

cardfactory

*Creating celebrations
for all life's
moments*

Company number: 9002747

Annual Report
and Accounts 2025



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

We are the UK's leading specialist retailer of cards, gifts and celebration essentials, with a successful and profitable estate of 1,090 stores across the UK & Ireland. As we deliver on our 'Opening Our New Future' strategy, our reach continues to expand internationally through both acquisitions in the US, Republic of Ireland and South Africa, as well as through partnerships in other target territories.

We deliver on our purpose of making, sharing in, and celebrating life's moments special and accessible for everyone by maintaining the lowest price points in the market through our in-house design and manufacture of an extensive range of high-quality cards, gifts and celebration essentials.

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FY25 HIGHLIGHTS

Financial Key Performance Indicators (KPIs)¹

Revenue (£m)

£542.5m

FY25	542.5
FY24	510.9
FY23	463.4
FY22	364.4
FY21	285.1

Adjusted PBT (£m)

£66.0m

FY25	66.0
FY24	62.1
FY23	48.9
FY22	11.1
FY21	(15.2)

Adjusted EPS
(pence per share)**14.3p**

FY25	14.3
FY24	13.5
FY23	12.1
FY22	2.5
FY21	(3.7)

Adjusted Free
Cash Flow (£m)**£29.0m**

FY25	29.0
FY24	27.1
FY23	16.7
FY22	33.8
FY21	36.1

cardfactory LFL sales (%)^{2,3}**+3.3%**

FY25	3.3
FY24	7.6
FY23	6.7
FY22	(3.9)
FY21	0.1

Profit Before Tax (£m)

£64.1m

FY25	64.1
FY24	65.6
FY23	52.4
FY22	11.1
FY21	(16.4)

Dividend per share (pence)

4.8p

FY25	4.8
FY24	4.5
FY23	-
FY22	-
FY21	-

Operating Cash Flow (£m)

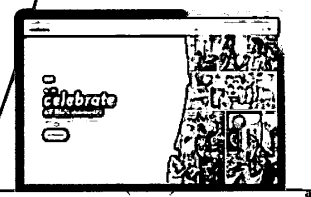
£105.6m

FY25	105.6
FY24	118.7
FY23	107.8
FY22	113.6
FY21	79.9

See the CFO review on [pages 60-68](#).

The Group presents financial KPIs to demonstrate progress in sales, profit before tax, earnings and cash generation. Following the recommencement of dividends and update to the Group's Capital Allocation Policy last year, the financial KPIs presented here have been updated to reflect those metrics relevant to capital allocation and shareholder returns (free cash flow, Adjusted EPS and dividends per share) in addition to core financial performance KPIs. All of the measures presented are either measures calculated in accordance with IFRS (see financial statements starting on page 131) or Alternative Performance Measures (APMs). FY25 means the financial year to 31 January 2025.

- The above financial KPIs are either measures calculated in accordance with IFRS (see financial statements starting on page 131) or are Alternative Performance Measures.
- See the glossary on pages 169 to 172 for Alternative Performance Measures (APMs) and other explanatory information.
- Excludes periods of store closure.



More about us online:
cardfactoryinvestors.com

By continually developing and expanding our range of affordable and high-quality cards, gifts and celebration essentials, we are helping customers create truly memorable celebrations that drive satisfaction and trust. Fulfilling the celebration needs of our customers first means we are developing the offer and seamless celebration experience that is driving footfall and growth. Supported by year-round relevant promotions, we are continually reinforcing our value credentials.

"We make sharing in moments special and accessible for everyone."



life's moments
creating celebrations for all

OUR FOCUS



Unlocking our future growth by delivering on our purpose.

Our authority in celebrations

Responding to consumer celebrations trends

From products created in our design studio to the customer service experience training we are giving our colleagues in-store, we are applying customer data into our thinking and growing our ability to respond to market change.

Evolution of our offer

Building out the right range for our customers

Our strong performance in cards, gifts and celebration essentials comes from our continual range innovation and expansion, which in FY25, included stationery, toys, gift food and gift vouchers.

Engaging our customers

Passionate colleagues as celebration experts

We continued to develop our colleague customer experience training programme - 'The cardfactory Way' - launching new coaching cards to facilitate great development conversations between store managers and their colleagues, and new recognition badges for outstanding customer service.

Maintaining our value credentials

Delivering exceptional value for our customers

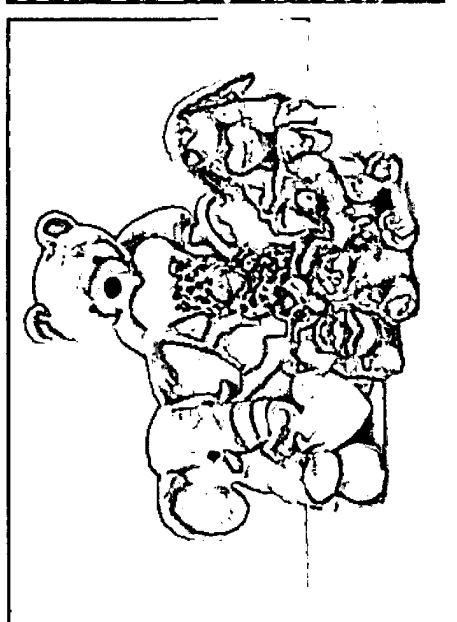
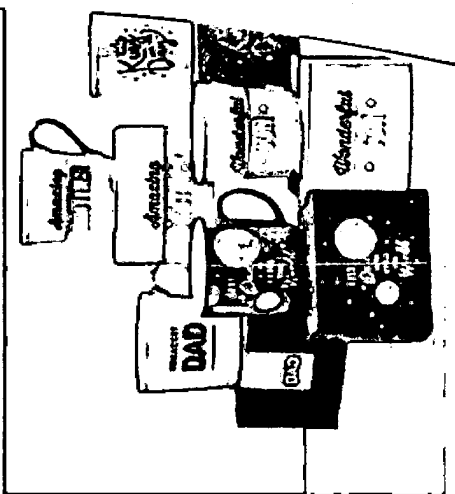
Maintained our value for money proposition with cards still starting from just 29pence while, delivering year-round relevant promotions.

Helping our customers shop conveniently

Our transformation into an omnichannel retailer

We continue on our transformation into the leading omnichannel retailer in our space through the further refinement and improvement of our Click & Collect service. Omnichannel is central to our digital strategy as it will allow us to capture the online spend of our 24 million unique in-store customers.

Find out more
about our business
model online



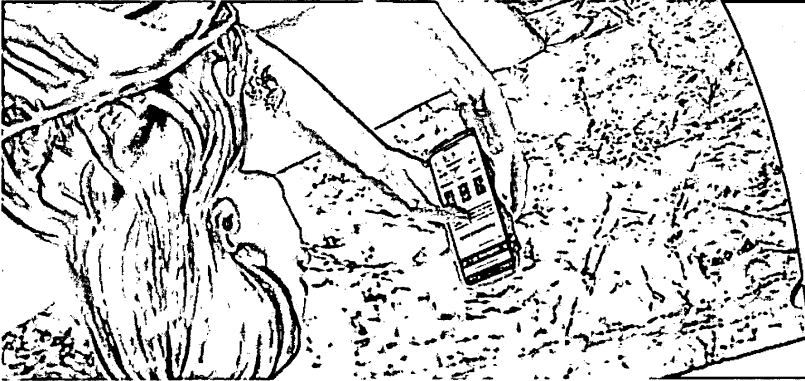
Our extensive store network and the investments we are making in our online and omnichannel propositions are making it easier for our customers to create their celebrations. Through our partner network in the UK and internationally, we are more accessible to more customers in more places supported by targeted international acquisitions that are unlocking growth opportunities in priority markets.

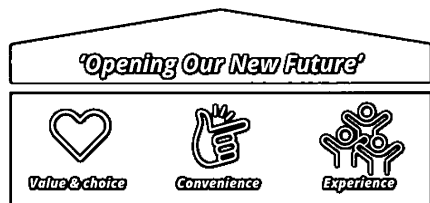
"Delivering an exceptional, seamless celebrations experience in the UK and internationally."



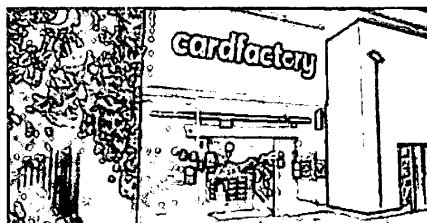
Driving growth across channels & markets

OUR FOCUS CONTINUED

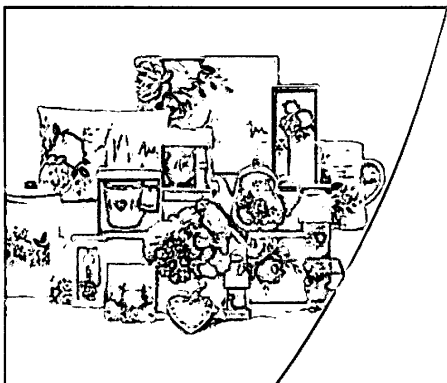




Scalable central model, driving organisational efficiency
Creative | Manufacturing | Technology



"An extensive and growing estate
of 1,090 stores across the UK & Ireland."



The first choice for celebrations as a global celebrations group.

Growing our stores Investing in the profitable future of our stores

We have an extensive and growing estate of 1,090 stores across the UK & Ireland, underpinned by a highly successful space optimisation programme that is allowing us to further unlock gift and celebration essentials range expansion while maintaining our authority and choice for card.

Our product innovation Responding to consumer demand through range development

To deliver on our strategic ambition of becoming a celebrations destination, we are continually developing our extensive range of cards, gifts and celebration essentials with new and expanded categories introduced in FY25.

Accessing new markets A leading global celebrations brand

Our journey of international expansion continued in FY25 with our entry into the US market through the acquisition of Garven and entering a wholesale agreement with a nationwide US retailer, as well as the acquisition of Carlanne in the Republic of Ireland.

See the international expansion section on pages 16-17.

Expanding our partnerships Ongoing success within our partnership programme

We continue to build on our successful UK and international partnership programme with full-service models now adopted with both The Reject Shop in Australia and Aldi in the UK & Ireland where we are now a supplier of everyday card across their 1,200 store estate.

Our digital ambitions Investing in our digital channel

We are focused on a direct to recipient offer and experience. This will drive card attached gifting, offering greater value for our customers compared to the competition.

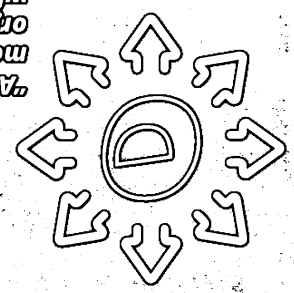
See the strategy in action section on page 31.





Building the organisation to deliver our ambition

OUR FOCUS (CONTINUED)



"A scalable central model that drives organisational efficiency, while enabling our value and quality offer."

With a clear strategic direction, detailed plans and a disciplined approach for delivery, we are investing in the right capabilities and capacity that is enabling our growth transformation. This is built upon the culture, behaviour and values that has created the environment to drive the business forward, supported by a relentless focus on productivity and efficiency.

Read more about our colleagues on pages 59

Investing in the enablers of change across the organisation.

Evolving our business investing in capabilities

Underpinning our growth is investment in our technology, manufacturing and distribution infrastructure, which is the critical enabler of change for any business which is seeking growth transformation.

Responding to headwinds Tackling inflationary headwinds and through our efficiencies and productivity programme

We are offsetting inflationary headwinds through our proven approach which includes our 'Simply and Scalably' productivity and efficiency programme, as well as range development and pricing, while continuing to invest in our future growth.

Value focused

How we are maintaining our value credentials Our offer combines low prices and relevant promotions with an extensive range of quality products that generate our value for money proposition.

Vertically integrated model Our unique design, production and retail model

Our business is built around a scalable central model that drives organisational efficiency while enabling our value and quality offer.

Enabling international expansion

How we are supporting our international expansion drive We are investing in the capability and capacity we need to support international expansion across our end-to-end design, production, buying and distribution model.

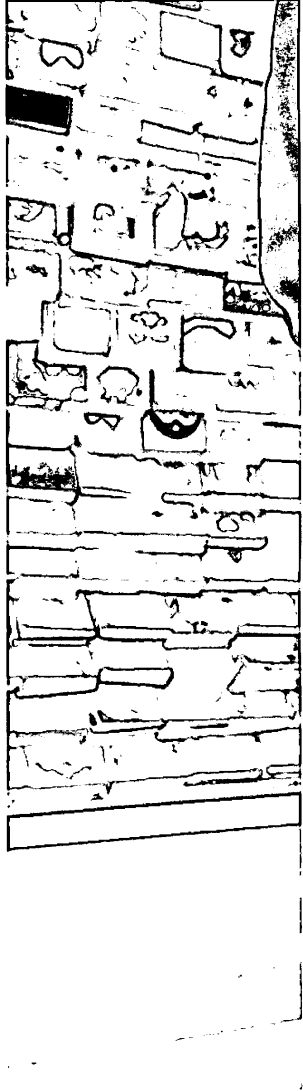
Cultural progress Putting our values at the forefront of our thinking

We are creating a culture within our factory that is unlocking our growth potential, built upon values that put our customers at the heart of our decision making.

Integrating sustainability and corporate social responsibility

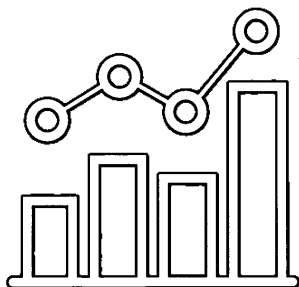
Considering people, planet and profit in our decision making We deliver on our commitment to embedded sustainability considerations into our growth plans and daily decision making, ensuring we can operate in a way that addresses positively to the impact and contributes to the communities we live and work in.

Find out more about our culture and values online



OUR INVESTMENT CASE

Delivering growth



By continuing to deliver on our 'Opening Our New Future' strategy, we are fulfilling our vision of transforming cardfactory into a leading global celebrations group.

Proven delivery of growth

Since our 'Opening Our New Future' growth strategy was launched in FY23, we have:

- added £80 million of sales (+17%);
- increased adjusted profit before tax (PBT) by +35%;
- continued to open new stores in the UK & Ireland; and
- delivered a +23% store sales CAGR.

By delivering on our strategy and our opportunities for growth, after FY26 we are targeting:

Mid-single-digit percentage sales growth.

Adjusted profit before tax growth in the mid-to-high single-digit percentage range.

Free cash generation of 70-80% of adjusted earnings.

Sustainable, progressive dividend based on a 2-3x dividend cover ratio on adjusted earnings.

Drivers of *amazing* growth

Reaching more customers, in more locations

- We will continue to build our store estate footprint, opening new stores at a similar rate to the past two years across the UK & Ireland by targeting underpenetrated markets.
- We have significant opportunity through our retail partnerships strategy to address an £80 billion global celebrations market, the largest of which is in North America, where we now have an established presence and opportunity to create a credible card-led celebration offer.

Increasing our share of the £13.4 billion UK celebration occasions market

- As the leading omnichannel retailer with nationwide presence of cards, gift and celebration essentials in the UK, we combine our outright market leadership in greeting cards with our growing gifts and celebration essentials ranges.
- We continue to progressively capture more of our 24 million unique customers' annual celebration spend with share of wallet increasing 1ppt over the last two years and target further growth at a similar rate.

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

- Our vertically integrated business model of design, manufacturing and retail supports our credentials as a value retailer, with a quality offer, that can respond rapidly to changes in customer tastes and needs.
- Our established 'Simplify and Scale' efficiency and productivity programme will continue to deliver a structural reduction in our underlying cost base.

With a brand that is consistently rated the most trusted brand in our sector in the UK, and as we expand our offer to include card, gift and celebration essentials, we will deliver on our purpose to make sharing in and celebrating life's moments special and accessible for everyone.

No.1
for trust¹

No.1
for breadth
of range¹

No.1
for good
value¹

1. Savanta BrandVue Feb 2024 to Jan 2025. Key competitors are specialist UK card and gift retailers.

CHAIR'S STATEMENT

Strong growth



Paul Moody
Non-Executive Chair

"FY25 saw encouraging progress against our strategic objectives with our store estate making further good progress."

Find out more
about our approach
to governance
online

Dear Shareholders,

The strong top and bottom-line growth delivered in the year reflects our continued clear market leadership in card combined with the emerging strength of our celebrations proposition. As we progress delivery against our 'Opening Our New Future' strategy, we begin to see the operational and financial benefits as we look to meet our ambition of becoming a leading global celebrations group.

Our unwavering focus on value and quality remains central to our customer offer. Our ability to innovate and evolve ranges ensures that we are relevant and accessible to a broadening base of customers. A clear focus on improving productivity and efficiency enables us to target the lowest possible operating costs, supporting the achievement of stable profit margins.

The Board recognises and appreciates the hard work and commitment of colleagues throughout the business. Against a challenging economic background, the business has continued the cultural journey, with our customers benefitting from increased customer-centric decision making that is helping to build our reputation as a celebrations retailer.

Year in review

FY25 saw encouraging progress against our strategic objectives with our store estate, in particular, making further good progress through space optimisation and range development. As a consequence, both like for like card sales and average basket value increased.

Internationally, FY25 saw encouraging progress. Two further acquisitions, in the Republic of Ireland and US, will help build our internal capability whilst adding in-market presence. We are confident that the US market presents a significant opportunity for the business in the medium term. Our wholesale model is resonating well with partners both in the UK and internationally, evidenced by contract renewal and geographical expansion with key partners.

The decision to close gettingpersonal.co.uk as of 31 January 2025 will allow the business to focus on driving efficient, profitable online growth at cardfactory.co.uk. The Board recognises the growth potential of our online business and continues to support the development of this strategic initiative.

Outlook and macro environment

Trading through the first months of the new financial year has been in line with management expectations. The Board was encouraged by the good momentum from the second half of FY25, that continued across our FY26 Spring seasons of Valentine's Day and Mother's Day. A particular highlight was a new record trading day being reported on Saturday before Mother's Day FY26.

