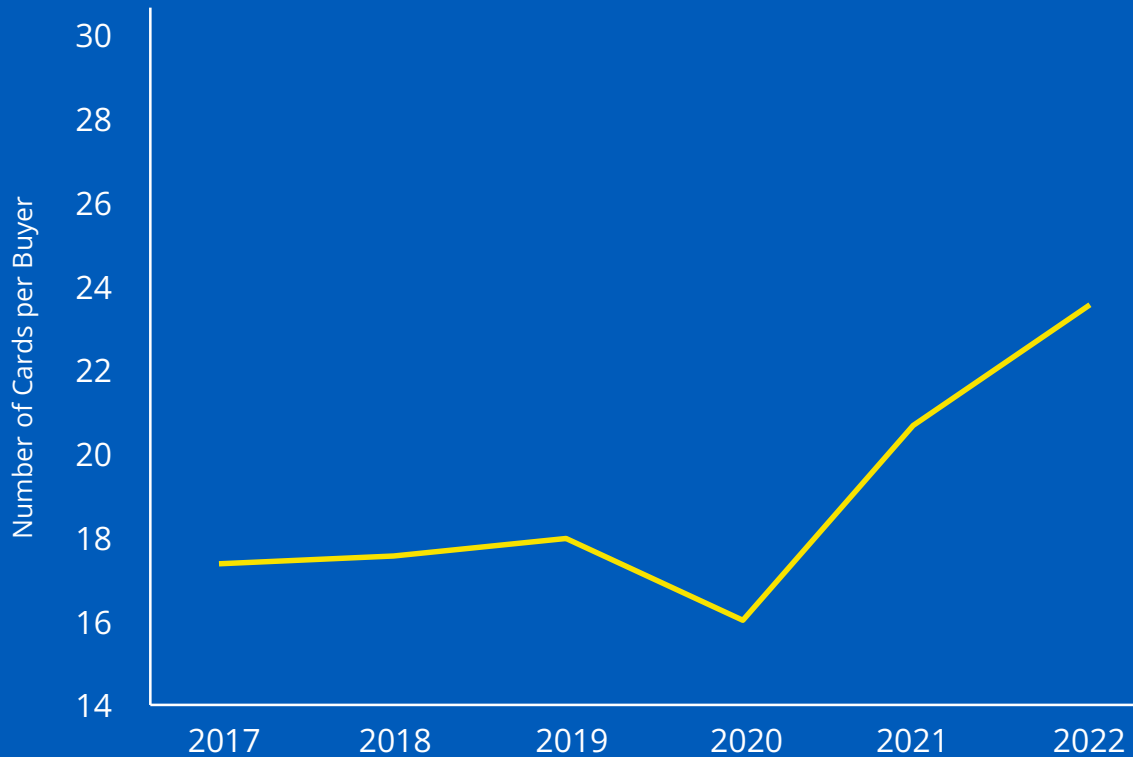
- UK Greeting Cards market has historically been our core focus.
- The market is proving resilient with further growth opportunities.
- Over 40 million UK adults buying Greeting Cards in past year¹.
- Greeting Cards are a strong basket staple, with gifts often bought alongside a card.

¹ Source: cardfactory bespoke annual UK greeting cards market survey FY23 (4,501 participants) commissioned with Dynata, February 2023



UK market growth is being driven by younger audiences

Number of cards purchased per buyer (16 – 24 year olds)¹



Source: 1 - cardfactory bespoke annual UK greeting cards market surveys FY18 - FY23 (4000+ participants annually) commissioned with Dynata;
2 - cardfactory One Pulse survey, (200 participants) April 2023

Top four reasons for card buying – 16 - 24yrs²

1. I like people to know I'm thinking about them
2. A card is more personal than an email or text
3. Cards can be a keepsake for special occasions
4. Think it's a nice way to connect with people

We have successfully extended into the UK Celebration Essentials markets

- Includes close adjacent categories such as balloons, party, wrap and bags.
- Good progress with cardfactory No.1 in balloons and No.2 in party in the UK¹.
- Substantial further opportunity for cardfactory as we currently capture only c.5% of this market¹.

UK
Celebration
Essentials
c£2bn²



Source: 1. Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 22nd Jan 2023
2. Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 22nd Jan 2023 & GlobalData Retail Occasions Series UK, Party-ware 2022

We have significant opportunity to build share in the sizeable UK Gifts market

- c£10bn addressable market out of a c£40bn total UK Gift market¹.
- Categories of focus include soft toys, stationery, books, candles and more.
- With less than 1% share of these categories, cardfactory has significant headroom for growth¹.

Source: 1 Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 22nd Jan 2023 & Whitecap Consulting Ltd September 2021

UK Gifts
c£10bn¹



We are focused on the £13.4bn Celebration Occasions market in the UK, plus further International opportunities

UK

Greeting Cards market

c£1.4bn¹



Celebration Essentials market

c£2bn²



Gift market

c£10bn³



International

Card and gift opportunity

c£80bn+⁴



Source: 1 - cardfactory bespoke annual UK greeting card market survey FY23 (4,501 participants) commissioned with Dynata, February 2023,
2 - Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 22nd Jan 2023 & GlobalData Retail Occasions Series UK, Party-ware 2022,
3 - Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 22nd Jan 2023 & Whitecap Consulting Ltd September 2021.
4 - International source: GlobalData Global Expansion Project (July 2022).

Our brand strategy focuses on customers and their celebrations

Our brand purpose...

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

Our proposition...

Creating celebrations for all life's moments.



Our brand health is strong and positions cardfactory in the top quartile of UK retail brands

90%

awareness
(+19pp vs
competitor avg)

43%

consideration
(+21pp vs
competitor avg)

42.1

NPS score
(+12 pt. vs
competitor avg)

Source: Savanta BrandVue February 2022 to January 2023. Competitor comparison is specialised UK card and gift retailers

We have developed a new segmentation to deepen our understanding of customers



Our new understanding reveals growth opportunities with existing and new customers



Grow (existing customers)

- Grow loyalty through increased occasions and basket size.
- Currently capturing 65% of card spend, but only 30% of gift spend¹.



Acquire (new customers)

- Opportunity to target and acquire.
- 64% of the acquisition segment are familiar with cardfactory, but only 31% are shopping with us for cards, and 6% for gifts¹.

We are primed to take advantage of growth opportunities ahead

- Our proposition is attracting more customers, more often and spending more.
- We are refocusing on growth within the larger c.£13.4bn UK Celebration Occasions market, plus International¹.
- We are becoming more customer-centric placing insight and data into our decision making.

Source: 1. See slide 39



Section 4.

Delivery on Growth

Store estate growth ambition

Adam Dury
Chief Commercial
Officer

Plan to grow store estate sales to around £520m by FY27

£441m

store sales FY23

targeting
£520m

in FY27

targeting
80%

of total sales
in FY27

4.2%

CAGR
(FY23 to FY27)

Continued growth of UK and ROI store estate

1,032

Stores
(January 31 2023)

c +90

Stores by FY27

We will continue to develop and build upon on the existing strength of our nationwide store portfolio

- Continue with our core principle of lower cost, flexible leases with a target three year break clause.
- Target underpenetrated markets including ROI and testing a central London format.
- Ongoing portfolio management, respond to changing footfall patterns.