The Board's expectations for FY26 remain unchanged; we expect to deliver a mid-to-high single-digit percentage increase in adjusted profit before tax in FY26 with margin expected to be in-line with FY25.

Changes to the rates of the National Living Wage and Employer National Insurance contributions will result in annual cost inflation of c.£14 million in FY26. We expect to offset this through a combination of our productivity and efficiency programme, product range development and retail pricing.

Our capital allocation policy details the methodology for determining the extent of any surplus cash and how that may be returned to shareholders. In line with this policy, the Board has recommended a final dividend of 3.6 pence per share, resulting in a total dividend of 4.8 pence per share for FY25 (FY24: 4.5 pence per share).

ESG strategy

The Board continued to provide oversight of progress towards the 'Delivering a Sustainable Future' plan. This plan will deliver on cardfactory's commitment to combine our focus on maintaining value and business growth with playing our part in helping to protect the planet, supporting our communities, and managing the impacts of environmental and social changes on our business and supply chain. Positive progress was made across all five pillars of the plan: Climate, Waste and Circularity, Protecting Nature, People and Equity, and Governance.

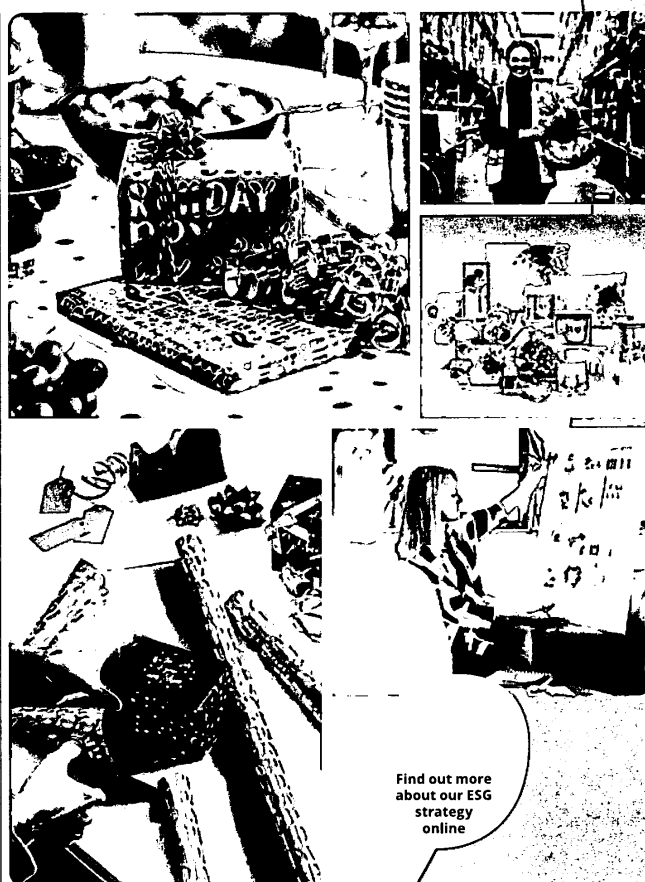
Board appointments

In June 2024, the Board welcomed Pam Powell as Senior Non-Executive Director, following Roger Whiteside stepping down. Pam is an internationally experienced blue-chip consumer FMCG marketeer and brings extensive non-executive and consumer facing executive experience which will prove valuable to the Board's strategic debates. Pam was appointed a member of each of the Company's Remuneration Committee, Audit & Risk Committee and Nomination Committee. Nathan (Tripp) Lane also stepped down from the Board in July 2024.

Summary

The Board remains confident in the compelling growth opportunity for the business, which has a clear strategy to become a leading global celebrations group.

Paul Moody
Non-Executive Chair
7 May 2025



Find out more
about our ESG
strategy
online

OUR MARKETS

Winning in mature markets

Celebrating life's moments is an important part of cultures around the world. Whether life stage milestones, religious festivals or achievements, celebrations bring people together to connect, to share in a moment and to appreciate things that are important to them.

Creating a celebration for a life moment takes careful planning and consideration. It requires products, retailers and suppliers all coming together to enable customers to make these moments special.

£13.4bn

Targeted UK celebration occasion opportunity^{1,2,3}

+0.5%

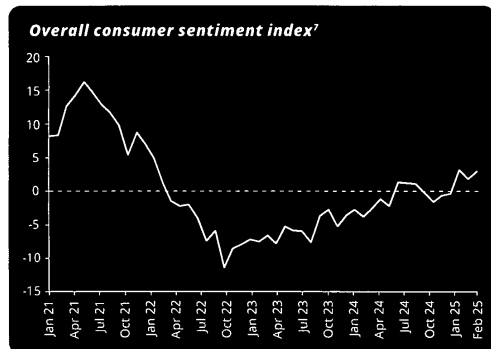
cardfactory celebration occasion market share growth (UK physical retail)⁵

£80bn

Targeted international celebration occasion opportunity⁴

+1.3ppt

Celebration occasion customers shopping with cardfactory (UK)⁵



Leader in the UK & Ireland, with growing international reach

Building from our core of greeting cards in the UK, we have expanded to become a leader in celebration essentials and have a growing strength in gifts.

The UK market for celebration occasions is large, estimated to be worth c.£13.4 billion^{1,2,3}. This includes the greeting cards market at c.£1.4 billion¹, gifts at c.£10 billion³ and the market of celebration essentials at c.£2 billion³.

Internationally, our research indicates a targetable opportunity of c.£80 billion across card, gift and celebration essentials in seven key markets. The largest international market is the US which represents a c.£65 billion targetable opportunity⁴.

Market trends

In the UK, uncertainty in the economy has continued to impact consumer spending behaviour. Although cost-of-living pressure is easing, it is taking time for consumers to feel more confident in their financial situation, and for this to translate into increased spending on celebrations.

UK consumer confidence grew across the year. GlobalData's consumer sentiment index recorded an increase of 5.6 points (from -3.7 to +1.9) between January 2024 and January 2025⁷.

Consumers have been resilient in their shopping behaviours and continue to shop for celebrations – around 99% of the UK adult population shopped for celebrations in the 52 weeks to 26 January 2025⁸.

Overview of our markets

Our focus is the celebration occasions market, enabling customers to find everything they need to celebrate a life moment.

Our market is made up of three categories: greeting cards, gifts and celebration essentials.

- Greeting cards – cards purchased in-store or online to help customers to express and share their celebratory message for a broad range of life moments, from birthdays to weddings, and from new home to graduations.
- Gifts – items purchased to help celebrate a person or occasion, bought individually or with a card. These include stationery (e.g. calendars and notebooks) and craft, small toys, books, candles, homewares such as mugs, glassware, and other small gift items such as keyrings and novelty gifts.
- Celebration essentials – all the products needed to turn a life moment into a celebration occasion, such as balloons, party products, wrap, bags and accessories.

See the Our international presence section on [pages 16-17](#).

While Kantar indicates the celebration occasions market declined by -0.8% in the 52 weeks to 26 January 2025 compared to the prior 52 weeks, early signs of an improving market were seen towards the end of 2024. Customer shopping frequency increasing +3.1% year-on-year (YOY) in the 12 weeks to 26 January 2025.

Despite this improvement, consumers remain highly price sensitive. A bespoke cardfactory customer survey completed in September 2024 highlights that the top two drivers of value for money perceptions for greeting card buying are 'having the lowest prices in the market', and 'having consistently low prices'. These drivers are growing in importance and are ahead of 'having a wide range' and 'quality products at reasonable prices'.

In this context, cardfactory's value proposition continues to resonate. In the 52 weeks to 26 January 2025, cardfactory grew customer penetration within the celebration occasions market to 61% of UK adults – up 2.9%⁸ YOY. Spend per basket at cardfactory grew ahead of the celebration occasions market, increasing +5.4% versus a decline of -2.0% in the rest of the market⁸.

Celebration occasions – channel and competitive shifts

While consumer confidence and spending are evolving, channel usage has remained relatively consistent across 2024. The proportion of cards purchased online has grown to 15.5% of all cards, up from 15.0% in 2023⁹.

Competitors within the UK celebration occasions market can be categorised as: grocery multiples (e.g. Tesco, Asda), celebrations specialists (e.g. cardfactory, Clintons), discounters (e.g. B&M, Home Bargains) and online pure-plays (e.g. Moonpig, Funky Pigeon).



Grocery multiple competitors have experienced limited growth in physical retail celebration occasions. Kantar indicates physical retail value growth of just +1.7% YOY in the 52 weeks to 29 December 2024⁵.

Discount retailers and value specialists have grown slightly behind the grocery multiple segment. The value of spend in these retailer clusters has grown +1.4% YOY in the 52 weeks to 29 December 2024⁵.

Greeting cards

Purchasing greeting cards continues to be a popular shopping mission, with 39.8 million UK adults purchasing a card in the 12 months to February 2025, a slight drop compared to the prior year⁶. At a market level, 780 million cards were purchased, representing a YOY growth of +0.2%⁶. cardfactory continues to retain its leadership position in both value and volume of greeting cards sold in the UK, as customers choose cardfactory for its range, convenience and value.

Gifts

Kantar data indicates that within physical retail, the gift market has experienced value decline of -1.7% in the 52 weeks to 29 December 2024. This is primarily driven by a reduction in spend per basket on gift items.

While the sub-categories of stationery and craft and small toys have been more resilient, other areas including gift vouchers and experience days have driven the overall category decline⁵.

In contrast, across 2024, cardfactory has grown within the category, attracting more customers to purchase gift items at a higher frequency and spending more on those gifts compared to 2023⁵.

Celebration essentials

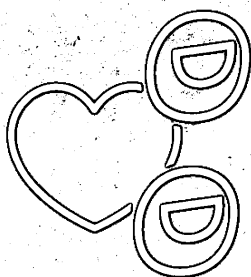
Kantar physical retail data indicates that consumers continue to purchase celebration essentials at a high level with 93% of the adult population purchasing items from this category across 2024. Although participation was high, the category experienced a decline in value of -1.4% driven by a drop in consumer frequency. Despite category weakness, cardfactory has experienced a positive performance with +3.1% more customers YOY purchasing celebration essentials, with celebration essential trip spend growing by +5.7% in 2024 versus 2023⁵.

1. cardfactory bespoke annual UK Greeting Card Market Survey FY23 (4,501 participants) commissioned with Dynata, Feb 2023.
2. Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 22 Jan 2023 and GlobalData Retail Occasions Series UK, Partyware 2022.
3. Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 22 Jan 2023 and Whitecap Consulting Ltd. Sept 2021.
4. GlobalData Global Expansion Project, Jul 2022.
5. Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 29 Dec 2024.
6. cardfactory bespoke annual UK Greeting Card Market Survey 2024.
7. GlobalData Retail Trend Tracker: UK Consumer Sentiment.
8. Kantar Worldpanel Plus (Physical Retail) data to 52 w/e 26 Jan 2025.
9. cardfactory price and value research, Sept 2024.



OUR BRAND

Living our purpose



The strength of the cardfactory brand and its relationship with our customers is, and will continue to be, a core enabler of our strategy.

Our purpose sits at the heart of our brand and guides us in what we do: we make sharing in and celebrating life's moments special and accessible for everyone. This statement is more than simply a phrase in a document, it is shared and used actively across the cardfactory Group. It shapes every interaction and every touchpoint internally and externally.

Our brand is 28 years in the making, since we opened our first store in Wakefield in 1997.

Read more about our brand online



In FY25, with nationwide reach, cardfactory is one of the most loved retail brands in the UK.

The love for the cardfactory brand successfully converts into shoppers. A recent price and value study commissioned by cardfactory asked 4,500 consumers where they had shopped for greeting cards, gifts and celebration essentials in the past three months. cardfactory was the second most popular retail destination behind Amazon, and ahead of Tesco, Asda and Sainsbury's. This broad appeal and high usage is our platform for growth¹.

Bringing our brand to life for customers and colleagues

We continue to prioritise the embedding of our brand across the cardfactory Group. We know that making celebrations special and accessible is a powerful driver for culture and customer growth. In FY25, we made strong progress both internally and externally.

1. Store blueprints

We have refreshed the design of our store blueprint in support of our purpose. Our experience principles of 'welcomed', 'wowed' and 'won over' are embedded into the environment, our product offer and customer service.



2. Distribution livery

Together, with our third-party logistics partner, road users will now see the cardfactory brand and key messages up and down the country. Our logistics partner's new dedicated fleet features 11 cardfactory branded trucks including two eFreight electric trucks, which are also helping to work towards becoming a more sustainable brand.

3. Colleague celebration moments

Within cardfactory, celebrations are important. From the big occasions down to the little moments of appreciation. At the start of our meetings, we pause for a celebration moment – an opportunity for colleagues to share something they are personally celebrating – an achievement in their home lives, a person they value or a piece of work they are proud of. These moments help us connect as colleagues and reinforce the importance of our purpose.

As we progress into FY26, we look forward to continuing to make progress in bringing our brand to life for customers, colleagues and partners.



1. Brand awareness

+21ppt

difference in brand awareness versus key competitor average²

2. Brand consideration

+21ppt

difference in brand consideration versus key competitor average²

3. NPS

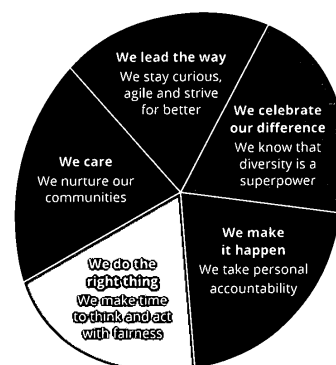
+14.2

difference in NPS score versus key competitor average²

4. cardfactory no.1 metrics²

- Good value
- Wide range
- Ease of finding what you want
- Convenient
- Trusted
- Good service

5. Our values

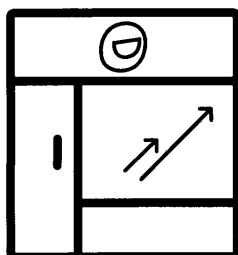


1. cardfactory price and value research. 4500 respondents, Sept 2024.

2. Savanta BrandVue Feb 2024 to Jan 2025. Key competitors are specialist UK card and gift retailers.

INTERNATIONAL EXPANSION

Our international presence



cardfactory

International

Republic of Ireland

cardfactory is a recognised high street brand in the Republic of Ireland, since 2017, with 41 Company-operated stores as at 31 January 2025. A curated cardfactory card range is now also sold in all Aldi stores in Ireland.

Australia

The cardfactory range has been delighting customers in Australia since 2020, through an extended cardfactory branded offer in The Reject Shop's 393 stores.



cardfactory's international expansion has been supported by targeted acquisitions to enhance capabilities in key territories. This started with the acquisition of SA Greetings (South Africa) in April 2023, Garlanna (Ireland) in September 2024 and Garven (Minnesota, US) in December 2024.

SA GREETINGS

SA Greetings is the leading wholesaler of greeting cards, gifts and celebration essentials in South Africa, by offering value through uniquely designed and high quality curated products. It also operates 25 'Cardies' retail stores, and owns and operates a roll-wrap production facility. Its head office and main warehouse are located in Johannesburg, with sales offices in Durban and Cape Town.

Alignment to our strategy

SA Greetings' acquisition accelerates our presence in this key market, with a business that has a substantial share of the wholesale market, providing opportunities to realise efficiencies and use of respective design and production facilities to serve all international markets.

FY25 sales

£11.6m

Locations: Johannesburg (Head office, card production and main warehouse). Durban (Sales office). Cape Town (Sales office). Ezakheni (Roll wrap production and warehouse).

GARLANNA

Garlanna is a leading supplier of card, giftwrap and bags to independent retailers in the Republic of Ireland, with its own design team and a team of field sales and relationship managers who manage orders and merchandising in convenience stores, across a range of symbol group operators.

Alignment to our strategy

Garlanna's premium brand in independent retailers across the card market increases our access to all customers in the Irish market. The local market design expertise, and differentiated operating model with supply to an extensive range of convenience retailers through its sales representatives, supports development of ranges and operating models for all our markets.

FY25 sales

£3.8m

Locations: Wicklow (Head office, Design team and warehouse).

GARVEN[®] DESIGN GROUP

Garven is a leader in the design and wholesale of gifts and celebration essentials, with a primary focus on gift bags and wrap and related accessories. Other bespoke gifting and design-led products, including wall décor, are designed and sourced for wholesale to US retailers and online marketplaces. Sister brand, 'Cadence' leverages on Garven's design expertise to develop bespoke packaging for product brand owners and retailers.

Alignment to our strategy

Garven and cardfactory's combined strength in gift accessories brings design and sourcing efficiencies. Garven's strong market presence provides a foundation for extension of the offer to cards, and can also support the cardfactory supply to retail partners in the US.

FY25 sales

£26.2m

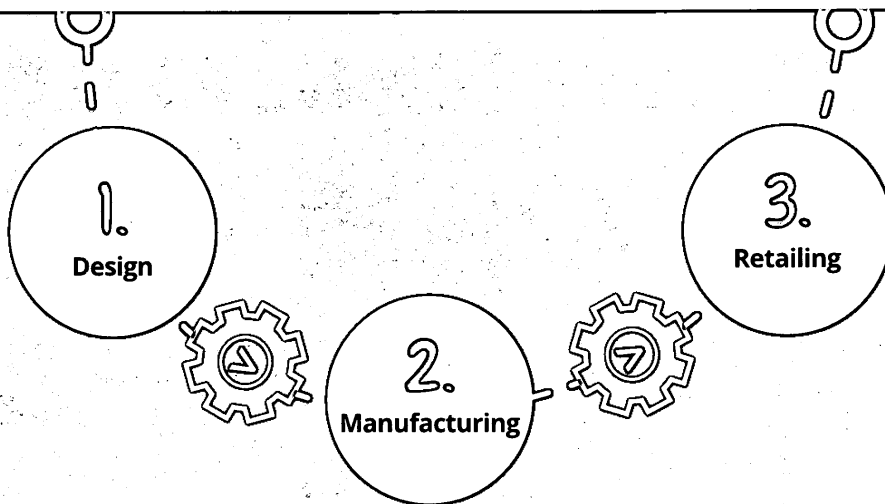
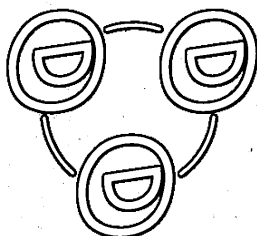
Locations: Minnesota (Head office and Design team).