Additional initiatives to drive store sales growth

- Store evolution programme to optimise expanding gifting offer.
- Investing in the service experience we provide our customers.
- Unlocking the omnichannel opportunity.



Leadership in Cards

Adam Dury
Chief Commercial
Officer

Maintaining Leadership in Cards

- Maintain value for money proposition.
- Adapt range to consumer trends.
- Simplify in-store experience.



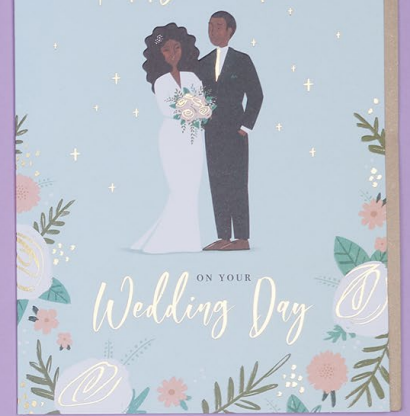
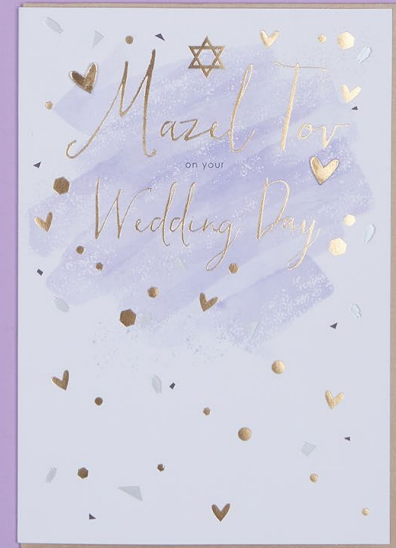
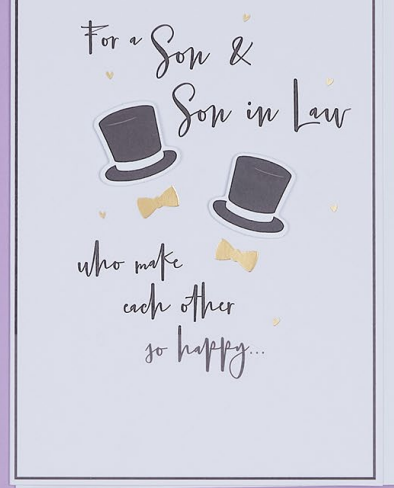
Continually expanding our range to include a wider breadth of celebratory captions

- We're helping people celebrate more, as one example for a pet's birthday.
- On Mother's Day one of our top selling cards was a card from the dog.
- This shows people are looking to expand the cards they buy and give.



Diversity and sustainability is key to broaden our range appeal

- Our range is continually expanding to include a wider breadth of celebratory captions.
- We're responding to demand around diversity and sustainability, and optimising customer choice with curated card ranges.
- Broadened our range with cards showing different skin tones and same sex relationships.



Evolving our card range using data-led decision making

- The product and design choices we are making use data analytics to ensure we have better targeting and focusing.
- We change best sellers more frequently as customers are more likely to become tired of seeing the same, popular range.



We're simplifying the in-store experience

- Improving the ease of shopping cards in fixtures.
- Installing better store navigation.
- Improving our visual merchandising.



Seasonal performance supported by new and improved range, expanding gifting, and strong value for money offer



We're accelerating our speed to market to improve the topicality of the offer

- Enhanced customer understanding to ensure the right product in the right store or channel at the right time.
- Accelerating our speed to market to improve the topicality of the offer across both the store estate and digital channels.
- Maximise the return from each 'pocket' per square foot across the card fixtures.



Gift and Celebration Essentials opportunities

Adam Dury
Chief Commercial
Officer

Considerable opportunity with an identifiable addressable UK market of £12bn in Gift and Celebration Essentials

Market share:

- FY23 is 1.7%¹
- FY27 is 1.9%¹

Significant headway has already been achieved in FY23:

- Everyday like for like growth of 11.4%.
 - Confectionery sales growth +111%.
 - Tableware largest volume increase +124%.

Source: 1 Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 22nd Jan 2023



We broadened our categories by introducing new third party brands and licenced ranges



We have made in-store improvements to make shopping our gifting range easier

Store Evolution Programme

1. Space realignment;

- reallocating so slightly more priority for gifts.
- 750 stores in FY24.
- Capex light with payback within one year.

2. Display reorganisation;

- Cards on the perimeter gifts on central aisles.
- 50 stores in FY24.
- All stores by FY27.
- Capex light with 18 months or less payback.

3. Updated store design;

- New format for new and select number of full refurbishment stores.
- Costs aligned with existing refit costs with no impact on store Capex forecast.



Capturing and converting new customers by building on our Gifting and Celebration Essentials success

- Expanded distribution centre capacity to retain high levels of availability.
- New ranges to disrupt market and grow market share.
- Customer understanding to improve ranging.
- Maximise the omnichannel opportunity.



Section 4.

Delivery on omnichannel and online growth ambition

Sam Davies
Executive Director
for Digital

Building upon our multichannel offer to become an omnichannel retailer

- Online retailer through our platforms cardfactory.co.uk and gettingpersonal.co.uk.
- Extensive UK and Republic of Ireland store network.
- As an omnichannel retailer we will connect all channels to provide seamless shopping experience.



Combined omnichannel and online target is to contribute £30m in revenue growth through to FY27



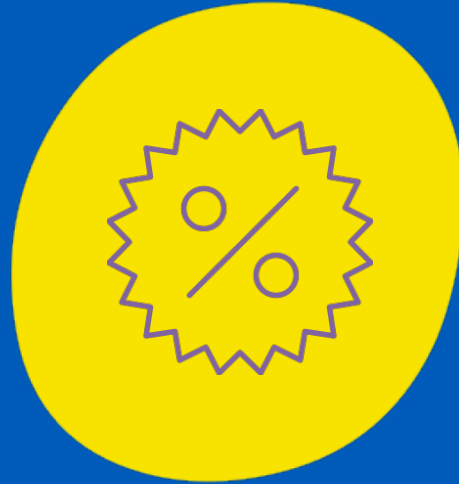
Progress with our first omnichannel proposition - Click & Collect



Trial saw a Click & Collect service across 87 stores.



UK Nationwide rollout to over 1000 stores was completed at end of April 2023.



Trial saw average order value of +16% vs current online average and an indication of 7% upsell during collection process.



Positive customer feedback with 4.3 out of 5 stars on Feefo.

Wide range of investment happening across the business to enable the omnichannel strategy

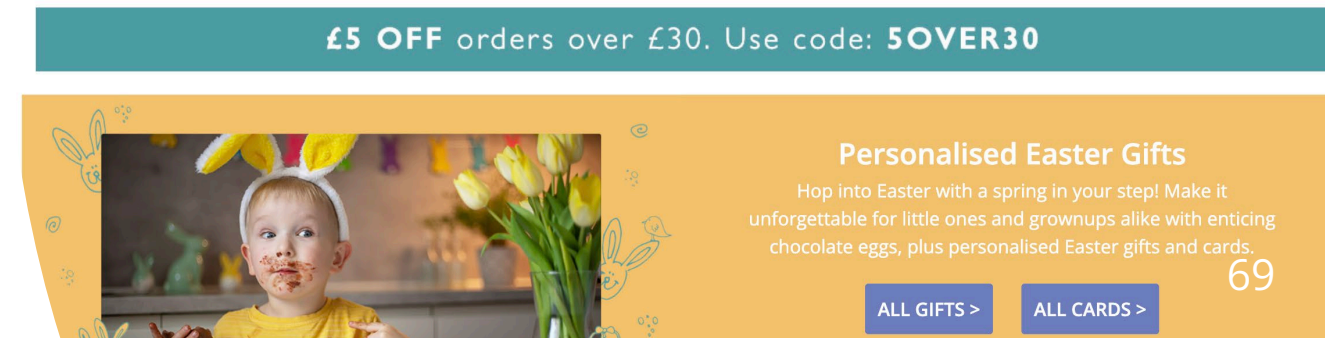
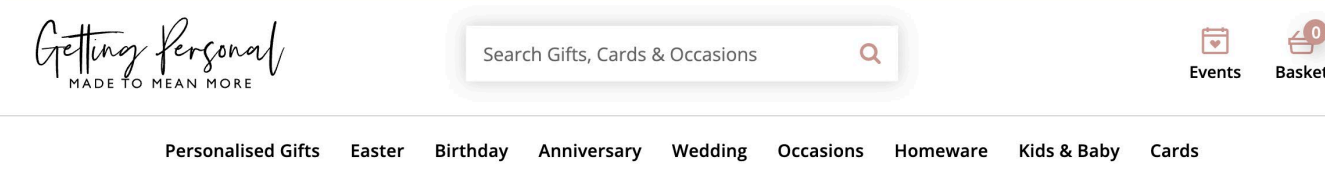
- ERP (Enterprise Resource Planning).
- In-store network upgrade.
- Customer Service Excellence Training.



Our ambition to be the best value online player

- Offering a competitive experience that meets and exceeds customer expectations.

1. Fixing the basics – replatforming, new talent and support.
2. Building the right proposition – expanding the range and reducing pricing to reflect value credentials.
3. Consumer experience – user experience on site and omnichannel experience.



Our five propositions within our wider omnichannel strategy



Click & Collect

UK Nationwide rollout now complete. Next stage to improve the collection speed.



Balloons

Building on our capability to add a balloon collection service.



Assisted Selling

Better supporting our store colleagues and customers with Mobile PoS.



Customer Loyalty

Defining a loyalty proposition with the aim of growing share of spend and deepening customer relationships.



Event Reminders

Redesigning the experience, to capture more events.

Transforming our business into a leading omnichannel retailer

- We will offer the ability for customers to interact with us in whatever way they choose.
- We will be able to not only meet but exceed their expectations by offering multiple services and options with outstanding service and value.



Section 4.

Delivery on growth for partnerships

Syed Kazmi

Executive Director for
Business Development

Partnership opportunity, progress and way forward

£5m

sales FY23

targeting

£84m

sales in FY27

12.9%

of our total
FY27 sales

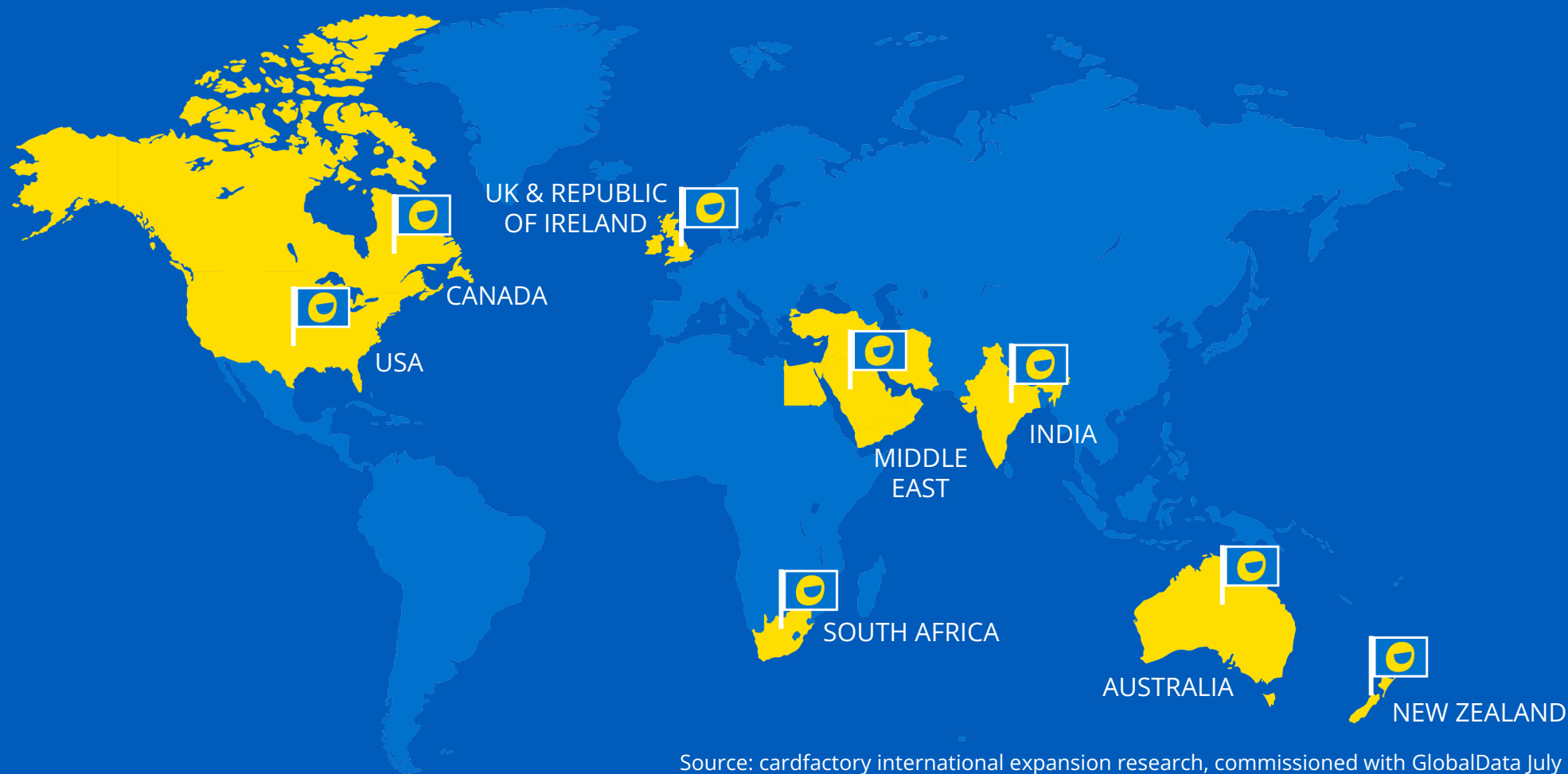
Our Franchise partnership model in more detail

	cardfactory gives	Partner gives
Brand	cardfactory provides a strong brand with an extensive product range and creative brand assets .	The partner provides a commitment to a market development plan .
Expertise	Through our partner playbooks , partner support team and annual conferences, we will provide cross-functional support .	We depend on our partners for their local customer insights, market, and retail expertise .
Financial Support	We provide initial assistance with training, visual merchandising, store layout and store operations.	The partner commits to capital investments to grow the brand, operating expenses, franchisee fee and a marketing spend commitment.