Data correct as at 31 January 2025.

FY25 sales reflects total sales for the 12 months to 31 January 2025 (which may include the period prior to acquisition), with exchange rates adopted as stated in note 1 to the accounts on page 139.

OUR BUSINESS MODEL

A unique vertically integrated model



1.

Data-led design ensures rapid response to changing consumer trends and preferences.

- End-to-end control of product chain allows flexible and rapid adaptation e.g. to reprint an unexpectedly popular line.
- Card designs are planned in line with the forward price architecture (design to the budget).

68

UK design colleagues

464

UK support colleagues

2.

Large-scale print facility in Baildon, Yorkshire (Printcraft), is a key USP for cardfactory.

- Produces 90% of all cards we retail through our store network as well as our online cards.
- Continued investment ensures lowest cost to operate print facilities and maintains quality of product.

124

UK manufacturing colleagues

267

UK distribution colleagues

3.

Own estate of 1,090 retail stores across UK & Ireland, online and partnering with other retailers to extend reach.

- UK & Ireland store network is main route to market.
- Together, our stores and online presence is unlocking our omnichannel growth opportunity.

8,338

UK & Ireland retail colleagues

1,090

UK & Ireland retail stores

All data correct as at 31 January 2025.

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

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



Our design capability

Our design capability uses insights, sales data and trend analysis. This ensures our product offering for card, gift and celebration essentials meets the needs of loyal customers, while appealing to new demographics in the UK and for our partners internationally.

Insight-led design

Our production capability

Our in-house manufacturing facility provides card production for our UK, Ireland and international partners stores. We can produce new ranges in as little as four weeks and remanufacture quick selling lines in just days. This allows us to maintain both our quality and value for money credentials.

Speed to market from UK production

Our buying capability

As part of our expansion, both internationally and across gifts and celebration essentials, we are developing the sourcing and buying capability that we need to support a fully optimised global supply base. This ensures we can deliver speed to market with a continual focus on sustainability, product development and cost management enabling our offer to exceed customer expectations.

Supports global supply base

Our distribution capability

We are in the process of expanding our distribution capacity, providing the capacity headroom through the delivery of the strategy for all omnichannel and partner needs.

Capacity headroom to meet demand

Our ongoing potential

We continue to grow our store estate of 1,090 stores in the UK & Ireland, while developing our omnichannel capabilities. And we will have additional touchpoints through our online offering and via our UK and international retail partners as well as acquisitions.

Expanding customer touchpoints

Our global potential

Building on the success of three acquisitions over the last two years, targeted acquisitions will allow us to expand our footprint and add new capabilities to our offer.

Growing international capabilities

OUR BUSINESS MODEL CONTINUED

Creating value for...

01

Our customers

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

02

Our colleagues

We have an inclusive culture that nurtures talent across the entire business, ensuring we deliver on our values every day.

03

Our suppliers

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

04

Our communities

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

05

Our planet

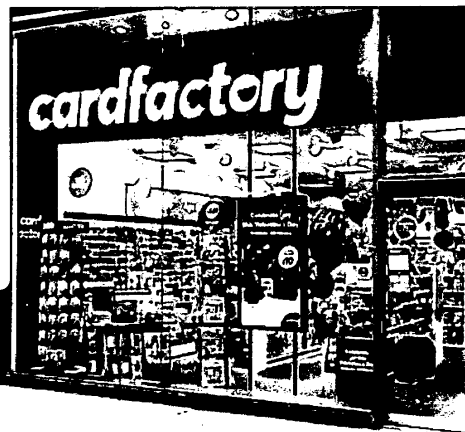
We are delivering on our vision of minimising our environmental impact with sustainability embedded within our growth strategy.

06

Our shareholders

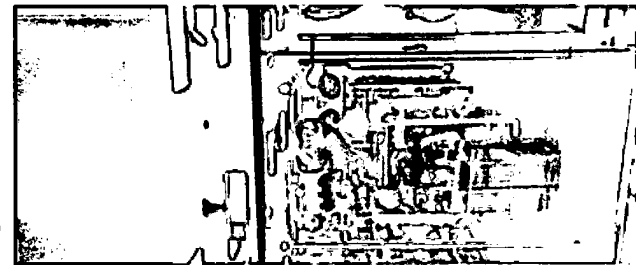
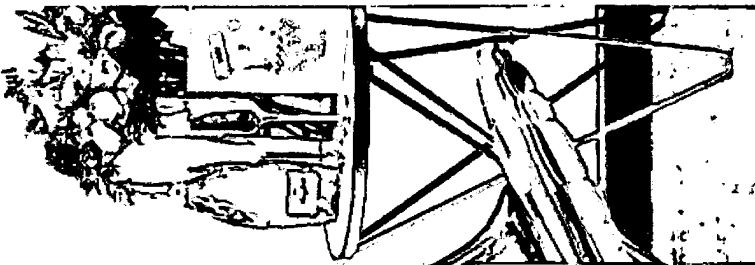
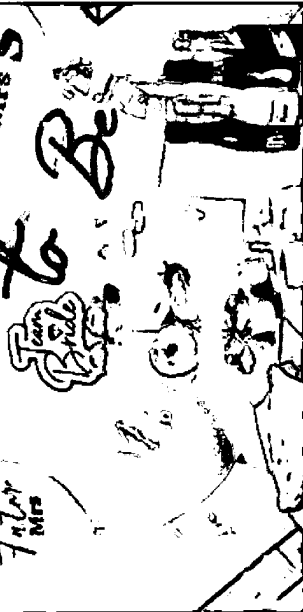
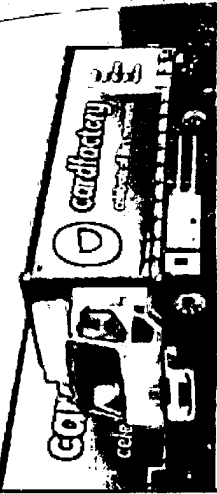
We provide consistent, profitable and sustainable growth, returning surplus cash to shareholders through a clear capital allocation policy.

See pages
56 to 59 for
more on our
engagement
with our
stakeholders



00

We continue to grow our store estate of 1,090 stores in the UK & Ireland, while developing our omnichannel capabilities."



CEO'S REVIEW

Growing market share



Darcy Willson-Rymer
Chief Executive Officer

"We continue to grow our share of the celebration occasions market through the expansion of our gift and celebrations essentials offer while leveraging our continued leadership in the card market."

Find out more
about our FY25
performance
online

Introduction

Progress on our growth journey continued at pace in FY25 with further strong revenue and profit growth. As the leading omnichannel retailer of cards, gifts and celebration essentials in the UK and with a growing international presence, we are well positioned to capitalise upon the exciting opportunity presented by the celebration occasions market across all the countries we operate in.

Our ambition is to become a leading global celebrations group. We are achieving this by reaching more customers, in more locations through our channels and markets and increasing our share of wallet in the £13.4 billion UK celebration occasions market. This is underpinned by our vertically integrated model that drives efficiency and allows us to target the lowest possible operating costs as a value business.

Colleagues continue to focus on our core values, ensuring we put the customer first in our decision making. By doing so, we continue to make good, profitable progress that is resonating with customers as we deliver on our purpose of making celebrating life's moments special and accessible for all.

FY25 performance

In FY25, we achieved strong sales and Adjusted PBT growth in line with market expectations which was driven by effective execution of our strategy. Our revenue growth of +6.2% to £542.5 million was ahead of the wider celebration occasions market. We maintained stable profit margins through disciplined financial performance and the delivery of our efficiency and productivity programme which, alongside sales growth, successfully offsets inflationary impacts.

UK consumers continue to celebrate life's moments, with around 99% of UK adults shopping for celebrations in the 52 weeks to 26 January 2025.

While Kantar reports a modest -0.8% decline in the celebrations market, improving momentum emerged towards the end of 2024. cardfactory outperformed the market, with basket spend up +5.4% versus a -2.0% market decline, supported by a +2.9% year-on-year (YOY) rise in market penetration to 61%. Despite higher shopping frequency, customers remain price sensitive, with value perceptions of cardfactory driven by low and consistent pricing. Our proposition continues to resonate strongly in this environment, reinforcing our leadership in value-led celebration retail.

Our highly profitable store estate delivered revenue growth significantly ahead of the retail sector in FY25. Total store revenue grew +5.8% with 32 net new stores opened in FY25, bringing our extensive store footprint to 1,090 as of 31 January 2025. Our capex light approach to space optimisation also significantly contributed to like-for-like (LFL) store revenue growth of +3.4% in FY25 as it continued to underpin strategic category expansion of gift and celebration essentials. This drove double-digit LFL growth in key categories including confectionery (+25%), soft toys (+22%) and stationery (+18%).

We continue to grow our share of the celebration occasions market through the expansion of our gift and celebration essentials offer +5.7% LFL while leveraging our continued leadership in the card market +0.7% LFL. With 70% of gift ranges new for FY25, highlights included new baby, toys, gift food and confectionery ranges, as well as an updated and expanded party range and balloon offer, where we remain the UK market leader. Range development also enabled higher retail pricing on gifts, which contributed to a +6.7% year-on-year improvement in average basket value (ABV) with approximately half of all baskets in FY25 including gift or celebration essentials items.

Further growth was achieved across both seasonal and everyday cards as we added more choice through trend-focused range development and our strong value credentials.

Partnerships revenue grew by 30.6% to £22.2 million including contributions from Garlanna, acquired in September 2024, and Garven, acquired in December 2024. Both businesses are delivering in line with our expectations as we focus on identifying and unlocking opportunities in their respective markets. Our full-service partnership model continued to deliver success with UK partners, with rollout for international partners in FY26. We completed rollout to the full Aldi UK & Ireland estate in September 2024 and extended our partnership with The Reject Shop in Australia, to a new multiyear agreement, including seasonal range supply. In the US, we secured our first wholesale supply agreement with a nationwide retailer covering over 1,100 stores, initially with a curated Christmas card range which was extended to a curated Valentine's Day, and Mother's Day offer in FY26.

We continued to focus on developing our online offer and omnichannel propositions with cardfactory.co.uk LFL sales in line with FY24 as we refined our ranges to support online margin growth. The decision was taken to close gettingpersonal.co.uk as of 31 January 2025 to focus on driving efficient, profitable online growth at cardfactory.co.uk. Development of our omnichannel propositions also continued with improvements made to our nationwide Click & Collect service, with average order value (AOV) 55% higher than online AOV, which continues to be materially higher than store ABVs.

Our proven productivity and efficiency programme remains key to offsetting inflationary impacts and maintaining profit margins. In FY25, this was further developed into a multiyear 'Simplify and Scale' programme with key initiatives for the past year including the implementation of a new industry-recognised labour management system to enable prioritisation of value-add customer service activity and remove store inefficiencies. Inflation management was also supported through our pricing methodology with strategic range

development introducing a 'good', 'better', 'best' approach to evolve card pricing architecture.

Strategy delivery

Two years on from our Capital Markets Strategy Update in FY23, we have made good progress on our 'Opening Our New Future' growth strategy. By delivering on our building blocks of growth we are achieving growth ahead of the wider celebration occasions market, combining our market-leading greeting card offer with an expanding range of gifts and celebration essentials.

Since FY23, we have added £80 million of sales (+17%) to our business and increased Adjusted PBT by +35%, despite a much higher level of inflation than originally anticipated. Our profitable and expanding retail footprint combined with the increasing penetration of our gift and celebration essentials offer has delivered a +7.3% store sales CAGR since FY23. We continue to grow our store network in FY25, including in underpenetrated markets such as London and Republic of Ireland, and in FY26 we expect new store opening to continue at a similar rates to those achieved over the past two years.

By leveraging our leadership in card, we are achieving good levels of growing celebration and gift attachment rates as we continue our evolution into a celebrations destination. Previous work on our space optimisation programme allowed in-store innovations such as stationery and kids zones which helped contribute to the strong growth seen from key expanded categories. This approach is allowing us to further unlock gift and celebration essentials range expansion while maintaining our authority and choice for card. This is supported by further card range curation in-store to optimise choice and release space for new and expanded gift and celebration essential ranges. As we further develop our marketing and trading strategy, we are continuing to grow share of our 24 million customers' annual celebration spend, building on the 1ppts growth in share of wallet we have seen across the past two years.

In FY25, we secured new retail partnerships while expanding existing contracts as seen through our successes in Aldi and The Reject Shop in Australia as well as our first US wholesale agreement. By acquiring well-established, accretive businesses, which included Garlanna and Garven in FY25, we have been able to accelerate our plans to create an international footprint. As we continue with positive discussions with new prospective partners in the UK, Republic of Ireland and other international markets of interest, we took the decision to refocus our partnership model in the Middle East market. In the near-term we will move from the current low-cost franchise trial to broader wholesale agreements, leading to the closure of the existing four franchised stores in H1 FY26.

We have made progress building our online presence as part of our omnichannel strategy. We have stabilised and improved our online platform and have a fuller understanding of online growth and profit levers. With the foundations for growth now in place, we recognise that online requires further focus, which is now underway.

People and culture

At cardfactory we use our cultural transformation as a key growth enabler with our priorities centred around customer, community and purpose. Our customer and community focus ensures our customers, sit at the heart of our business. At the same time, it remains vital for us to create an inclusive culture which is empowered by exceptional leadership and driven by passion and commitment. Keeping our purpose at the heart of everything we do helps us drive collective, collaborative decision-making across the business.

Areas of focus in FY25 included colleague induction and onboarding, internal mobility and talent acquisition, and continuing to develop the colleague experience. To ensure we maintain our lowest cost to operate proposition and

reflecting the closure of gettingpersonal.co.uk, we undertook a role restructure leading to a headcount reduction of 49 roles in our support centre and online fulfilment.

ESG progress

In FY25, we have continued the process of embedding sustainability considerations across the business, with key focus areas including waste reduction through product design and operational changes. We progressed our greenhouse gas emissions reduction initiatives, including a successful AI energy management system trial across approximately 200 stores with further rollout to 800 stores planned this year. This forms part of our Net Zero pathway activity which in FY26 will also include the transition of our diesel van fleet to plug-in hybrid EVs. We also evolved our 'Giving Something Back' programme facilitating more opportunities for colleagues to support local charities and launching a new donation scheme for discontinued stock.

For FY26, at a strategic level we have begun a full supply chain climate risk review. Operationally, we continue with our plastic reduction work, eliminating bubble wrap use at Printcraft and cellophane wrap from all own-label roll-wrap.

Summary

cardfactory continues to make good progress delivering on our 'Opening Our New Future' growth strategy and at the same time we remain proactive in managing inflationary pressures. With robust operating cash flow and the continued strength of our balance sheet, we are well-positioned to confidently invest in our growth ambitions.

Darcey Willson-Rymer
Chief Executive Officer
7 May 2025

See the Strategy in action section on [pages 26-35](#).

- 1 The omnichannel brand helping customers every day to celebrate life's special moments.
 - 2 The UK's no.1 destination for all customers seeking unvalued quality, value, choice, convenience and experience.
 - 3 A global competitor putting cards and gifts in the hands of more customers.
- By delivering on the strategy, Cardfactory will become
- ensuring we have the right capabilities, systems and structures across the business.
- customers. We continue to invest in the key strategy gifts and celebration essential resonating well with growth of our store estate with expansion of our strategy. Progress highlights included the continued blocks of growth within our 'Opening Our New Future' in FY23, we continued to deliver across all the building

'Opening Our New Future' strategy

OUR STRATEGY



We have a clear strategic direction with the strategy as we continue with our growth mission. Our strategic direction and the building blocks of growth will ensure we deliver on our vision to become a leading global celebrations group.



Value & choice

Retaining our UK leadership position in cards, while growing our gift and celebration essentials categories.

Read more on pages 26-28.



Convenience

Providing cardfactory customers with an outstanding, seamless shopping experience in the UK and internationally.

Read more on pages 29-32.



Experience

Delivering an exceptional experience for customers and a values-led culture of accountability and empowerment.

Read more on pages 33-35.



Progress on our growth journey continued at pace in FY25 with further strong revenue growth."

Darcy Willson-Rymer

Chief Executive Officer

'Opening Our New Future'

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

cardfactory

Value & choice

Leadership in card

Authority in gifts & celebration essentials

Convenience

Digital experience innovation

Extensive UK & Ireland footprint

Growing international presence

Experience

Customer & community focus

Passionate colleagues

Scalable central model, driving organisational efficiency

Creative

Insight-driven product, design and creative content publisher at the heart of cardfactory IP

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 worldwide

STRATEGY IN ACTION



Our transformation into a leading global celebrations group combines our leadership in card with our emerging authority as a destination for gifting and celebration essentials."

Value & choice



Expanding into celebrations as we evolve cardfactory into the first choice for celebrations.

Our transformation into a leading global celebrations group combines our leadership in card with our emerging authority as a destination for gifts and celebration essentials. By doing so, we are delivering on the considerable opportunity for cardfactory within an identified addressable UK market of c.£13.4 billion.

As we make progress on our strategic ambition towards becoming a celebration destination, we saw strong growth in gift and celebration essentials through FY25, having introduced new and expanded gifting categories in the period. Like-for-like (LFL) revenue growth in gift and celebration essentials of +5.7% has also driven an increase in average basket value (ABV) of 6.7% compared to the previous year, reflecting a continuing mix-shift with gift and celebration essentials representing more than half of total sales.

Strategic progress in FY25 included the expansion of our gifting proposition across stationery, toys, gift food and confectionery as well as the expansion of our balloon and party ranges where we are leaders in the UK. Notable successes included strong year-on-year (YOY) sales growth from the range expansion of calendars and diaries (+20% LFL) and baby gifting (+188% LFL).