Our wholesale partnership model in more detail

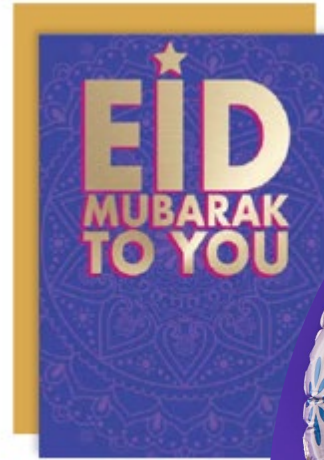
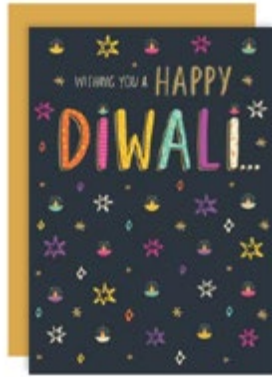
	Wholesale - Supply Only	Wholesale - Full Service
Format	<ul style="list-style-type: none">• Straight to shelf• cardfactory Shop in Shop	<ul style="list-style-type: none">• Straight to shelf• cardfactory Shop in Shop
cardfactory gives	<ul style="list-style-type: none">• Supply of product	<ul style="list-style-type: none">• Supply of product• Last mile logistics• In-store merchandising
Partner gives	<ul style="list-style-type: none">• Dedicated space within retailer• Last mile logistics• In-store merchandising	<ul style="list-style-type: none">• Dedicated space within retailer

Identified target markets alongside UK & Republic of Ireland

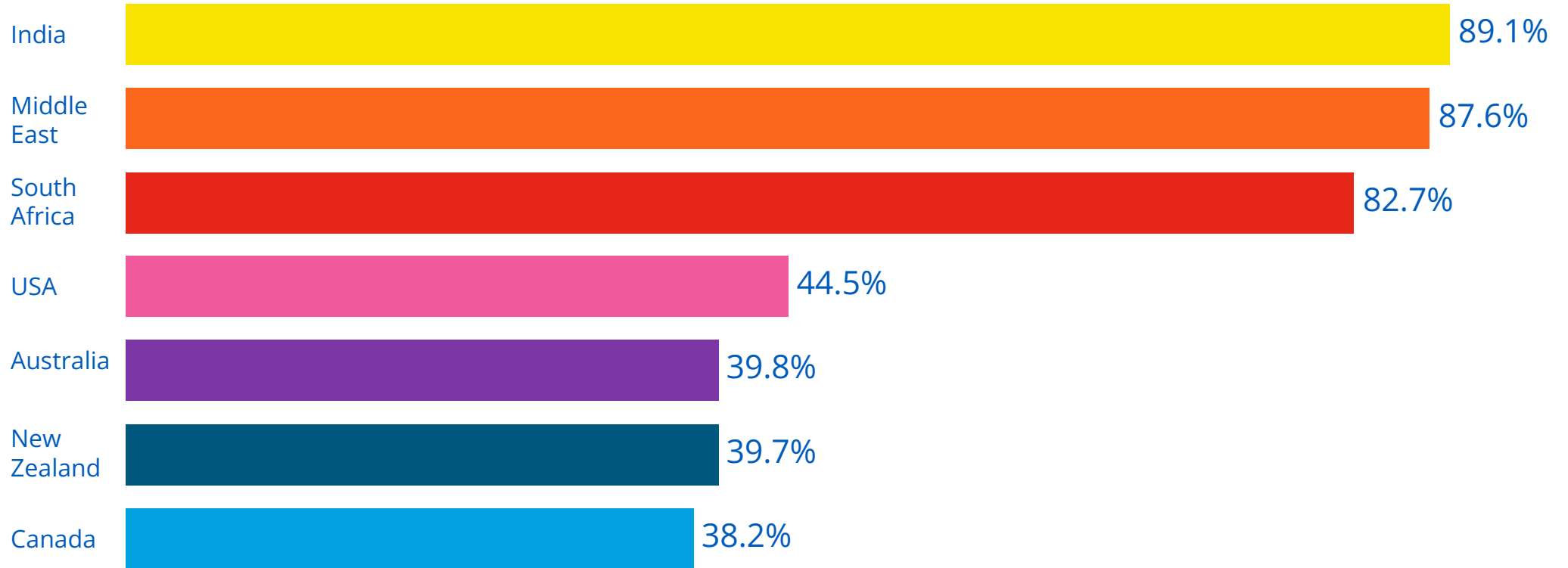


Source: cardfactory international expansion research, commissioned with GlobalData July 2022

Tailoring our offer for individual markets by leveraging creative



Proportion of baskets that included a gift when purchasing a greeting card



Source: cardfactory international expansion research, commissioned with GlobalData July 2022

Liwa will target 36 cardfactory stores across the region



New partnerships are built on successful pilots already in place



Our partners
today include...



Succeeding in our target international markets is dependent on how we can operate as a business to support our partners

- Recent acquisition of South African Greetings is incredibly beneficial.
- It gives us a foothold into the target South African market with a small retail estate.
- It provides local wholesaling capacity.
- Focus on building the wholesaling opportunity in South Africa.