We are maintaining our card market authority and growing card volume. By carefully curating our card range in-store, we are both releasing space for gift and celebration essentials expansion and responding to customer needs by increasing speed to market of new ranges and optimising choice in several key categories with notable successes in everyday and Christmas. An example was regional ranging of 'Mum/Mam/Mom' caption cards which drove a +69% YOY growth across everyday and seasonal for those cards.

To maintain our value credentials, we offer cards from 29 pence while evolving the average selling price through a considered, intelligent approach that offers cards at a range of price points as we know some customers place a higher value on quality and choice. This is supported by year-round promotions that reinforce our value credentials, while driving sales.

Continued work on improved sustainability included transitioning all gift bags to be non-laminated and recyclable, ensuring 100% of UK and Far East manufactured cards were recyclable and plastic free, and sourcing closer to home where possible or meeting carbon efficient requirements.



Brian Waring
Executive Director
Customer and
Commercial

Interview with Brian Waring, Executive Director Customer and Commercial

Q: How is cardfactory delivering on its celebration destination vision?

A By continually drawing on customer insight, we are driving range evolution and space transformation in-store to maintain our leadership in card while considerably expanding our gift and celebration essentials offer.

Q: How will cardfactory maintain its value credentials?

A Our pricing strategy is built around intelligently stretching average selling prices with a 'good', 'better', 'best' approach that ensures value for money across all categories. Value perceptions are reinforced through relevant, year-round customer promotions with, for example, our 4 for 3 promotion contributing +2ppts value perception growth in April to May¹ as well as driving sales growth of +14% YOY over that promotional period.

Read more about 'Value & choice' online

Q: What is driving cardfactory's continued store estate success?

A The most significant contributing factor behind our continued store estate growth is the space optimisation programme, which has allowed us to maintain the breadth and depth of our leading card offer while freeing up additional space for our expanding gifting and celebration essentials ranges. The continued success of this programme significantly contributed to LFL Store revenue growth of +3.4% in FY25.

Q: How will cardfactory sustain its leadership in cards?

A In FY25, we continued with our blended strategy that optimises customer choice with an easy to curate range of cards while intelligently stretching our average selling price. This ensures there is newness across the range to broaden customer appeal, and a simplified in-store experience.

CASE STUDY

Growing our share of celebrations spend

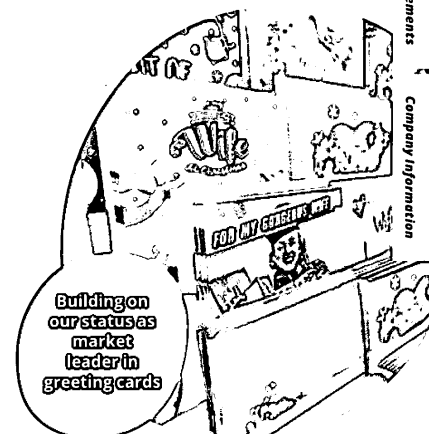
Our transformation into a leading global celebrations group combines our leadership in card with our emerging authority as a destination for gift and celebration essentials. By building on our status as market leader in greeting cards, we will support more customers in celebrating more of life's moments by delivering a strong celebrations offer, enabling capture of a greater share of our customers' annual celebration spend.

Currently, our 24 million annual customers spend less than 10% of their total annual store-based purchases for celebration occasions in our stores. Over the past two years we have grown our share of wallet by 1ppts and expect to continue growing at a similar rate as we have done over that period.

Progress in FY25 included the expansion of our gifting proposition with 70% of gift ranges new for FY25. This included new ranges across stationery, kids gifts & toys, baby gifts and gift food/confectionery. Notable successes included strong YOY sales growth from the range expansion of soft toys (+41% LFL), confectionery (+38% LFL), calendars and diaries (+20% LFL) and baby gifting (+188% LFL). We also saw strong sales growth from the expansion of our balloon and party ranges, increasing choice for our customer by covering a breadth of celebrations, with party range expansion in Eid, Confirmation & Communion and Pride to name a few. At the same time, we have been maintaining our card market authority responding to customer needs and broadening our appeal by optimising choice in several key categories.

Examples include more choice of classic and contemporary styles, which work particularly well in the key seasons of Valentine's Day and Mother's Day as well as our general birthday ranges. This was alongside new innovation throughout the ranges such as where we introduced regional ranging of 'Mum/Mam/Mom' caption cards leading to +69% YOY growth across everyday and seasonal sales for those cards.

By continually drawing on customer insight, we are driving range evolution and space transformation in store to maintain our leadership in card, while considerably expanding our gift and celebration essentials offer.



1. Savanta BrandVue Feb 2024 to Jan 2025.

STRATEGY IN ACTION CONTINUED



Value & choice

Leadership in card and growing authority in gift and celebration essentials

Initiative	Objective	Progress	Results	Next steps
Leadership in card	Retaining position as the UK's leading provider of cards.	- Maintained value for money proposition with cards still starting from just 29 pence. - Evolved the average selling price intelligently, while delivering year-round relevant promotions including new 4 for 3 mechanic across all single cards. - Optimised customer choice with easy to shop curated card ranges. - Increased sustainability across card ranges. - Boosted speed, efficiency and impact of newness in response to customer needs. - Simplified store plans.	- Continued positive performance in everyday and seasonal card ranges, with +0.7% LFL growth. - Optimisation of choice drove strong regional card growth of 'Mam' and 'Mom' cards of +69%. - Increased average selling price drove +6% sales growth. - New 4 for 3 promotion drove strong sales growth with first period delivering +14% YOY sales growth in May 2024.	Grow card market authority through continued range development and curation, including further tailored ranges by regions and demographics, to further improve customer choice and value-for-money promotional offers.
Authority in gift and celebration essentials	Grow market share within c.£12 billion gift and celebration essentials market.	- Continued growth of gift and celebration essentials categories, which is now significantly over half of our sales. - Expanded ranges included large gifting proposition across stationery, toys, gift food and gift vouchers, and expanded balloon and party ranges. - Optimised choice of wrap and bags with expanded 'good', 'better', 'best' ranges. - Improved sustainability of gift and celebration essentials. - Space realignment continued to provide more space for gift and celebration essentials without compromising breadth and depth of card offer.	Strong growth in our gift and celebration essentials ranges of 5.7% LFL, including double-digit growth in categories such as stationery, calendars and diaries, and baby gifting.	Continue to focus on growing UK market share of c.£12 billion gift and celebration essentials market with further expansion of key categories alongside further space optimisation for growth ranges.



Providing cardfactory customers with an exceptional, seamless shopping experience in the UK and internationally."

Convenience



Delivering an exceptional, seamless shopping experience in the UK and internationally.

We are continuing to grow and optimise our UK & Ireland retail footprint to support both our evolution into a celebrations destination and to fulfil our omnichannel ambition. Through both targeted acquisitions and new and extended relationships, FY25 was another successful growth year for our UK and international partnership programme.

Our UK & Ireland store estate grew by a further 32 net new stores as we continue to expand our points of presence through data driven white space opportunities. Within our stores, space realignment has increased gifts and celebration essentials space by 16%, while successfully maintaining card sales through the careful curation of ranges and by using new fixtures to improve density by 9%. This has allowed in-store innovations such as stationery and kids zones which helped contribute to the strong growth seen from key expanded categories: gifting (+40%), soft toys (+32%), and stationery (+18%).

Omnichannel progress continued through the further refinement and improvement of our Click & Collect service. Encouragingly, Click & Collect average order values are 55% higher than online orders.

We made the difficult decision to close our Getting Personal website in January 2025, so that we can focus growth and investment into cardfactory.co.uk. The cardfactory.co.uk saw sales growth of 0.1% as we continue to focus on driving profitable growth through higher margin product ranges.

The expansion of our partnership programme was a particular highlight in FY25 with two acquisitions helping to build further on our international expansion plans. An important strategic milestone was the acquisition of Garven, a leader in the design and wholesale of gift and celebration essentials in the US. Together with the signing of a separate wholesale supply agreement with a nationwide US retailer, the acquisition of Garven establishes a physical presence in the US market. In addition, we completed the acquisition of Garlanna, a publisher and wholesaler of greeting cards, wrap and gift bags in the Republic of Ireland.

Building on existing partnership agreements, we renewed our multi-year partnership with The Reject Shop in Australia, including an extension to a full-service model and seasonal range supply. Nearer home, we secured a multi-year agreement with Aldi to be an everyday greeting card supplier across the full UK & Ireland estate. Having moved from a supply only to full-service contract, we are now extending our relationship with Aldi to include seasonal card ranges and testing our first non-card ranges with gift bags trialled during the Christmas 2024 season.

STRATEGY IN ACTION CONTINUED



Syed Kazmi
Executive Director
Business Development

Interview with Syed Kazmi, Executive Director Business Development

Q: What progress has cardfactory made on its partnership ambition?

A In FY25, we built on our existing partnership relationships, transitioning both The Reject Shop and Aldi to full service contracts. In addition, we signed our first supply contract in the US with a nationwide retailer in time for the Christmas season with everyday ranges now introduced in a number of trial stores.

Q: How have acquisitions unlocked our partnership opportunities?

A Our targeted acquisitions in South Africa, the Republic of Ireland and most recently in the US, open relevant growth opportunities within those markets. The acquisition of SA Greetings means we are a significant wholesale card supplier in that region. We have also realised a new channel of wholesale supply within the Republic of Ireland through the acquisition of Garlanna. In the US, Garven has strategic gift and celebrations essentials wholesale relationships with several major US retailers and we are confident in our ability to develop further relationships while also expanding into a card offer.

Q: What partnership successes have we enjoyed in the UK in FY25?

A A highlight of our partnership programme in FY25 was the success of our relationship with Aldi where we are now an everyday card supplier in every store in the UK & Ireland, now 1,200 Aldi stores, up from 500 stores. We have demonstrated our ability to serve a major UK retailer with the right range of curated cards and are now trialling our first celebrations essentials ranges.

Q: What's next for cardfactory's international partnership programme?

A While we will continue to expand in our selected international markets, there will be a significant focus on developing our US operation. Enabled by the acquisition of Garven, we are well placed to grow within the largest celebrations market with an estimated £65 billion value.

CASE STUDY

In FY25, we extended our relationship with Aldi in the UK & Ireland from the initial contract for c.500 stores to their full 1,200 store estate.

As an everyday card partner, we have also moved from a supply-only contract to full service support using merchandising expertise to ensure we are maximising opportunities for everyday card.

Working in collaboration with Aldi and building on both internal and external insights, we completely redesigned a new card range to best meet the needs of the busy Aldi shopper. As part of this closer working partnership we are also now supporting Aldi with in-store merchandising, equipment audits and updates to improve the customer experience in-store.

As a result of both this new range and operational enhancements, both Aldi and cardfactory have seen significant YOY improvements and we continue to work collaboratively to continuously improve and evolve the customer offer for the future.

In addition, we are now also supplying some own-label seasonal products, starting with gift bags for Christmas 2024 and progressing to both cards and gift bags for Mother's Day and Father's Day 2025. We will continue working with Aldi to grow this area of our partnership throughout FY26.

The Aldi relationship demonstrates the potential for successful partnership opportunities in the UK & Ireland. We are reaching new customers on shopping missions that we are not able to support through our existing store estate and leveraging the full end-to-end design, manufacturing and distribution capability of our UK operation. As a result, Aldi customers benefit from a carefully curated range of high-quality, value cards with the opportunity to extend the offer into gift and celebration essentials as we evolve into a celebrations provider.



Read more about
'Convenience'
online



Convenience

Digital experience and innovation

Initiative	Objective	Progress	Results	Next steps
Omnichannel services	To connect our online and retail channels to give customers more choice in how they shop with us and a consistent and seamless experience across all touchpoints.	- Continued to refine and improve national Click & Collect service. - Just Eat trial launched across 43 stores to understand demand for rapid delivery. - POS upgrade programme with initial trial stores launched before Christmas.	- Click & Collect average order value ('AOV') 55% higher than average online AOV. - Just Eat trial demonstrated ability to pick from store, and delivered AOV of >£9.	- Balloon appointments trial from Q1 FY26. - Working towards a pick-from-store solution that will enable same day collection. - POS upgrade/replacement enabling future omnichannel capabilities such as endless aisle.
Range expansion	To generate incremental sales by expanding the online range into new categories.	- FY25 focus on expanding online celebration essentials range. - Added four new drop-ship partners offering premium personalised balloons, personalised tableware and decorations, life-size cardboard cut-outs and a range of fancy dress costumes.	Incremental sales generated.	- Expansion of personalised card range. - Continued expansion of celebration essentials.
Online customer experience	To make it easy for customers to create unique celebrations on our website and app.	- Wide range of findability enhancements to improve navigation, filtering and search. - Complete redesign and rebuild of the basket and checkout to remove friction points, enhance customer experience and enable future capabilities. - Introduced ability to select a nominated delivery date for third-party flowers and balloons. - Rebuilt calendar personalisation and online event reminder journeys. - Increased conversion rate optimisation programme, with new tooling introduced.	- Customer service contacts continue to reduce YOY as a percentage of sales based on improving customer experience and doorstep delivery. 32% growth in app sales YOY. App now accounts for 10% of online sales, up from 8% last year.	- Ongoing findability improvements. - Nominated day delivery to facilitate direct to recipient missions. - Product personalisation journey improvements. - Refine product recommendations.
Customer growth	To drive profitable sales growth and improve customer lifetime value through effective customer acquisition and retention strategies.	- Development of customer leaky bucket and optimal pipeline models to drive focus in total active customer growth. - Regional trial undertaken to drive awareness and acquisition of store customers to personalised cards online. - Expanded affiliates programme – Student Beans partnership. - Dialled up focus on retention through CRM journeys and initiatives around event reminders, App and opt-in rate. - Full online range review with new margin targets and range rationalised to support higher-margin position. Focus on building a range that works for long-term online success.	- Sustained customer growth of +9%. - Increased App downloads and usage – now accounting for 10% of total online sales versus 7% in FY24. - Growth in Event Reminders: +47.5% YOY. >10% improvement in gross margin rate YOY.	- Monitor shopping behaviour of customers recruited via store flyers and affiliate promotions to determine lifetime value and payback. Further testing in FY26. - Ongoing focus on optimising store product range sold online.

STRATEGY IN ACTION CONTINUED



Convenience

Extensive UK & Ireland footprint

Initiative	Objective	Progress	Results	Next steps
Store evolution programme	In-store improvements to make shopping our gifting range easier, improve store navigation and overall appearance.	Space realignment initiative rolled out across a total of 800 stores by end of FY25.	- Card space reduced by 7%, gift and celebration essentials space increased by 16%. - Total FY24 and FY25 cumulative sales contribution of £12 million.	Trial 'radical space' initiative to further optimise space in store around shopper missions.
Relocation strategy	Continually adapt to changing consumer footfall trends and ensure exceptionally few loss-making stores.	Continue with our core principle of lower cost, flexible leases with a target three-to-five-year break clause.	Less than 1% of the retail estate is loss making providing the business with an exceptionally strong store portfolio.	Continue with relocation programme.
Central London stores	Develop London store format as underpenetrated market.	Continued to test ranges.	FY25 saw LFL sales growth of +9.7%.	Continue to look for further opportunities within London market to continue space and range test.
Republic of Ireland stores	Expand Republic of Ireland store portfolio as underpenetrated market.	Opened a further eight stores in FY25.	All stores achieving profitability targets.	Open further stores in Republic of Ireland.

Growing international presence

Initiative	Objective	Progress	Results	Next steps
UK & Ireland partnerships	Secure UK wholesale partners that extend our UK distribution point reach.	Full rollout across Aldi's entire UK & Ireland estate of 1,200 stores in FY25 and move to full service offer.	Profitable contribution from existing and new partnerships.	Identify additional partners in the UK & Ireland.
International partnerships	Secure franchise and wholesale partners across our international markets of interest.	- Signed first US partnership agreement and moved to full service agreement with The Reject Shop in Australia. - Acquired Garven in the US and Garlanna in the Republic of Ireland.	- Profitable contribution from existing and new partnerships. - Successfully integrated Garven and Garlanna into the Group.	Identify additional partners in our international markets of interest.



Delivering an exceptional experience for customers and a values-led culture of accountability and empowerment."

Experience



Ensuring that both the customer and colleague experience delivers on our values and brand promise as a celebrations brand.

Delivering an exceptional experience for our customers is at the heart of our brand promise as a celebrations retailer. With customer-centric thinking already embedded at the heart of our decision-making, we are continuing on our customer experience journey that began in FY24 with the launch of 'The cardfactory Way' training programme. It is designed to transform the way colleagues engage customers in-store, making them feel 'welcomed', 'wowed' and 'won over'.

In FY25, we launched a new component of 'The cardfactory Way', which was designed to elevate our in-store performance by focusing on leadership capability and helping them develop their team's customer-centricity.

To further improve store standards, we launched the 'Set to Celebrate' programme which is helping make it easier for our customers to shop in our stores and meet their celebrations needs. Through this programme, we are delivering a consistency of service, promotions, merchandising and store atmosphere, no matter the size or location of store.

Our journey of cultural transformation continued through FY25 with areas of focus including induction and onboarding, internal mobility and talent acquisition, and continuing to develop the colleague experience.

Pay and benefits is an area we continue to improve, ensuring we retain and attract new talent, while ensuring all colleagues are rewarded fairly, inclusively and competitively. We continue to pay at the middle of the market, although balancing the pay pressures has meant that we have not been able to further invest in our benefits offer, although, we have been able to leverage some additional benefits from existing suppliers.

STRATEGY IN ACTION CONTINUED



Steve Lilley
Executive Director
Retail Operations

Interview with Steve Lilley, Executive Director Retail Operations

Q: How is cardfactory improving the customer experience in-store?

A We continue to develop 'The cardfactory Way' customer experience training programme which this year was expanded to focus on store leadership capability. As we pivot to celebrations as a business, we are helping to develop our store colleagues into celebrations experts, with our 'Set to Celebrate' store standards programme ensuring a consistent customer experience across our entire store estate.