Key wholesale accounts include



checkers

PEP

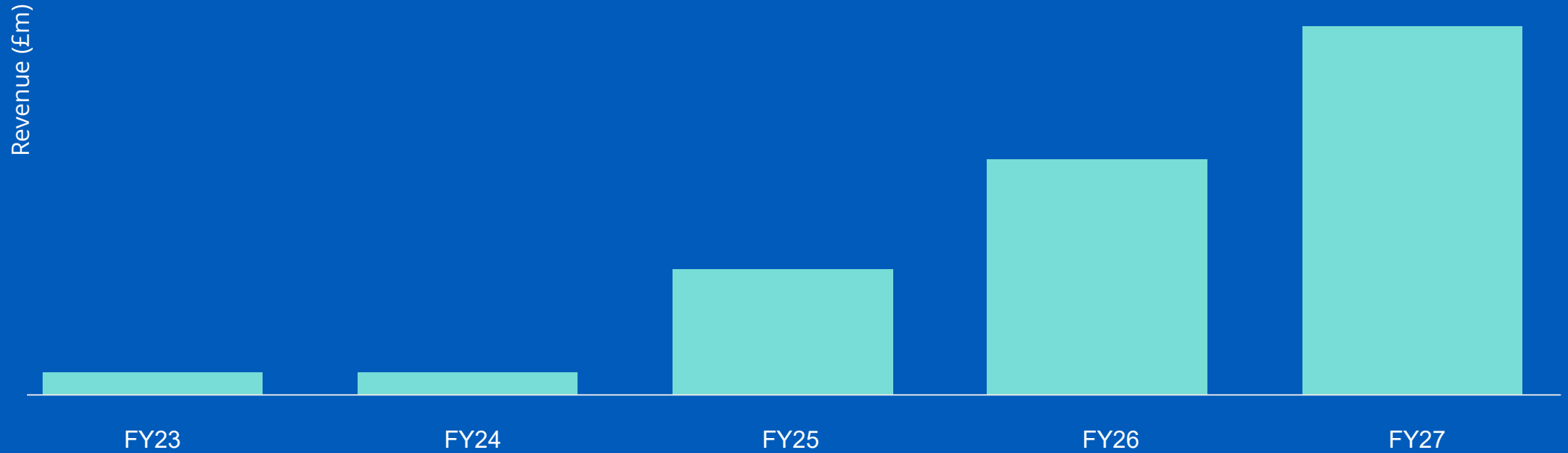
Pick n Pay

SPAR





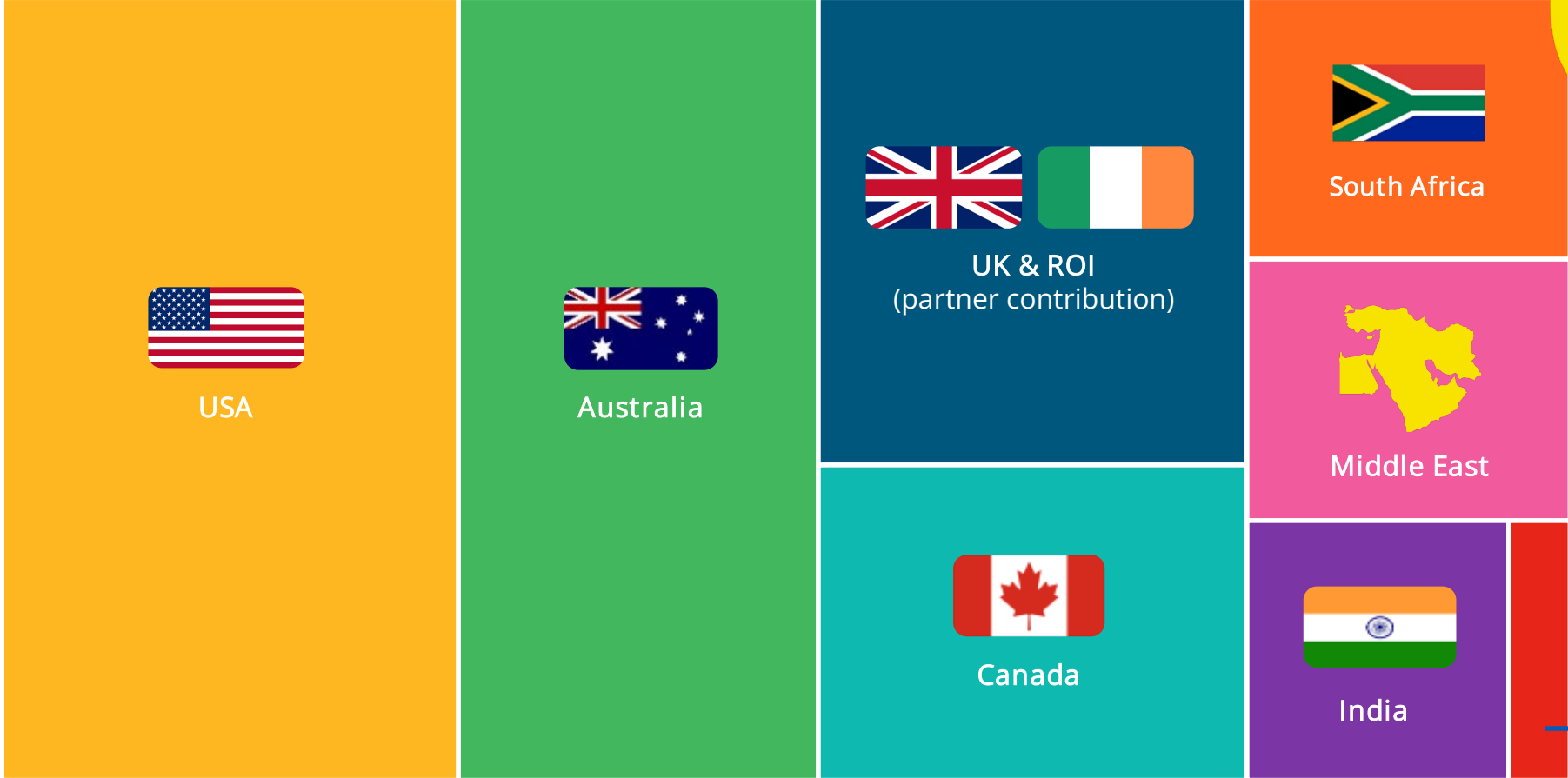
Partnerships revenue growth pathway FY23 to FY27



Target revenue contribution by region from partnerships

Revenue by region- FY27

£84m
in FY27



In summary for partnerships

Our partnerships approach will support our growth ambition by delivering greater;

- Value
- Choice
- Convenience and
- Experience

For customers both at home and internationally.



Section 5. Financials

Simon Comer
Interim Chief Financial Officer

Targeting £650m revenue by FY27

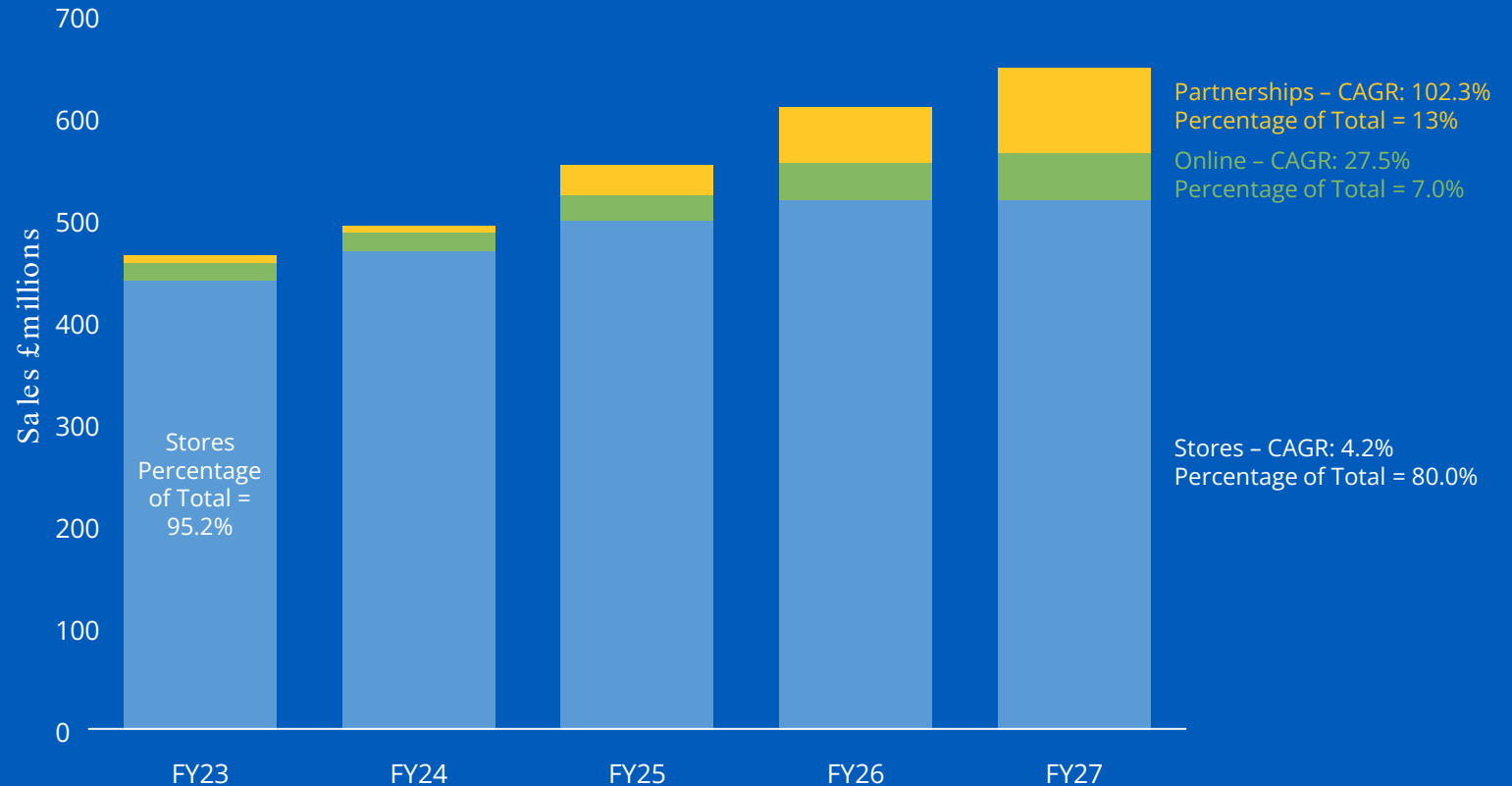
	Covid Impacted				
	FY20 (Actual)	FY21 (Actual)	FY22 (Actual)	FY23 (Actual)	FY27 (Target)
Revenue by Channel (£m)					
Stores (UK & Republic of Ireland)	429.3	251.9	344	441.1	519.0
Online	19.4	27.6	23.8	17.3	47.0
Partnerships (UK & International)	3.0	5.6	4.6	5.0	84.0
Group Total	451.7	285.1	372.4	463.4	650.0
Profit before Tax (% to Revenue)					
Profit before Tax (% to Revenue)	14%	-6%	3%	11% ¹	14%
Cash Flow					
Free Cash Flow / PBT	73%	(215%)	303%	32%	70%
CAPEX (£m)	13.9	5.8	6.9	17.8	24.0*

* average per annum
¹ Includes £3.5m of one-off benefits related to CJRS settlement and refinancing.

Diversification of income sources

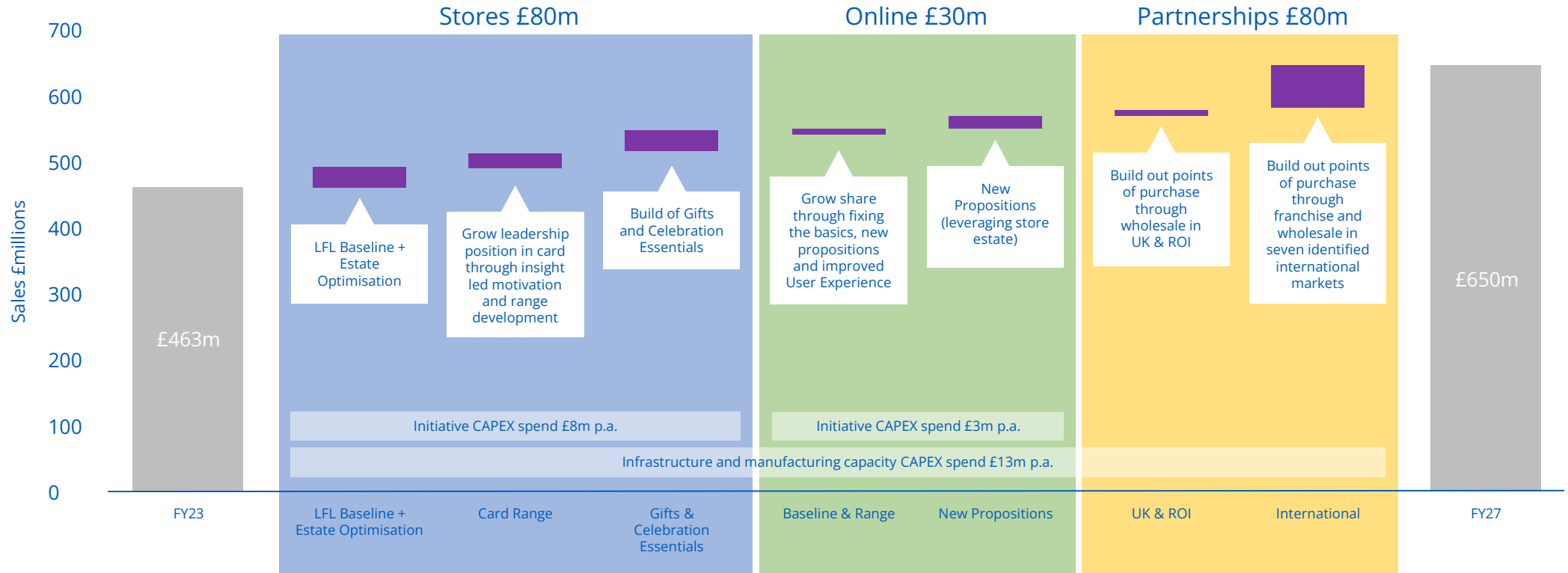
Target to continue growth in UK and Republic of Ireland at the same time as diversifying portfolio to deliver 20% of the business from:

- Build out points of purchase through wholesale in UK & ROI.
- Build out points of purchase through franchise and wholesale in seven identified international markets.
- New propositions for eCommerce by leveraging store estate.