Q: How are you supporting the colleague training?

A 'The cardfactory Way' customer experience training programme now includes training tools in the form of coaching cards that help reinforce and embed best practice. These are supported by a range of initiatives including colleague awards and recognition, service observation records, and a regular newsletter that focuses on service improvements.

Q: How are you measuring success?

A Success is measured through both a customer feedback forum and our mystery shopper programme which is driving positive change.



Q: How are you supporting the pivot to celebrations?

A All colleagues are focused on delivering our brand purpose of making sharing in and celebrating life's moments special and accessible for everyone. For store colleagues especially, this means training development to ensure they are celebration experts, helping them engage our customers to understand the life moment they want to celebrate and ensuring that we help them source the products they need to make that celebration as special as possible.

CASE STUDY

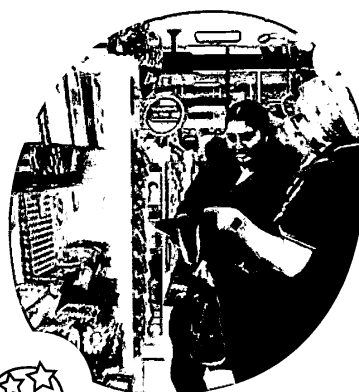
'Set to Celebrate' ensures consistent and exceptional store standards for all our customers.

In a highly competitive and challenging retail environment, we need to ensure that whatever our customers are celebrating, cardfactory is able to deliver. That means transforming our teams into celebration experts and providing a consistent, exceptional shopping experience in each and every cardfactory store.

Our 'Set to Celebrate' initiative was launched in FY25 to deliver on this need, refreshing store standards in terms of service, promotions, look and feel, merchandising, pricing and in-store atmosphere regardless of size, location or age of store. Through training and store assessment, the 'Set to Celebrate' initiative empowers store colleagues to make improvements in every aspect of their store.

By taking a customer-centric approach, 'Set to Celebrate' puts store colleagues in the shoes of their customers, letting them understand the shopping journey from first impressions at the shop door through to navigating the store to fulfil their celebration needs. As well as clear and accessible merchandising, 'Set to Celebrate' helps reinforce our value and quality credentials through clear promotional display and clean and clear product ranging throughout the store.

Through 'Set to Celebrate', colleagues present on the shop floor are interacting with customers and making recommendations following 'The cardfactory Way' customer experience training. This is supported by our '5 power plays' training, which is reinforcing how we welcome, wow and win over each and every customer in our stores, using the mantra: "we can't control how a customer feels when they enter our store, but we can influence how they feel when they leave."





Experience

Customer and community focus

Initiative	Objective	Progress	Results	Next steps
Customer experience programme	Improve customer experience in store.	- Continued with the development of 'The cardfactory Way' customer experience training programme to transform the engagement of customers in store. - Launched new 'Set to Celebrate' component of 'The cardfactory Way' focused on improving leadership capability across our stores.	Mystery shopper programme indicates sustained high levels of satisfaction at 75.8%.	Further customer experience programme developments planned for FY26 and beyond.
ESG	Continue to build upon our environmental social and governance (ESG) credentials with our aim of being recognised as a socially and environmentally responsible business.	- Strategic focus on embedding sustainability considerations across the business. - Continued greenhouse gas emissions reduction initiatives. - Evolved our 'Giving Something Back' community programme.	- Successful AI energy management system pilot; planned rollout to 800 UK sites. - Cross-business focus on waste reduction through product design and operational changes. - Further community engagement, including store donation scheme for discontinued stock.	- Develop key action plan for Net Zero pathway. - Confirm renewable energy transition plans. - Begin supply chain climate risk review.

Passionate colleagues

Initiative	Objective	Progress	Results	Next steps
Pay and benefits	Focus on reward to enable us to attract and retain talent and a philosophy of being market-led.	- Continued with pay philosophy of being 'at market' by applying our pay review considering individual circumstance versus midpoint data, while also considering ongoing economic challenges. - Successfully rolled out our SAYE scheme to store colleagues in the Republic of Ireland.	- Continued investment in our colleague proposition and a pay framework and principles to ensure fairness and consistency. - A pause on our benefits offer with an intention to review in FY26.	- Build out a strategic reward roadmap aligned with strategy. - Review our benefits offering and make recommendations for enhancements. - Review our family friendly policies to ensure we are competitive.
Leadership	Our emphasis on leadership development continues to support on delivering our strategy.	Clearly defined talent and succession approach which enables planning for success as well as mitigating risk by identifying clear successors and clear gaps.	- We achieved an attrition rate (a significant KPI) of 29.1% (target 35.1%). - We have maintained opportunities for secondments across our colleague populations.	- To continue to embed 'Leading others' programme through all business areas including coaching leadership skills. - To identify organisational-wide leadership capability gaps and provide development opportunities.
Colleague experience	To elevate the colleague experience, weaving our purpose through everything that we do.	Improved our induction and onboarding processes embedding the spirit of celebration through key colleague moments during onboarding.	- Rolled out our new colleague induction programme 'Welcome to the Party!' – a brand aligned experience that ensures every new colleague feels welcome from day one. - Fully implemented a model of direct sourcing with a focus on candidate experience and less emphasis on using agencies – this has meant significant cost saving alongside attracting and retaining the right talent.	- In FY26, we will work towards creating a shared service model to ensure an excellent colleague experience and efficiency of service. - We will invest in technology in an HR information system (HRIS) transforming people processes and practice. - We will use colleague experience principles and brand work to bring celebration to life.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Delivering a sustainable future at cardfactory.

At cardfactory, we combine our focus on maintaining value and business growth with our commitment to play our part in protecting the planet, communities and the people within them, and to manage the impacts of environmental and social changes on our business and supply chain.

Our approach to this is outlined in our 'Delivering a Sustainable Future' plans, published in FY24. This section of the report provides an update on progress towards our sustainability commitments and plans for FY26.

Our focus in FY25 was on continuing the process to embed sustainability considerations across cardfactory's strategic planning and operations. Our business strategy review provided an opportunity to deepen our understanding of the sustainability implications and opportunities of our ambitious growth plans.

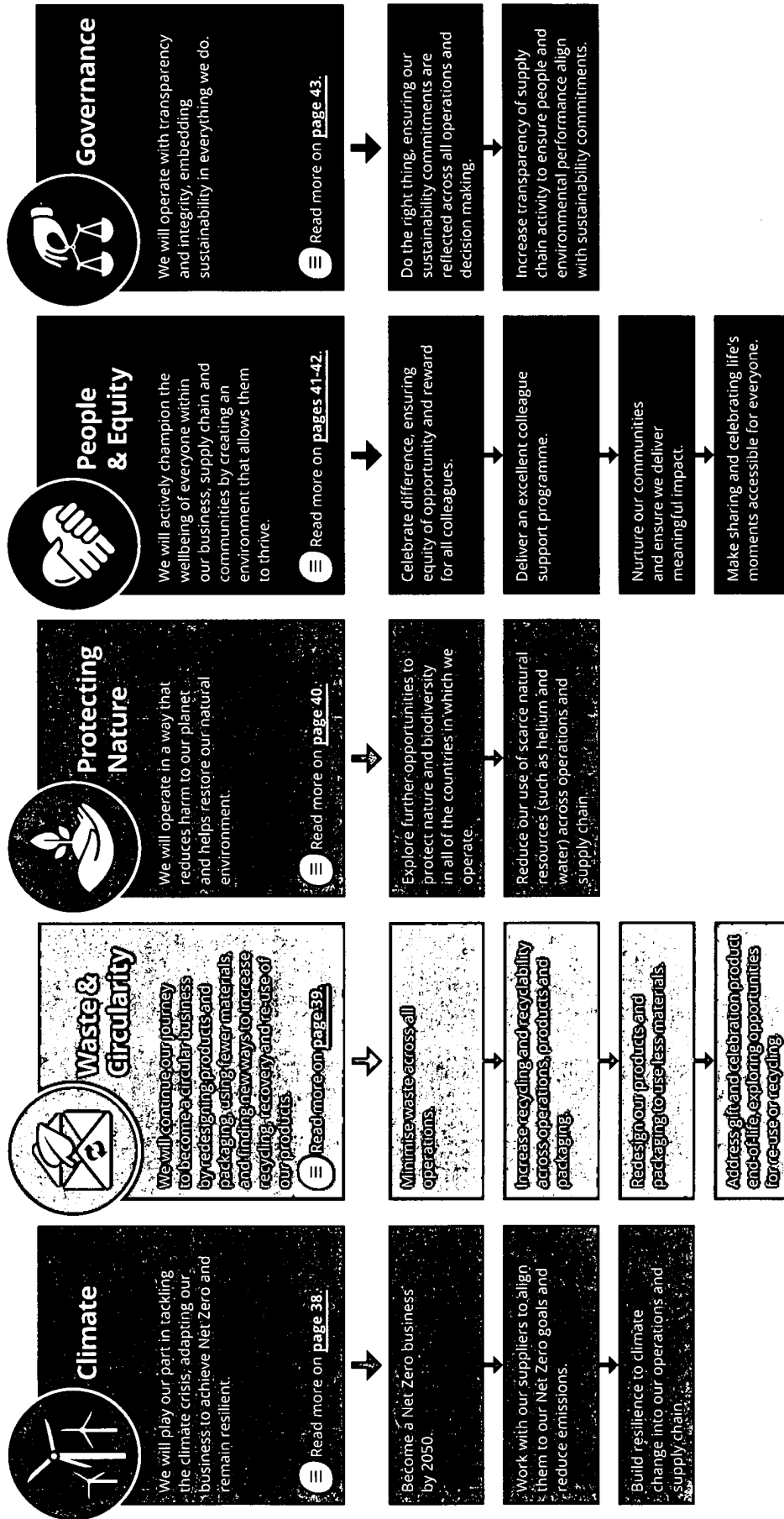
Our teams also examined ways of working across UK and international operations to identify, measure and plan for environmental and social risk, and ensure we can quickly understand and deliver on opportunities to do things differently to minimise our environmental impacts.

This work has enabled us to streamline and strengthen how we operate as a business day-to-day, and to further strengthen our sustainability governance structures.



Our focus in FY25 was on continuing to embed sustainability considerations across cardfactory's strategic planning and operations."

Our 'Delivering a Sustainable Future' strategy





Climate

We will play our part in tackling the climate crisis, adapting our business to achieve Net Zero and remain resilient.

How did we do?

- Achieved
- In progress
- Still to be achieved



Goals

- Become a Net Zero business by 2050.
- Deliver our science-based near-term targets:
 - Reduce absolute Scope 1 and 2 GHG emissions by 54.6% by 2033¹.
 - Reduce Scope 3 emissions by 61.1% by 2033 on an economic intensity basis¹.
- Align top suppliers to cardfactory Net Zero targets.

FY25 progress highlights

- Scope 1 and 2 GHG emissions inventory complete (see pages 54 and 55): ●
 - Scope 1 emissions:
 - UK absolute emissions have decreased by 1.7% against a backdrop of continued business growth¹. The emissions intensity has also remained constant.
 - From FY24 to FY25, UK emissions have decreased by 16%. It should be noted this reduction is predominately due to exceptional FY24 emissions caused by faulty air conditioning equipment (replaced in FY24) and the theft of Printworks air conditioning units, which resulted in the loss of refrigerant gas.
 - Rest of world (ROW) emissions have increased from 3 to 475 tCO₂e due to acquisition of subsidiaries outside the UK¹.
 - Scope 2 emissions:
 - UK Scope 2 emissions have increased by 11.8%, reflecting the growth of the business¹.
 - From FY24 to FY25, UK Scope 2 emissions have decreased by 2.4% due to the investment in LED lighting.
 - ROW emissions from Scope 2 have increased year on year from 45 to 1,070 tCO₂e due to acquisitions.
- The Group is currently auditing Scope 3 emissions inventory for 2022-2024. This audit considers recent structural changes due to acquisitions, which have reached the materiality threshold to trigger the re-baseline policy. Accordingly, the business is working to understand the impact of these structural changes on the base year.
- LED rollout now complete across cardfactory stores (excludes acquired companies), distribution centres and support buildings, with store stock room space lighting to be upgraded as part of future ongoing refurbishment programme. ●
- Completed successful trial of an artificial intelligence (AI) energy management platform² across 198 cardfactory sites; results showed potential for annual kilowatt-hour (kWh) energy savings equivalent to powering 35 stores for a year if implemented across 800 sites. ●
- Renewable energy transition planning is underway, with options including corporate power purchase agreement under review. ●
- Completed current climate change impact risk review for Printcraft manufacturing, and UK & Ireland stores (no material risk identified). ●
- Completed review of sustainability considerations as part of business planning and strategy review process, with action planning now underway. ●

Plans for FY26

- Transition cardfactory diesel van fleet to PHEV (plug-in hybrid electric vehicles), reducing total average emissions by 144 tCO₂e per annum.
- Begin supply chain climate impact risk review, including manufacturing and logistics.
- Develop key action plan for Net Zero pathway.
- Continue to work with our top suppliers to discuss emissions reduction opportunities as a key contributor to near-term targets.
- Rollout AI platform across approximately 800 UK cardfactory sites.

For additional information on Climate, please see TCFD (Task Force on Climate-related Financial Disclosures) on pages 44 to 55.

1. Compared to 2022 baseline.
2. AI platform analyses site-specific energy consumption behaviour and provides site teams with immediate alerts of issues and advice on how to fix them.



The results of this year's artificial intelligence (AI) energy management trial have been a real gamechanger for cardfactory, driving behaviour change within our sites, which in turn has improved energy efficiency."

cardfactory
Head of Construction and Maintenance



Waste & Circularity

We will continue our journey to become a circular business by redesigning products and packaging, using fewer materials and finding new ways to increase recycling, recovery and re-use of our products.

How did we do?
● Achieved
○ In progress
● Still to be achieved



Goals

- Find opportunities to use less materials and reduce waste across our business.
- Identify initiatives and partnerships to address product end of life.
- All new gift bags and gift boxes to be 100% recyclable by end of FY25.

FY25 progress highlights

- 100% recycled materials being introduced for own-label soft toy fillings, with transition to be complete by end of FY26. ●
- All new own-label party tableware, gift boxes and gift bags (excluding handles) now 100% recyclable (handles will also be 100% recyclable by end of FY26 across all core ranges). ●
- Implemented in-store printing for basic materials including labels and range plans, replacing need to print centrally and issue to stores, reducing packaging waste and distribution emissions. ●
- Reduced use of bubble wrap across our Printcraft facility by 80.3% since FY22. ●
- All primary and secondary packaging developed to reduce impact to environment in line with Extended Producer Responsibility of Packaging legislation. ●
- Launched charity donation programme for discontinued stock across all cardfactory stores, reducing waste to recycling and landfill. ●



Changes to recycling laws in the past 12 months have created some unexpected opportunities for store teams in England and Wales to share learnings across regions. This collaboration sparked ideas on ways to update processes and ways of working to not only curb waste levels and improve tracking, but also reduce emissions and manage costs by consolidating waste collections. These positive changes would not have happened without the enthusiasm and engagement of our colleagues."

cardfactory
Head of Business Improvement

Plans for FY26

- Review all product packaging to understand full environmental impacts of moving from plastic to alternative materials, informing approach moving forward.
- All new own label roll wrap to be fully recyclable and cellophane wrap removed by end of FY26.
- Continue to reduce use of bubble wrap at Printcraft.



Protecting Nature

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

How did we do?
● Achieved
● In progress
● Still to be achieved



Goals

- All cardfactory paper party products to be FSC-certified by end of FY25.
- Identify and mitigate impacts of our business on nature.
- Woodland Trust partnership to plant more than 12,000 native trees in the UK, mitigating up to 3,200 tonnes of CO₂ during trees' lifetime.

FY25 progress highlights

- All cardfactory paper party products now FSC certified, including own label tableware, gift bags, roll wrap¹ and gift boxes. ●
- Scoped requirements for nature impact review of our supply chain activity. Review now deferred to FY27 given need to encompass European Deforestation Regulation (EUDR) requirements. ●
- Initiated discussions with suppliers around EUDR compliance. ●
- Donated £240,000 over three years² in partnership with the Woodland Trust, to enable the planting of approximately 35,000 native trees, which are expected to remove 9,238 tonnes of carbon dioxide from the atmosphere over their lifetime. ●

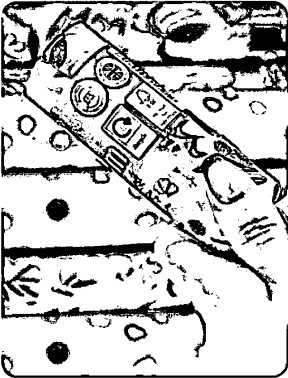
Plans for FY26

- Ensure all products in scope are compliant with EUDR regulation by December 2026 if importing into the EU.



Protecting nature is important to cardfactory, and we are committed to understanding and reducing our impact on the environment. Our journey has already begun with initiatives such as achieving FSC certification, redesigning our products and partnering with the Woodland Trust. These steps lay the foundation for our efforts, and we will continue to refine and develop our strategy to drive meaningful change."

cardfactory
Sustainability Manager



1. One roll-wrap supplier is PEFC (Programme for the Endorsement of Forest Certification) certified in place of FSC.

2. Partnership runs October 2022–October 2025.



People & Equity

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

How did we do?
 ● Achieved
 ○ In progress
 ● Still to be achieved



Our colleagues

Goals

- Continue evolving cardfactory culture and enhance our colleague experience journey.
- Gather colleague diversity data to ensure our strategy and activity reflects our colleague and customer communities.
- Continue to support colleagues with our comprehensive wellbeing offer, covering mental, physical and financial wellbeing.

For more on our colleague initiatives, please see Our colleagues within our Stakeholder section on page 59.

FY25 progress highlights

- Engaged colleagues on our sustainability strategy, and connected this to each business function through strategy deep dives, awareness and engagement sessions. ●
- Improved colleague experience framework by aligning to brand strategy. ○
- Launched ‘Count Me In’ campaign to gather diversity data in March 2024, enabling us to set new insight-based targets. ●
- Completed colleague training as part of family friendly employer accreditation. ●
- Delivered next phase of reward and benefit roadmap, including increasing colleague discount to 25%, expanding availability of holiday purchase scheme and relaunching ‘reward gateway’ portal. ●
- Delivered targeted talent activity for colleagues identified as high potential, including career progression plans to support internal mobility. ●
- Completed business assessment to receive Level 1 on government Disability Confident Employer scheme, and made commitment to progress to Level 2. ●



Plans for FY26

- Launch Diversity, Equality and Inclusion (DE&I) policy and refreshed strategy, including refocus on disability and accessibility initiative, to reflect colleague data.
- Continue current programme to embed purpose, values and sustainability commitments.
- Maintain existing colleague wellbeing programmes, including encouraging take up of our Employee Assistance Programme, and Mental Health First Aiders.



People & Equity continued

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

How did we do?
● Achieved
● In progress
● Still to be achieved



Our communities

Goals

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

FY25 progress highlights

- Donated £444,000 to Macmillan Cancer Support, taking the total raised since 2006 to more than £8.7 million. We also partnered with Macmillan to design and produce a range of updated 'thank you' cards to send to supporters. ●
- Donated more than £1.4 million to The Card Factory Foundation, contributing to the Foundation's Match Fund, Community Grant Fund and Family Fund. ●
- Generated a total of £125,000 in UK boxed Christmas card donations for Alzheimer's Society, Mind, Macmillan Cancer Support and Teenage Cancer Trust. ●
- Developed special edition East17 Christmas card, with 25 pence per card sold donated to Nordoff and Robbins to support music therapy for people facing life-limiting illnesses, disabilities, social isolation and mental health challenges. ●
- Donated discontinued stock to local charities and community organisations including local schools, hospitals, hospices, nursing homes, homeless shelters and military support organisations through new 'Giving Something Back' store programme (see Waste & Circularity on page 39). ●
- In response to colleague feedback, enhanced the opportunities for colleagues to support our local communities across the UK & Ireland as part of our 'Giving Something Back' activity, which included facilitating more colleagues to spend time supporting charities close to them, and nominating local charities as recipients from a new Community Fund of The Card Factory Foundation. ●

Plans for FY26

- Continue to support The Card Factory Foundation and charity partners.
- Support further colleague involvement in community engagement by building awareness across the business and encouraging fundraising activity through accessible 'how to' guide and annual activity planner.

£8.7m

Total amount raised since 2006

In partnership with

MACMILLAN
CANCER SUPPORT



Governance

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

Sustainability governance

Our sustainability strategy is supported by a clear governance structure, which provides the necessary oversight, drives sustainability principles through our business, and ensures environmental and social risk is understood, measured and managed as needed. Our sustainability strategy remains in line with the results of our 2023 materiality assessment refresh and will need to evolve to incorporate any additional considerations raised by our South African, US and Republic of Ireland acquisitions once these are fully understood. This approach ensures that our sustainability focus reflects the dynamic nature of our business environment and emerging considerations posed by our growth plans.

During FY25, we further strengthened our governance structures around sustainability risk identification, mitigation and oversight. Our Group risk review process now incorporates a biannual review of sustainability-specific risks with our Head of Internal Audit & Loss Prevention, with any risks evaluated as material incorporated into our Group Risk Register for Board oversight. This process moves us towards our goal of constantly monitoring both existing and emerging sustainability-related risk either to the business or posed by the business, and that the Board is aware of any significant risk and mitigation plans.

We maintain clear sustainability ownership structures at Board and senior leadership team level. cardfactory's Chief Financial Officer provides oversight and challenge on our approach to sustainability, reviewing activity every month and leading the Board in assessing strategy, progress and risks on a six-monthly basis. At the senior leadership team level, cardfactory's CEO has ultimate accountability for the Group's sustainability approach. Our Executive Director remuneration structures include an ESG underpin, whereby up to 10% of earned bonus is dependent on making sufficient progress on delivering our ESG commitments, and long-term incentive awards include an ESG underpin, with each incentive arrangements further strengthening accountability across our leadership.

Our sustainability strategy and goals are fully transparent, and an operational plan is now in place to embed sustainability and associated ownership for action through our business. This is managed by our sustainability manager and delivered by a Sustainability Steering Group, including representatives from each business function.

≡ For more information see the Corporate governance report on [pages 80-86](#).



Climate-related Financial Disclosures

This section of the Annual Report details the Group's climate-related financial disclosures, in compliance with the Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022. The disclosures adhere to LR 9.8.6R (8) and, as such, are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures, published in 2021.

Through qualitative analysis of climate-related risks, the Group has determined that, in the short term, the financial impact of climate change on the business is low in regard to both physical and transitional risks. Cardfactory has assessed that climate risk, in the short-to-medium term, will not have a material impact on the business, considering both likelihood and impact. This also reflects the Group's implementation of mitigation strategies including our 'Delivering a Sustainable Future' strategy and operational practices that reduce the impact of extreme weather events.

While climate change does not currently present a significant risk to our financial position, in order to ensure we maintain a focus on this issue, 'ESG compliance and climate change' has been designated as a strategic business risk.

This risk is defined as a failure to meet ESG requirements and expectations, which will result in an adverse impact on reputation. This designation enables the Group to systematically monitor and manage the risks and integrate the principles of climate change mitigation and adaptation into business planning and strategies.

'Delivering a Sustainable Future' strategy, which outlines the target to achieve Net Zero by 2050 aligned with a trajectory that limits global temperature rise to below 2.0°C.

Compliance statement

The following table summarises the alignment of these climate-related financial disclosures with the requirements of Climate-related Financial Disclosures (CFD) and the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), as well as outlining improvements made since last financial year to strengthen the disclosure in line with best practice.



- TCFD requirements met
- TCFD requirements not yet fully achieved

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

TCFD recommendation	Current status
Describe the Board's oversight of climate-related risks and opportunities. TCFD progress: ●	The Governance section (see page 47) and the description of the Board's responsibilities have been expanded.
Describe management's role in assessing and managing climate-related risks and opportunities. TCFD progress: ●	The description of the information flow between the various governance structures and the senior leadership's role in risk management has been improved (see page 46).

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

TCFD recommendation	Current status
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. TCFD progress: ●	The descriptions of the risks and opportunities have been improved, and descriptions of the timescales considered for assessing the impact of those risks and opportunities included (see page 49).
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. TCFD progress: ●	The relative impact of the risks and opportunities has been more clearly stated, outlining the mitigation strategies we have put in place (see page 50).
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. TCFD progress: ●	The Group has described more effectively how material we consider climate-related risks to be against both the scenarios and timeframes. This has been supported by strengthening the scenario analysis (see page 51).

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

TCFD recommendation	Current status
Describe the organisation's processes for identifying and assessing climate-related risks. TCFD progress: ●	The sustainability risk register has been reviewed and developed; this activity is reflected in the disclosures in the risk section of the CFD, which includes an updated table by risk category. In doing so, flood risk has also been reassessed for the two main UK sites (see page 48).
Describe the organisation's processes for managing climate-related risks. TCFD progress: ●	The climate-related risk management processes have matured and more detail provided (see page 48).
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. TCFD progress: ●	The description of how the Board interacts with the other functions of the business to identify and manage risk has been improved (see pages 47, 48 and 49).

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

TCFD recommendation	Current status
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. TCFD progress: ●	Based on the level of risk to the business, the appropriate metric to measure mitigation is greenhouse gas ('GHG') emissions. Accordingly, the processes for monitoring and measuring emissions has been strengthened (see page 53).
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. TCFD progress: ○	Scope 1 and 2 emissions are disclosed and limited Scope 3 emissions (see page 54).
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. TCFD progress: ○	Net Zero targets are set, but the Group does need to understand more about the Scope 3 emissions not currently calculated (see page 53).

CLIMATE CHANGE AND TCFD CONTINUED

Climate risk governance

The Board's oversight and governance concerning climate change risk and opportunity are disclosed below. The diagram shows the flow of information between the sustainability and climate change governance structures.

Board

- Oversight and responsibility for all sustainability matters including climate-related risk.
- Approval of mitigation strategies and associated reporting.
- Receives updates from the Head of Audit & Loss Prevention specific to climate-related risks, once a month.
- Receives six-monthly updates from Sustainability Steering Group.



Chief Financial Officer

- Executive responsible for implementation of 'Delivering a Sustainable Future' strategy.
- Receives updates on sustainability matters including climate risk management throughout the year from key stakeholders.
- Member of the Sustainability Steering Group.



Remuneration Committee

- Agrees how sustainability performance metrics are included in variable pay arrangements for Executive Directors.
- Monitors sustainability performance metrics.
- Meets three times a year.



Audit & Risk Committee

- Considers all Group risks.
- Makes recommendations on sustainability risk-related matters to the Board.
- Ensures risks requiring immediate action are prioritised within operational activity.
- Meets quarterly.



Sustainability Steering Group

- Focused on supporting and directing the implementation of 'Delivering a Sustainable Future'.
- Supports monitoring and identification of climate-related risk and opportunity.
- Meets bi-monthly.

Board oversight of climate-related risks and opportunities

The Board has ultimate oversight and responsibility for directing the Group's approach to sustainability, including climate-related risks and opportunities. The Chief Financial Officer is accountable for sustainability matters, including climate risk, while the CEO has ultimate accountability for the Group's sustainability approach.

The Board has determined that climate change action and ESG matters are a strategic risk. Accordingly, in FY24, the Board approved the Group's sustainability strategy, 'Delivering a Sustainable Future', which includes objectives that support mitigation of climate-related risks and help to realise the associated opportunities, for example carbon emissions reduction.

The Board is accountable for the 'Delivering a Sustainable Future' strategy, receiving a biannual update on progress against targets. The Audit & Risk Committee of the Board also receives updates on the Group Risk Register from the Head of Internal Audit & Loss Prevention, to include both existing and emerging risks. The Board uses this information to ensure climate-related issues are considered when reviewing, approving and monitoring the Group's long-term strategy. This includes considering how climate change could affect long-term goals and competitiveness in the future market landscape.

Wider governance arrangements

The Board has established committees and working groups through which it has delegated specific powers, duties, decision-making and oversight of aspects of the organisation's approach to identifying and managing climate-related risks and opportunities.

- **Audit & Risk Committee:** This Committee oversees and advises the Board on risk-related matters, including financial and non-financial (operational) risks. The Head of Internal Audit & Loss Prevention attends by invitation to support discussions on emerging and evolving risks; this includes climate-related risks, supporting the integration of these risk into the risk management framework.
- **Remuneration Committee:** This Committee oversees compensation and benefits, and how sustainability goals and metrics are included in variable pay arrangements for Executive Directors and the senior leadership team, and for monitoring of the achievement of those metrics.

- **Sustainability Steering Group:** Chaired by cardfactory's strategic lead for sustainability. Sponsored by the Chief Financial Officer. Attended by the Director of Corporate Finance, the Sustainability Manager and senior representatives of all business areas. The Sustainability Steering Group coordinates climate-related planning, delivery against those plans and climate-related disclosure, and the delivery of the 'Delivering a Sustainable Future' strategy and plan. The Group supports the assessment of climate risk and the maintenance of the sustainability risk register that helps to ensure implementation considers climate-related risk.

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

Climate-related risk is managed in accordance with the overall risk management framework and is addressed within one of the five pillars of the 'Delivering a Sustainable Future' strategy (see pages 38 and 69 to 73 for more information).

cardfactory's Board has appointed both senior leadership and wider senior leaders responsible for the implementation of systems and procedures for the identification, assessment and management of climate-related risks and opportunities:

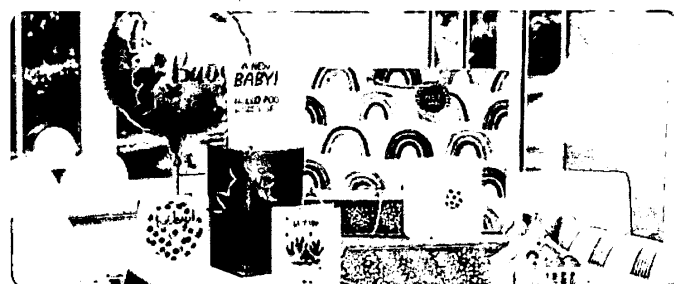
- Reporting to the CEO, the CFO oversees the Group's response to climate change, including the mitigation actions contained in the sustainability risk register. The CFO is also responsible for leading the implementation of 'Delivering a Sustainable Future' across the business.

- Reporting to the CFO, the Head of Internal Audit & Loss Prevention is responsible for supporting the identification of Group risks and maintenance of the Group Risk Register, which includes climate-related risk.
- Reporting to the CFO, the Director of Corporate Finance is responsible for assessing the financial materiality of identified risks.

A Sustainability Steering Group meets monthly throughout the year to guide implementation of 'Delivering a Sustainable Future' and to review performance against its objectives and targets, including in relation to climate goals and risk mitigation.

The senior leadership team is responsible for leading and delivering elements of 'Delivering a Sustainable Future', including climate-related activity, within their respective business areas.

The strategic senior leader for sustainability is responsible for leading the Sustainability Steering Group, embedding sustainability within the organisation and monitoring progress. Supported by the Sustainability Manager, this role also includes responsibility for developing and maintaining the sustainability risk register, supporting compliance with mandated disclosures, and horizon scanning to identify transitional risks and opportunities.



CLIMATE CHANGE AND TCFD CONTINUED

Climate risk management

Process for identifying and assessing climate-related risks

cardfactory's approach to identifying and assessing risk is detailed on pages 69 to 73.

The identification, assessment and management of climate-related risks is an integral component of doing business. The risk management framework provides a robust structure to monitor and evaluate both current and emerging climate-related risks and ensures that climate-related considerations are prioritised by both the business and the Board.

As noted on page 69, the Group Risk Register is in place which includes the 'ESG compliance and climate change risk'. Currently, this risk is reviewed by the senior leadership team and the Audit & Risk Committee annually. The Group Risk Register is supported by the sustainability risk register, which provides additional information on specific identified risks associated with the broader title 'ESG Risk' and associated mitigation measures. The Sustainability Steering Group meets monthly and informs the content of the sustainability risk register. The meetings provide a forum for senior leadership and subject matter experts to raise any risks identified within their respective business areas, which can then be escalated if needed.

In FY26, the business intends to review the sustainability risk register, associated controls and management strategies. This exercise will be used to further develop climate-related risk monitoring, control and mitigation measures, thereby augmenting the existing risk management systems.

Processes for managing climate-related risks

The Governance section of the climate-related financial disclosures (see page 46) outlines the responsibilities for managing climate-related risks, along with the related governance and reporting structures.

The management and mitigation of climate-related risks are primarily the responsibility of senior leadership and operational staff within their respective business areas. Senior leadership and operational teams are tasked with identifying, assessing and implementing measures to address climate-related risks, as part of the day-to-day operation of the business.

The 'Delivering a Sustainable Future' strategy and sustainability risk register are the central mechanisms for reducing exposure to climate-related risks, minimising environmental impact and supporting the transition to a low-carbon economy. Aligning these actions with our broader sustainability goals ensures a coordinated and strategic approach to climate risk management.

To date, the Group has not experienced significant operational disruptions due to extreme weather events. However, the logistics and distribution teams have contingency plans in place to ensure business continuity, including systems for reorganising delivery routes and schedules in response to disruption caused by adverse weather. This proactive approach helps mitigate risks and maintain operational resilience in the face of weather-related challenges.

The Group has recently acquired several subsidiary companies and is in the process of integrating these businesses into the Group, including extending the principles of the risk management framework to these subsidiaries. From a qualitative perspective, the risk of climate change on the subsidiaries is considered low but action is being taken to fully understand risks and opportunities upon integration of these businesses into the Group. This action includes the capture of data to enable the calculation of carbon emissions for inclusion in future disclosures.



Climate strategy

Identified climate-related risks and opportunities

In October 2023, the Group conducted an exercise to identify climate-related risks and opportunities, using the TCFD-aligned physical and transitional risk categories. This exercise identified several risks and opportunities, which now forms a Sustainability Risk Register.

Climate-related risks

In classifying the identified physical risks associated with climate change, acute risk is event-driven risks such as extreme weather events including floods and gales, while chronic risk includes rising temperatures, heatwaves, cold spells, sea level rises and droughts. Transitional risks are those related to the shift towards a low-carbon economy and include policy and regulatory changes, market shifts and reputational impacts.



Risk category	Identified risks
Acute and chronic physical risks	• Impact of extreme weather on our staff e.g. heatwaves. • Impact on the operational sites and buildings in the estate e.g. high wind and floods. • Impact on local infrastructure that serves our estate e.g. drought. • Disruption to our distribution and supply chain logistics due to physical risks e.g. high wind and floods.
Policy and legal	• Policies, regulation and legal frameworks and associated risk, for example: – Strengthening of disclosure requirements e.g. GHG Reporting, TCFD, CFD. – Eco-design regulation necessitating the substitution of existing raw materials with lower emissions options. – Carbon pricing and taxation.
Technology	• Cost of transition to lower emissions technology (decarbonisation).
Market and reputational	• Changing customer behaviour: – Slow internal response to the transition to a low-carbon 'responsible' business. – Shifts in consumer preferences e.g. helium balloons and from physical to digital cards. – Stigmatisation of our product lines e.g. virgin paper-based, disposable plastic. • Increased cost of raw materials e.g. timber. • Increased cost of electricity. • Failure of the supply chain to decarbonise.