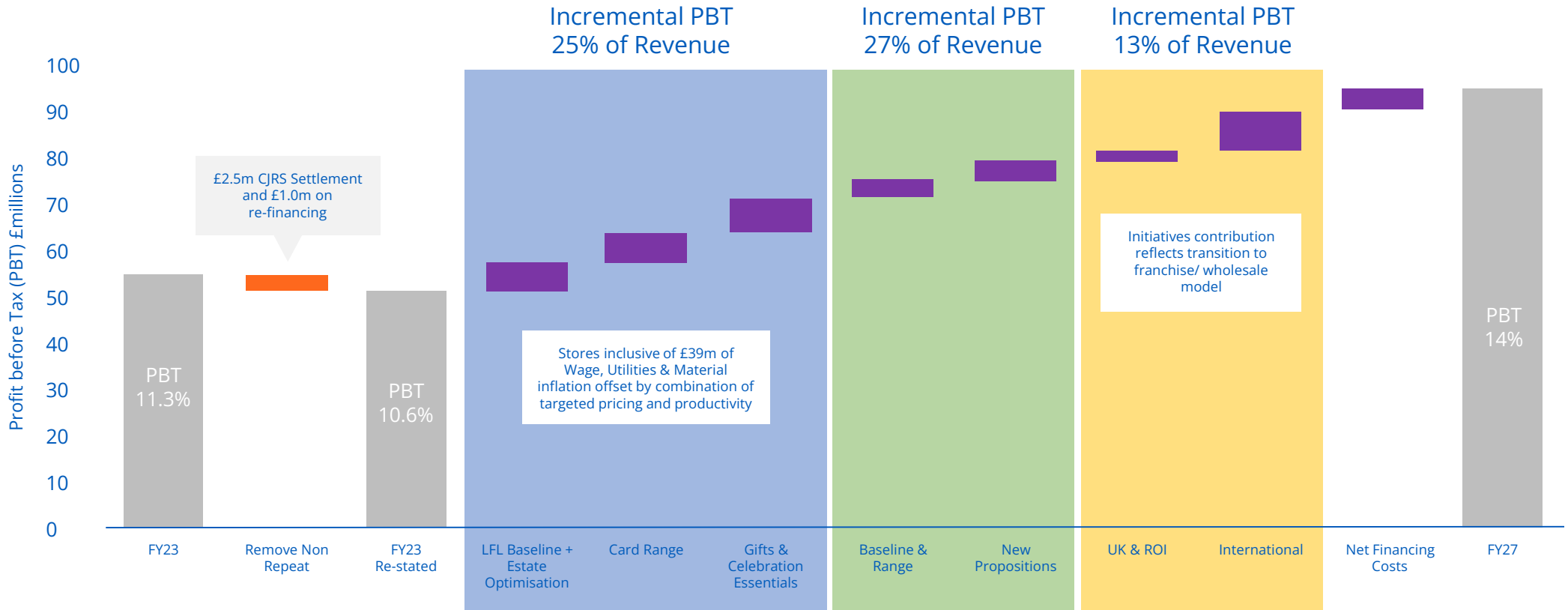


Core business and building blocks of growth

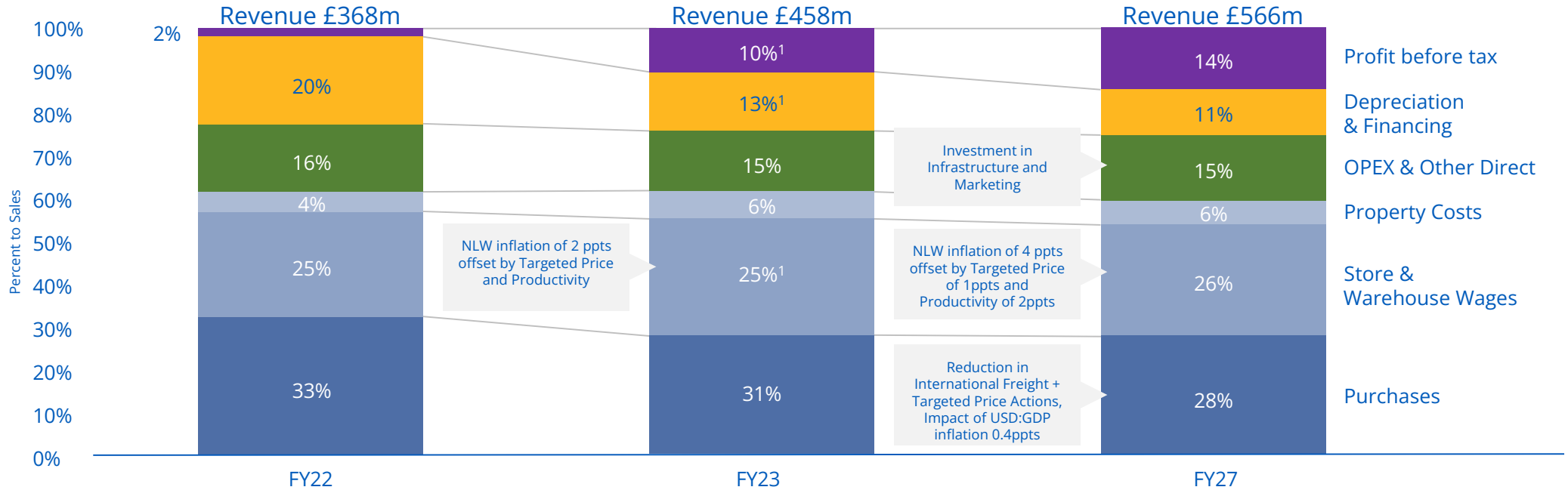
Initiatives growth



Driving profitable growth



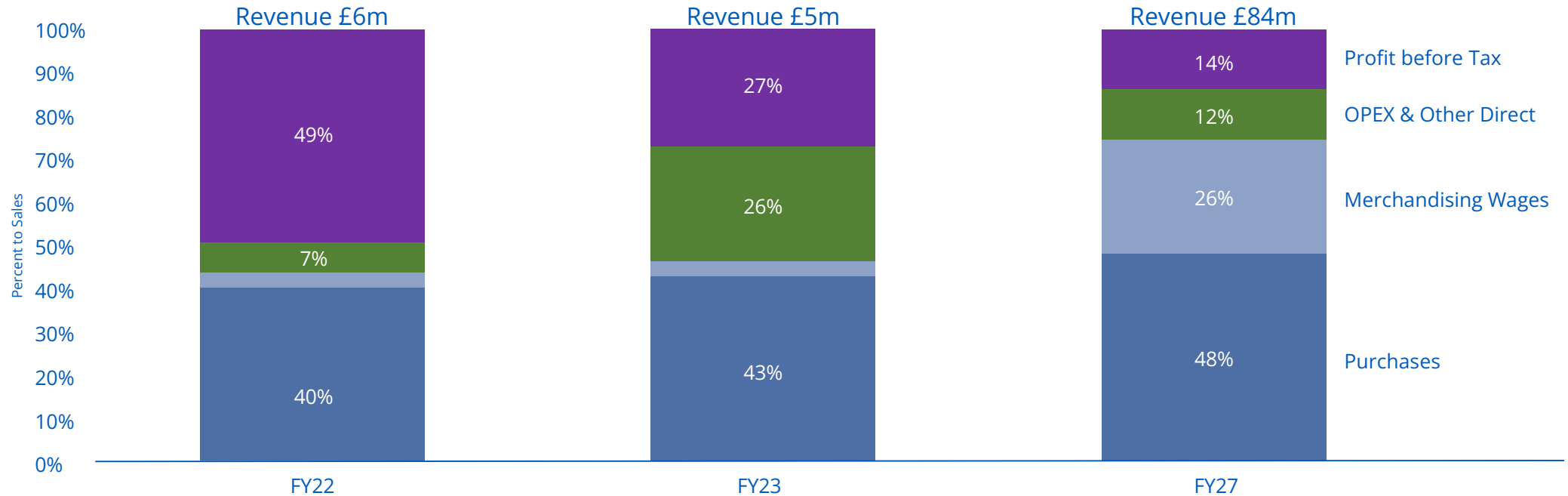
Costs managed during growth (excludes Partnerships)



FY23 impacted by inflationary headwinds with 2ppts increase in National Living Wage (NLW) offset by targeted pricing and productivity savings.

FY27 absorbs further 4ppts on NLW, 0.8ppts utilities post hedge contract ending Sept 2024 and 0.4ppts of USD:GBP currency devaluation. Offsets through international freight, technology to drive store productivity, reduction in property and financing costs.

Partnerships – transition to international franchise/wholesale model

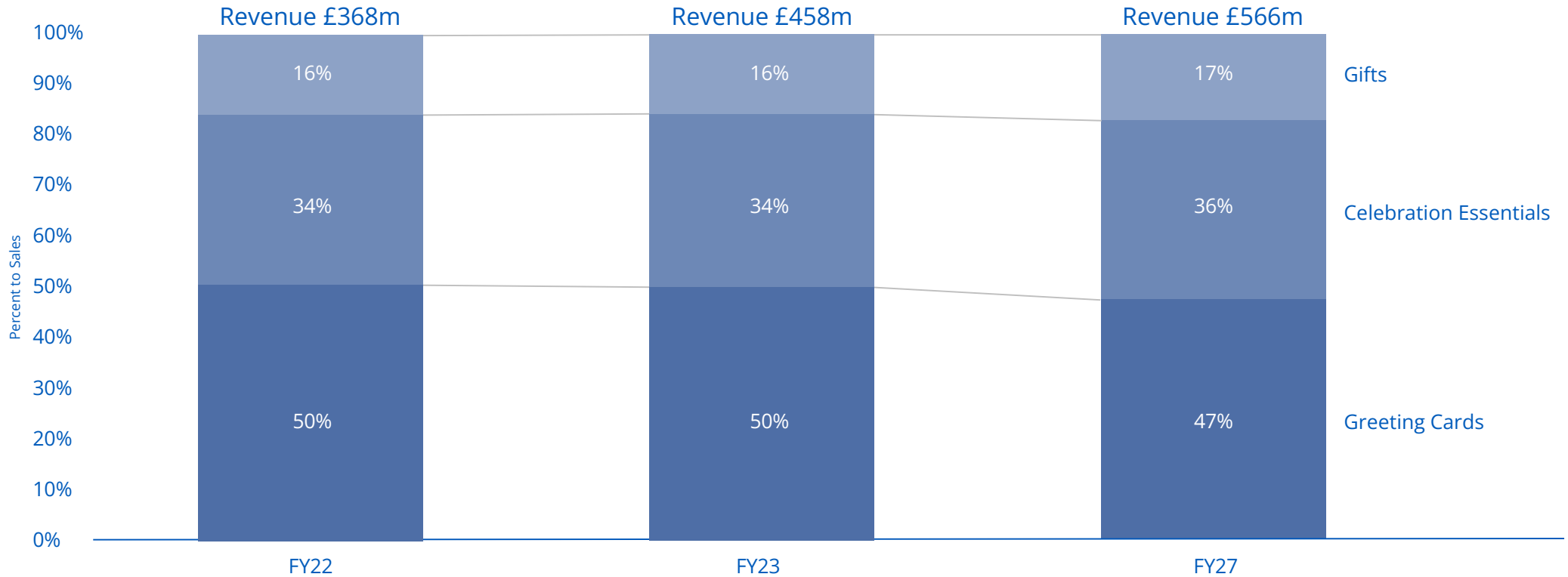


FY23 investment in establishing new partners.

FY27 revenue growth dominated by international partners on fully-serviced model – 18 new partners in total over the plan horizon.

Fully-serviced model delivers higher revenues but lower margins compared to wholesale model, resulting in lower margins from FY24 onwards.

Category mix (excludes Partnerships)



FY23 maintains category mix profile with Card making up 50%.

FY27 sees growth across all categories with minimal change to store profile mix. Online sales shifts towards Gifts & Celebration Essentials diluting the Greeting Card mix by 3%.

Liquidity, Dividends and Capital Policy

Liquidity

£150m debt facilities agreed April 2022

- Revolving Credit Facility of £100m, maturing in September 2025
- £50m in loans (£30m Term Loan and £20m CLBILS)

Facilities	RCF	Term Loan	CLBILS	Total
As at 31 January 2023	£100m	£28m	£16m	£144m
As at 31 January 2024	£100m	£19m	£0m	£119m
As at 31 January 2025	£100m	£12m	£0m	£112m

Balance sheet allows capital investment in the key projects that support the group's long term growth objectives.

Restrictions on payment of dividends continue to apply until CLBILS and certain term loans are repaid, these restrictions are expected to be lifted after January 2024.

Board intends to maintain a leverage ratio of between 0.5 and 1.5 times¹. Provided leverage remains within this range it is the Boards intention to pay annual dividends based on a targeted dividend cover of between 2 and 3 times the groups consolidated post-tax profits.

¹ Leverage ratio reviewed taking into account the peak net debt requirement across the financial year.

Profitable growth and pathway to recommencing dividends

- Target to deliver around £650m revenue by continuing to grow UK and Republic of Ireland at the same time as diversifying portfolio to deliver 20% of the business from Online and Partnerships.
- Capital invested to grow revenue and build necessary infrastructure; Partnerships developed capital light to de-risk implementation.
- Return to pre-pandemic margin levels of around 14% profit before tax whilst managing inflationary headwinds via targeted pricing, productivity and efficiencies.
- Foundation in place for strategic growth and pathway to recommencing dividends.



Section 5. Close

Darcy Willson-Rymer
CEO

Summarising our strategy roadmap through to FY27

Initiatives	Near term	Middle term
Cards	Maximise use of customer data to inform product design and ranging.	This will then reach maturity with the range tailored for different regions and demographics.
Stores	Continuing our programme of portfolio optimisation and expansion into underpenetrated markets.	Continuing our portfolio optimisation, expansion into underpenetrated markets and roll out our store evolution programme.
Gifts	Customer data utilisation, Store Evolution Programme and range expansion.	Continuing evolution of range including expansion to meet international partner needs.
Online and omnichannel	Exploiting replatforming of both sites by introducing new features and functionality, and making improvements to the app.	Focus on driving sales, margin improvement and growth in our omnichannel propositions.
Partnerships	Focus on mid level complexity models, as we continue to build the right infrastructure.	Expand across all seven identified markets.

How we're set up for our growth pathway through to FY27

We have clear strategic direction, detailed plans and a disciplined approach for delivery.

We have a strong leadership team with relevant experience and capability to deliver on our building blocks of growth.

We have a robust and strengthened balance sheet which fully supports the investments to deliver on our strategic priorities.



cardfactory

Thank You

we welcome any questions
you may have