CLIMATE CHANGE AND TCFD CONTINUED

Climate-related opportunities

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

Opportunity category	Identified opportunities
Product and services	Increased revenue through: - Development and expansion of new, low-emissions products e.g. FSC timber, move to the use of recycled content in products. - Operational efficiency for example leaner manufacturing and reduced resource use. - Improved levels of design and transparency from sustainable design regulation e.g. digital product passports, which collect and share sustainability information about a product and its supply chain with consumers. - Extended producer responsibility (EPR), which could generate cost savings and potential revenues from waste and via the circular economy.
Markets	Better competitive position of product and service, leading to: - Achievement, demonstration and promotion of sustainability credentials e.g. our Net Zero targets. - Expansion of existing and new markets e.g. online shopping and eco-friendly product market. - Access to preferential borrowing.
Operational (efficiency and energy)	Reduced operating costs through efficiency: - Resource and energy efficiency, reducing operational costs related to energy and fuel use, and material and waste reduction. - Efficiency in logistics due to improved planning. - Participation in the circular economy. - Use of lower emissions sources of energy. - Improved stock management, reducing waste, storage costs and logistics.
Resilience	Improved working practice, procedure and environment: Adoption of mitigation and adaptative measures that improve and strengthen our operations.

As part of its risk assessment, the Group has considered the impact of the identified risks over various timescales, aligning with its business planning cycle and the Paris Agreement:

- Short-term (up to 5 years, 2025 to 2030): This period aligns with the Group's viability statement (see pages 119 and 120).
- Medium-term (5-15 years, 2025 to 2040): This period allows the Group to assess the evolving financial impact of climate risks and opportunities, along with any emerging risks that could materially impact the Group and how these factors influence our strategic plans.
- Long-term (over 15 years, 2025 to 2050+): This period reflects the emergence of long-term risks and ensures the Group monitors and horizon scans for strategic considerations.

Impact of climate-related risks and opportunities

Using the risk identification and assessment processes described in this disclosure, cardfactory has assessed climate-related risk with regard to financial materiality of the impact. Our assessment determined that, in the short-term, there is no material financial risk or threat to the financial performance of the business, our revenue and costs, financial position, or assets and liabilities, that will affect our business model or ability to create value.

Despite this, and subject to our materiality approach, the Group has designated climate change as a strategic risk and has included climate within our 'Delivering a Sustainable Future' strategy to mitigate our impact and guide our transition to a low-carbon business. In doing so, our approach considers double materiality, as recommended by the global reporting initiative (GRI). It recognises the business has impacts that extend beyond immediate operations and financial performance, and that these impacts can be material externally (to society and the environment) and not just on the performance of the business.

Climate-related risks

The physical risk of climate change is currently having minimal impact on the Group and our financial position. Over the next five years, we do not anticipate any significant change to this risk status. The Group has conducted a flood risk assessment for our two main sites, Printcraft, the support centre and distribution centres, and identified that these locations are at very low risk of flooding. This risk rating applies from now until 2060.

Our stores are located on high streets, in shopping centres and retail parks. While adverse weather does impact these sites, any effects have, to date, been minimal and manageable based on our assessment of financial disruption and impact on revenue. This includes the impact associated with the distribution of products to these stores.

The transitional risks of climate change present a more significant risk but are not considered to have a substantial financial impact over the same period. This is partly because we have mobilised mitigation strategies, and hope to realise the associated opportunities and benefits through the implementation of 'Delivering a Sustainable Future'. Accordingly, the activities to address these risks are considered within our financial planning and budgets.

Climate-related opportunities

Our response to climate risk, particularly the transition to a low-carbon economy, presents opportunities for the Group. Our 'Delivering a Sustainable Future' strategy is built around four key areas where we believe the business can deliver a positive impact: Climate; Waste & Circularity; Protecting Nature; and People & Equity (see pages 36 to 43).

Climate change offers significant opportunities to capitalise on the transition to a low-carbon economy. Promoting our sustainability credentials will further position us as a forward-thinking, environmentally responsible business, appealing to eco-conscious consumers.

The Group is actively improving our operational efficiency, implementing measures that reduce costs while supporting our sustainability goals. This dual approach, leveraging market opportunities and optimising operations, ensures we will remain resilient, competitive, and well-positioned to thrive in a low-carbon economy.

Scenario analysis – resilience of the cardfactory strategy

To gain deeper insights into how potential climate related risks and opportunities may develop and affect our business in the medium to long term, the Task Force on Climate-related Financial Disclosures (TCFD) advises the use of climate scenario analysis. This approach helps assess the potential implications under various future climate pathways.

Against these selected scenarios, TCFD recommends that companies consider how the rate of change will influence the materiality of impact on the business and the resilience of the business strategy.

The Group has selected the following climate pathways or scenarios against what we consider the impact of climate-related risks and opportunities over time, using a qualitative approach to business, strategy and financial planning. The business has not conducted quantitative analysis as the risks of climate change are not currently considered to be material. If this position changes, we will complete a quantitative analysis.

	Scenario	Scenario description
Scenario 1	Gradual transition – Paris Agreement goal, aligned – limits warming by +1.5°C but well below 2°C.	In this scenario, there is a measured and orderly transition, which means gradual change and policy slowly becoming more stringent, leading to significant emission reductions and limiting global temperature rise.
Scenario 2	Late transition and disorderly transition – rapid shift to a low-carbon economy within 2°C.	In this scenario, disjointed global action leads to government intervention, with climate policy and wider action 'forcing' rapid shifts to a low-carbon economy. This generates significant emission reductions and limits global temperature rise but creates greater transition risks.
Scenario 3	Hothouse world – slow or no action on carbon mitigation, >4°C.	'Business as usual' where existing policies are preserved but new policies do not materialise, transition risks are low but physical risks are high with severe social and economic disruption, the climate action and mitigation are minimal, and global temperature exceeds 4°C.

Our scenario analysis indicates that under Scenario 1, which assumes a gradual transition to a low-carbon economy, transitional risks are more pronounced than physical risks in the short term. However, overall risks and their associated financial impacts remain low. Over the longer term, while physical risks remain consistent, transitional risks are expected to increase slightly. Despite this, we are confident that 'Delivering a Sustainable Future' will effectively mitigate any heightened impacts from transitional risks. As a result, we have concluded that climate-related risks under Scenario 1 are unlikely to significantly influence our business strategy or resilience. Accordingly, we do not need to consider the impact of this scenario in our analysis.

Recent findings from the Intergovernmental Panel on Climate Change (IPCC) suggest that global temperatures may have already surpassed the +1.5°C threshold. If confirmed, this would imply that the window for a gradual transition to a low-carbon economy has narrowed, making Scenario 2 increasingly probable. Under this scenario, governments are expected to implement more stringent climate policies, such as carbon taxation and pricing, in the medium to long term. While these measures could raise operational costs, we consider it unlikely that such policies would severely affect the financial stability of our business, given its relatively low energy intensity. A greater challenge under this scenario will be the decarbonisation of our supply chain, but we would anticipate that a global response to climate change would support this activity. For these reasons, we anticipate that transitional risks under Scenario 2 will not materially affect the resilience of the business. Physical risks are expected to rise slightly under this scenario, but not to a level that would significantly impact the future of the business.

CLIMATE CHANGE AND TCFD CONTINUED

Under Scenario 3, which assumes a 'business as usual' approach with no substantial climate action, transitional risks are assessed as negligible. However, physical risks associated with global temperature increases exceeding 4°C would become more pronounced. This scenario anticipates a rise in acute weather events, potentially leading to property damage, disruptions in distribution and supply chains, and reduced footfall in our stores, which could impact revenue. Despite these challenges, we have evaluated the overall risk as medium but having an impact that is not currently considered to have a material impact on the business. Our assessment is partly due to our operational model, which includes short-term store leases that provide flexibility to relocate if necessary. Additionally, our growing online presence helps mitigate the impact of reduced store footfall by aligning with shifting consumer preferences. Furthermore, the logistics industry, including our distribution networks, is already adapting to climate challenges through digitalisation, data-driven route optimisation, weather routing, fuel efficiency improvements, and advancements in vehicle and ship design. These measures enhance our ability to manage and mitigate potential disruptions.

Primary climate-related risks, impact and mitigation by climate scenario

The primary mechanism for mitigating the impact on climate change will be through the implementation of 'Delivering a Sustainable Future'. The following table details some of the additional mitigation measures for the Group.

Physical risks	Scenario	Time horizon			Potential impact	Mitigation response/actions
		Short	Medium	Long		
Acute and chronic	<2°C	Low	Low	Low	The two main UK sites, Printcraft in Baildon, near Bradford, and our support centre and distribution centres in Wakefield, are not exposed to flood risk, which has been assessed to 2060 as very low annual flood risk for surface and river flood. All sites in the UK are exposed to high wind events, with an average of 1% chance of wind gusts above 100mph. Heat Stress: The UK, on average, sees less than five heatwave days each year, with temperatures of more than 30°C, so have low heat stress.	Planned and preventative maintenance to assess and reduce the impact of acute weather events. There have been some flood events at a small number of stores, the impact of which in relation to the estate is considered low. The reason for the flood is assessed and action taken to avoid recurrence, and we continue to monitor store flood events. Monitoring of heat events in the UK and any incidence of building overheating enables planning for any scenario where this moves from a low risk. If individual stores experience significant issues, mitigation for that store, for example, air conditioning, can be considered.
	4°C	Low	Low	Medium	Potential store flood events and weather-related impact, leading to some loss of revenue. Increased disruption to distribution and supply chain.	Business continuity plan to respond to serious events. Planned work with our value chain to mitigate the impact of delayed deliveries and store stock management. Logistics and route planning technology is deployed to reduce disruption of extreme weather.
Transitional risks	Scenario	Time horizon			Potential impact	Mitigation response/actions
		Short	Medium	Long		
Policy and legal	<2°C	Low	Low	Low-medium	Increased operational costs: Introduction of climate-related regulations, including carbon tax and pricing. Tax and levies on high impact materials, such as plastic and wood pulp, increase the cost of products. New rules on reporting product impact are expected for the EU in the form of digital product passports.	The Company is not currently exposed to carbon pricing or taxation but has set near-term reduction targets for Scope 1, 2 and 3 emissions, which will reduce exposure. Monitoring of policy and regulation changes and communication of the impact of the changes to the business via the functional risk register.
	4°C	n/a	n/a	n/a	No change to the current impact.	n/a

Transitional risks	Scenario	Time horizon			Potential impact	Mitigation response/actions
		Short	Medium	Long		
Technology	<2°C	Low	Low	Medium	Increased capital costs: Cost of transition to lower-emission technologies (decarbonisation) for our operations. Legacy stock, as recycling may not be economically viable or possible and may require investment in new technology.	The cost of transition of our own operations to a low-carbon business is currently assessed as part of our pathway to Net Zero but is not anticipated to significantly influence our financial position under any scenario. All new, refitted, and relocated stores have and will continue to be fitted with building management systems.
		4°C	n/a	n/a	No change to the current impact.	n/a
	<2°C	Low	Low	Medium	Consumer perception and behaviour change, driven by low-carbon transition, results in preference shifts that result in reduced demand for products or a perception the business is not operating responsibly. The business strategy targets increasing volumes of complementary category product sales which, without mitigation, will increase the Group's carbon footprint. A reduction in revenue and market share may occur if the Group fails to meet and disclose its sustainability targets and strategy. Carbon intensive energy supply leads to increasing energy costs.	Material replacement for high impact products and packaging that support the decarbonisation of the supply chain. Successful engagement with the supply chain and reduction in value chain emissions. Internal expansions to consider supply chain impact. Successful implementation of 'Delivering a Sustainable Future' and achievement of Net Zero targets, reducing the carbon intensity of sold products. Improved energy efficiency of the operations reduces exposure to increasing energy costs and transition to low-carbon energy supply.
Markets and reputational	4°C	n/a	n/a	n/a	No change to the current impact	n/a

Climate-related metrics and targets

The metrics used by the organisation to assess climate-related risks and opportunities.

The Group has determined that greenhouse gas ('GHG') emissions are currently the most appropriate metric for assessing climate-related risks and opportunities. This aligns with the Group's commitment to reducing its impact on climate change.

The Group has set a Net Zero target for 2050 along with near-term targets, with progress measured against a 2022 baseline:

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

The Group has also set goals in 'Delivering a Sustainable Future' that supports the transition to a low-carbon business, more details of which, including the Group's progress, can be found on pages 36 to 43.

The table in the Energy and Carbon Report on page 54 details the Group's carbon from our base year 2022 to 2025, for the emissions associated with the Streamlined Energy and Carbon Reporting (SECR) Regulation for the UK and global operations. This year's disclosure includes a limited category of Scope 3 emissions for category 3, fuel and energy-related activities and those emissions that relate to recent acquisitions. The impact of including these additional sources of emissions is that the reported absolute emissions have increased by a small amount but the relative measure of emissions by turnover has reduced by 4.8%.

CLIMATE CHANGE AND TCFD CONTINUED

The Group's carbon emissions, using a location-based approach to calculating emissions, were 8,850 tonnes CO₂e for 2025, which is 1% higher than in 2024. These include the emissions associated with natural gas, LPG, diesel, petrol, electricity and fugitive emissions. The emissions intensity of 16.5 tonnes CO₂e per £m is 4.8% lower than last year, which continues to reflect the impact of energy efficiency projects absorbing business growth, whilst reducing emission intensity.

In reference to Scope 3 emissions, the Group conducted an analysis in 2022, which assessed Scope 3 emissions as 92% of total emissions, amounting to 70,915 tCO₂e. The Group is currently auditing the 2022 data and calculating Scope 3 emissions from 2022 to 2025. At the time of this disclosure, it is not possible to report Scope 3 emissions for all categories. The Group intends to complete this work in FY26, to ensure future greenhouse gas reporting is aligned. This audit also considers the impact of recent structural changes due to acquisitions, which have reached the materiality threshold to trigger the rebaseline policy. Accordingly, the business is working to understand the impact of these structural changes on the base year.

Energy and Carbon Report

In accordance with the disclosure requirements for listed companies under the Companies Act 2006, the table below shows the Group's energy and carbon emissions and intensity metric tonnes of CO₂e per £m of turnover. The Companies Act also requires the inclusion of commentary regarding the implementation of energy efficiency measures, to be included within the Energy and Carbon Report, this requirement is discharged within the climate action section of the sustainability update on pages 36 to 43.

cardfactory GHG table		Most recent year		Previous year		Previous year		Previous year	
Energy and carbon	Country	FY25 tCO ₂ e	FY25 %	FY24 tCO ₂ e	FY24 %	FY23 tCO ₂ e	FY23 %	FY22 tCO ₂ e	FY22 %
Scope 1 emissions (combustion of fuel – direct emissions) tCO ₂ e	UK	661	58%	789	63%	724	99%	672	99.6%
	RoW	475	42%	463	37%	4	1%	3	0.4%
	Total	1,136	100%	1,251	100%	728	100%	675	100%
Scope 2 emissions (purchased energy – indirect emission) tCO ₂ e	UK	4,738	82%	4,852	88%	4,479	96%	4,238	99%
	RoW	1,070	18%	684	12%	163	4%	45	1%
	Total	5,808	100%	5,536	100%	4,642	100%	4,283	100%
Scope 3 emissions (Category 3 – Fuel and Energy related activities) tCO ₂ e	UK	1,675	88%	1,695	85%	1,701	98%	1,692	99%
	RoW	231	12%	297	15%	43	2%	21	1%
	Total	1,906	100%	1,993	100%	1,744	100%	1,713	100%
Total energy use (kWh) Scope 1 & 2	UK	25,240,574	87%	25,564,019	89%	25,651,206	98%	22,269,584	99%
	RoW	3,632,639	13%	3,080,177	11%	449,480	2%	225,256	1%
	Total	28,873,213	100%	28,644,196	100%	26,100,686	100%	22,494,840	100%

Intensity metric	FY25	FY24	FY23	FY22	Variance Vs Prior year	Variance vs
Intensity ratio	tCO ₂ e	tCO ₂ e	tCO ₂ e	tCO ₂ e	FY24 (%)	FY22 (%)
Total emissions (Scope 1 & 2)	6,944	6,788	5,370	4,958	2.3%	40.01%
Total emissions (Scope 1, 2 & 3)	8,850	8,780	7,114	6,671	0.8%	32.7%
Emissions intensity (tCO ₂ e / £m turnover) Scope 1 & 2	13	13.3	12	13	-2.8%	-2.9%
Emissions intensity (tCO ₂ e / £m turnover) Scope 1, 2 & 3	16.5	17.30	15.35	17.91	-4.8%	-8.0%

Methodology

The SECR report relates to cardfactory and includes the emissions from its operations from 1 February 2024 to 31 January 2025, aligning with the fiscal year.

The reported carbon emissions have been calculated following the guidance in the UK Government's Environmental Reporting Guidelines, 2019, and the methodology outlined in The GHG Protocol Corporate Accounting and Reporting Standard (revised edition). The Carbon Emission factors used are those in the UK Government's GHG Conversion Factors for Company Reporting 2024 and the International Energy Agency, for subsidiaries outside the UK. An 'operational control' methodology has been adopted for the boundary of carbon emissions reporting, operational control refers to the ability of an organisation to direct the activities of a facility or operation. The Energy and Carbon Report includes material carbon emissions, in line with the emissions categories required to be reported under the SECR regulations.

This financial year, the Group has reported the first full year of SECR emissions for SA Greetings. The business was acquired in 2023 and as such 2024 represents the first full year of available operational data. The report also includes the emissions from the recent acquisition of Garlanna Holdings Limited but not Garven Holdings, as the business is still in the process of integrating Garven into the carbon reporting process. For those entities included in the SECR disclosure, the emissions for Scope 3, Category 3 fuel and energy-related activities, have been included in the reporting for the first time.

Our stakeholders

As custodians of the cardfactory business, the Board continues to engage with a range of stakeholders and to apply their perspective in its decision-making, to ensure the business is sustainable and can grow over the long-term.

This section summarises how the Board (or senior colleagues) engage with the key stakeholder groups, the key issues identified from this engagement and the actions taken to respond to that engagement. The Board are provided with updates from all stakeholder engagement at scheduled Board meetings, with cascades of relevant information via members of the senior leadership team.

Key aspects of engagement with some stakeholder groups are also reflected in the ESG section (from page 36), particularly in relation to our colleagues, communities and environment, with consideration of matters affecting our suppliers also reflected in our risk reporting (from page 69).

Section 172(1) Statement on stakeholder engagement

The Board of Card Factory plc engages with the following stakeholder groups to ensure they understand their views and to ensure these are considered in decisions made by the Board and by the senior leadership team. This includes engagement with key stakeholder groups (customers, colleagues, shareholders, suppliers and communities), understanding their priorities and taking account of these priorities in decision-making for the long-term benefits of all these stakeholder groups, whilst protecting the cardfactory brand and the business' reputation.



Our customers

How we engaged

- Our internal data and insights team provide monthly briefings to the Board and senior teams, collating multiple bespoke research for specific needs and various additional sources for continuous tracking and analysis of customers. In addition to various sources referenced in this report (including pages 8, 13 and 15) and other specific data includes:
 - Savanta BrandVue tracking of brand health and customer sentiment.
 - 20,000+ monthly contributions from customers via our 'telcardfactory'.
 - Ad-hoc bespoke surveys are used to test and inform, (including September 2024 survey to support assessment of price elasticity and value drivers).
 - Product innovation and range development is supported by trends WGSN (Worth Global Style Network), segmentation analysis customer insight, desk research, colleague insights and trade visits.

Discussions, topics and actions

- We have seen some erosion in the 'consideration' and 'value' perception of card following cost-of-living challenges for customers along with postage and price inflation challenges. This can impact cardfactory's NPS (a significant KPI).
- Pricing analytics has identified categories where customers are highly price sensitive, and ranges where customers are more tolerant of increased pricing, meaning we can be more customer centric in our pricing approach.

- Insights allow us to deploy designs for latest trends (e.g. Taylor Swift friendship); and a wider offering to meet 'non-nuclear' family requirements, whilst segmentation highlighted opportunity in the 'celebration enthusiast' space which has seen us refine our premium tier cards.
- Issues identified with the customer journey for online transactions.
- Lack of customer awareness vs recognition of cardfactory.co.uk offer, despite messaging in-store.

Outcomes

- Reinforcement of our 'everyday low price' strategy to reinforce our value credentials in-store, including promotional pricing for cards from 15 pence.
- Continuous enhancements to customer service training and ongoing efficiencies to focus store colleague's time on customer service is supported in mystery shopper store and service standards (a significant KPI) landing at 77.2% in December 2024, the highest result of the year, despite being our busiest period, and Savanta BrandVue's customer satisfaction rating, which improved 1ppt in year.
- The adoption of a pricing policy to account for the drivers of value findings and focus on clarity and consistency of price for the customer.
- An optimised online journey at basket and checkout has reduced customer contact and increased checkout completion by 1.4%.
- Promotional activity to drive online customer base via 'telcardfactory' data capture.



Our shareholders



How we engaged

- Ongoing programme of two-way shareholder communications by the Board, Q&A with all shareholders at AGM and Preliminary Results and Interim Results.
- Investor presentation by CEO and CFO following Preliminary Results and Interim Results made available to all investors.
- Shareholder consultation with the Chair with invitations issued to top 12 shareholders (59% of shares) following the 2024 AGM.
- Meetings and calls with material shareholders (and prospective shareholders) with CEO and CFO on an ongoing basis, including investor roadshow meetings.
- Responding to ad hoc enquiries from shareholders.

Discussions, topics and actions

- Retail investor issues with lack of visibility on analyst consensus.
- Appetite for share buy-back.
- Opportunity to improve explanations to shareholders e.g. on how efficiencies are being realised in store operations.
- Improvement of Board diversity expected (based on Board composition at the start of the year).

Outcomes

- Edison engaged to provide paid-for research, which is accessible to retail investors.
- Additional analyst coverage initiated during the year, with seven other analysts now reporting on Card Factory plc.
- Capital Allocation Policy published in April 2024 to provide clarity for investments including dividends and other shareholder returns.
- New investor website launched in February 2024.
- Significant improvement in Board diversity.



Communities and environment

How we engaged

- Our colleagues support and represent the communities across the UK & Ireland with colleague engagement (see pages 41 and 42) identifying opportunities where cardfactory and The Card Factory Foundation can support our local communities and the environment.
- Engagement with colleagues, both directly and through our Sustainability Steering Group, has identified opportunities to collaborate and improve processes to reduce waste and emissions within our business and supply chain.
- We have also engaged with key product suppliers, using environmental questionnaires to build insight into practices across our supply chain, informing our strategy moving forward.
- Our Board continues to provide oversight on our approach to communities and environment, with our Chair acting as designated Director for sustainability.

Discussions, topics and actions

- Colleagues request for increased opportunity in 'Giving Something Back' to our communities (see pages 41 and 42).
- Ongoing commitment to improve our ESG credentials (see pages 36 to 43).

Outcomes

- See pages 36 to 42 (i.e. ESG section and progress to targets, including Climate, Waste & Circularity, Protecting Nature, People & Equity and our communities).





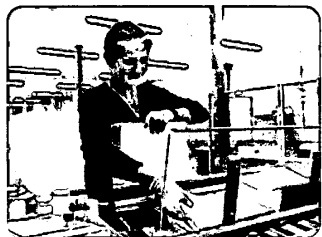
Our suppliers

How we engaged

- Our supplier engagement is led by our buying and technical teams and reports to the Board twice a year.

Discussions, topics and actions

- Far East suppliers are generally reliant on cardfactory order volumes as a significant part of their business, with concerns relating to foresight on ranges, volumes and order timelines.
- Suppliers are supportive of our collaborative approach and cardfactory's supplier engagement not adopting a penalty-based model, but preference for greater collaboration.
- Preference for opportunity to be able to secure supply of a wider range of products rather than specific orders allocated to each supplier, based on buyer's view on which supplier to select.



- Ongoing compliance requirements, including supply chain minimum standards before any orders are placed and compliance with mandatory policies (e.g. modern slavery, anti bribery) with further details on page 72.

Outcomes

- Following trials in Winter 2023/24, we extended a tender process for high volume orders to most suppliers which:
 - provides improved advance notice on planned products and order volumes; and
 - supports greater collaboration with suppliers on specification vs cost price, that is sustainable for the suppliers' businesses and maintains our customer value offer.
- Quarterly reviews of a range of supplier KPIs introduced to support collaboration, address any issues and share future range plans.
- This revised model allows cardfactory to maintain a limited number of potential suppliers for specific product ranges, to work in long-term partnership, whilst affording scope to invite tenders from new suppliers to maintain a competitive tension to secure products at the right price point for customers, whilst maintaining profitability for our shareholders.





Our colleagues

How we engaged

- Functional colleague forums identify issues for representatives to discuss with the Chair (designated Director for colleague engagement) at Combined Listening Group meetings.
- Regular colleague updates include a weekly newsletter; weekly key messages from senior leadership team; monthly business updates (with Q&A); functional team huddles; and annual Golden Quarter conference.
- Informal colleague discussions with Board members and members of the senior leadership team through regular store visits and support centre colleagues working in stores.
- Community network groups drive conversations, education and awareness in four areas: LGBTQIA+, Women at Work, Menopause and Disability.



Discussions, topics and actions

- Feedback from our bHeard survey in October 2023 highlighted that our colleagues want to 'Give Something Back' to our communities. As a result we have built a strategy and approach and an action plan of activity.
- Pay and benefits, and wellbeing are areas colleagues have told us are important to them.
- Progress is required to improve our diversity data and the demographic of our colleagues to align with the aim of reflecting the communities we serve.

Outcomes

- See page 42 for details of additional community engagement as part of enhanced 'Giving Something Back' activities.
- Improved communications of our wellbeing offer, with regular updates in weekly newsletter, and wellbeing sessions delivered in all retail divisional meetings. Alongside adopting flexible practices to support colleague work-life balance and wellbeing.
- Clarification of pay principles and range of benefits, including wellbeing support.
- Extension of holiday purchase scheme and extension of SAYE to Irish store colleagues.
- We reduced attrition levels (a significant KPI) for seasonal store colleagues to 11% this year, compared to 20% in FY24.
- 'Count Me In' survey launched to collect diversity data with 10% participation to date.

Our colleague experience

It is our priority at cardfactory to make sharing in and celebrating life's moments special, not only for our customers but for our colleagues too. Colleagues help to bring our values to life. They are our key enablers to help us achieve our strategic goals and we want to continue evolving our culture and colleague experience on our way to becoming the number one celebration destination for all.

Our values also represent who we are and are reflected in how we behave. They are woven through 'Talent Every Day', our performance management process in guiding our colleagues on not only what they do but how they do it. We also host an annual recognition event to recognise colleagues throughout the business who have exceeded in their demonstration of our values.

Our culture is inclusive and is empowered by exceptional leadership. Celebration is at our core, driven by passion and commitment. We continue to evolve our inclusive culture while developing how we engage with colleagues. This is key in building and enhancing our colleague proposition and supporting colleagues in other life events, supported by community network groups, focus group engagement and 'Let's Talk About' sessions to support colleagues and improve diversity.

During the year, we undertook a total refresh of our People policies, including key policies on family leave, grievance, equal opportunities and disciplinary policies, including new policies to reflect legislative change, including an anti-harassment policy, with associated training.



How we reward and recognise our colleagues

Our focus on reward for 2025 has been on pay, ensuring we continue to pay at the middle of the market. The cost of increases to National Minimum Wage (NMW) has given us challenge from a cost perspective and has meant we have not been able to pursue further enhancements to our benefits suite although we recognise, our pension benefits are below market norms. We continue to review our benefits providers and to ensure maximum engagement through the offer we have.

Building our leadership capability

This is fundamental to our ability to deliver on our strategy as it is developing our colleagues to build skills and to retain and promote talent. Our compelling leadership and development proposition enables this in several ways with an accessible toolbox of interventions that support all colleagues to develop their leadership skills (from leading self, to leading a function or the enterprise), and to develop a coaching culture through functional and technical skills.

CFO'S REVIEW

Sustainable shareholder returns



Matthias Seeger
Chief Financial Officer

"The Group aims to balance sustainable, progressive cash returns and long-term growth in shareholder value."

Store revenue

+5.8%

Total sales

+6.2%

Adjusted PBT

+6.3%

Store portfolio

+32
net new stores

Refinancing

£125m
committed facilities

Financial highlights

The Group delivered a robust performance and made significant strides towards our strategic ambition including continued, resilient growth in stores revenue and successful expansion in partnerships.

- Total sales of £542.5 million increased by £31.6 million (+6.2%) year-on-year (YOY).
- Strong revenue growth of +5.8% across our stores in the UK & Ireland underpinned by like-for-like (LFL) sales growth of +3.4% compared to last year, with particularly strong growth in gifting revenue.
- Our international growth accelerated with the acquisitions of Garven in the US and Garlanna in the Republic of Ireland for combined net consideration of £22.5 million.
- Growth in Adjusted PBT of +6.3% to £66.0 million, at a margin of 12.2%, margins are in line with prior year as our strong performance offsets the effect of inflationary headwinds.
- Robust balance sheet, with strong cashflow from operations and net debt of £58.9 million (FY24: £34.4 million). The net debt position reflects £43.0 million of acquisitions and dividends during FY25.
- Store portfolio in UK & Ireland stands at 1,090 stores at 31 January 2025, up by +32 from 1,058 stores on 31 January 2024.
- Successful refinancing in April 2024, delivered a new four-year £125 million committed revolving credit facility which provides greater flexibility and a firm platform from which we can execute our strategy.
- Dividend per share for FY25 progressively increased by 6.6% to 4.8 pence with a 1.2 pence interim dividend paid in December 2024 and a final proposed dividend of 3.6 pence per share.

Financial performance

	FY25	FY24
Revenue	£542.5m	£510.9m
EBITDA	£127.5m	£122.6m
Adjusted Profit Before Tax	£66.0m	£62.1m
Profit Before Tax	£64.1m	£65.6m
Adjusted earnings per share	14.3 pence	13.5 pence
Basic earnings per share	13.8 pence	14.4 pence
Dividend per share	4.8 pence	4.5 pence
Net debt	£58.9m	£34.4m
Cash from operations	£105.6m	£118.7m
Adjusted Leverage (exc. Leases)	0.7x	0.4x

Adjusted PBT excludes transactions that are either one-off in nature or otherwise not part of the Group's underlying trading performance. In FY25 this includes one-off restructuring costs (£1.9 million), acquisition-related costs (£1.0m million), refinancing costs (£0.5 million) and unrealised gains on derivative contracts (£1.5 million).

Sales

	Total Sales		Change %
	FY25 £m	FY24 £m	
Stores	506.8	478.9	+5.8%
cardfactory Online	8.8	8.8	+0.1%
Getting Personal	4.4	5.9	-25.4%
Partnerships	22.2	17.0	+30.6%
Other	0.3	0.3	-
Group	542.5	510.9	+6.2%

	LFL Sales	
	FY25	FY24
cardfactory Stores	+3.4%	+7.7%
cardfactory Online	+0.1%	+0.4%
cardfactory LFL	+3.3%	+7.6%
Getting Personal	-27.4%	-26.1%



CFO'S REVIEW CONTINUED

Total Group sales for FY25 were £542.5 million, an increase of £31.6 million or +6.2% when compared to the previous year. The sales growth in FY25 was underpinned by LFL sales in cardfactory stores of +3.4% and a £5.2 million increase in partnerships revenue, including £3.9 million of revenue for Garven and Garlanna, which we acquired in the year.

Store sales across the UK & Ireland of £506.8 million increased by £27.9 million or +5.8% compared to the prior year, with LFL sales of +3.4%. Everyday ranges performed strongly, with gifts (+17.8%) and celebration essentials (+3.5%) showing continued positive momentum on LFL sales, supported by positive LFL growth in everyday card. Approximately a third of the total LFL growth was delivered through targeted price increases. Total store sales and LFL store sales both outperformed the non-food LFL sector sales as general high street footfall was down YOY.

Average basket values increased by +6.7%. The increase in basket values was supported by higher average selling prices, delivered via a combination of the price activity described above and continuing to expand and develop our range, particularly in gift and celebration essentials. Gift and celebration essentials had positive LFL growth of 5.6% compared to 2024 and now represents 50.2% of total sales, with approximately one in every two baskets now containing a gift or celebration essentials product.

We continue to optimise and improve our store portfolio, and during FY25, adding 32 stores to our store network. We opened 40 new stores and closed eight increasing our portfolio to 1,090 stores. The value of our flexible approach to the store portfolio is illustrated in the incremental sales growth delivered by non-LFL sales in the year.

Our partnerships business, which focuses principally on B2B sales, delivered total sales of £22.2 million in FY25, compared to £17.0 million in FY24. This included an £11.6 million contribution from SA Greetings (FY24: £10.4 million) as well as a £3.9 million contribution from Garven and Garlanna since they were acquired during the year in September and December 2024 respectively. Other partnerships delivered total sales of £6.7 million, including increased contributions from the annualisation of our offer across the Matalan store estate in the UK and the expansion of our existing agreement with Aldi in both the UK & Ireland.

In online, cardfactory.co.uk delivered positive sales growth towards the end of the year resulting in LFL growth for the full year of +0.1%. Following the cessation of trade on the Getting Personal platform, we are now focused on driving efficient, profitable growth at cardfactory.co.uk.

Within Online, Click & Collect is a key component of our omnichannel offer, differentiating cardfactory.co.uk from pure play online and bricks and mortar retailers in allowing customers to Click & Collect and, since the year end, book balloon appointments in a select number of trial stores. Total online sales (including Getting Personal) declined by £1.5 million, entirely driven by Getting Personal.

Following a review of our online offer, we made the decision to close the Getting Personal platform from 31 January 2025 as we continued our strategic shift in focus to cardfactory.co.uk. Sales on our cardfactory.co.uk platform grew slightly in the year as we focused on delivering improved margins.

Gross profit

	FY25 £m	FY25 % Sales	FY24 £m	FY24 % Sales
Group sales	542.5		510.9	
COGs	(164.4)	(30.3%)	(155.9)	(30.5%)
Product margin – constant currency	378.1	69.7%	355.0	69.5%
FX (losses)/gains	(0.8)	(0.1%)	0.6	0.1%
Product margin	377.3	69.5%	355.6	69.6%
Store & warehouse wages	(134.4)	(24.8%)	(124.0)	(24.3%)
Property costs	(25.0)	(4.6%)	(24.7)	(4.8%)
Other direct costs	(24.1)	(4.4%)	(22.0)	(4.3%)
Gross profit	193.8	35.7%	184.9	36.2%
Adjusted gross profit	192.9	35.6%	184.9	36.2%

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

Overall gross profit for the Group increased by £8.9 million, or +4.8%, to £193.8 million. This reflects a slight reduction in gross margin from 36.2% in FY24 to 35.7% this year, largely due to increased wage costs and a lower effective FX rate. The cost of goods sold (COGs) figure for FY25 includes a one-off impact of £0.6 million relating to the cessation of trade of the Getting Personal platform which reduced the underlying gross margin by 0.2%.

Product margin, when calculated using a constant GBP/USD exchange rate YOY, was favourable with an increase of +0.2ppts to 69.7%. This product margin improvement was achieved in spite of a slight shift towards lower-margin non-card products in sales mix, 51.8% non-card in FY25 which is an increase on a 50.5% mix in FY24.

The Group purchases approximately half of its goods for resale in US Dollars from suppliers in the Far East. Our well-established currency hedging policy continues to protect us against unexpected volatility in GBP/USD exchange rates. Our average USD delivered rate in FY25 of 1.2589 was lower than the prior year (FY24: 1.3121) as expected, which reflects market rates at the time hedges were entered into. Our hedging policy operates over a three-year period, with most hedges placed in the 12-24 months prior to delivery, which was a particularly volatile period for FY25 including record historical low GBP/USD rates in late 2022. The average spot rate during FY22 and FY23, when most of our FY25 deliveries were contracted, was 1.2365. Going forward we expect average delivered rates to move slightly higher, reflecting subsequent increases in market rates.

The net foreign exchange (FX) loss of £0.8 million includes £1.5 million of unrealised gains on our derivative portfolio that will mature in future years and do not reflect current period trading performance. Given the size of these gains in FY25, we have excluded the gain from our Adjusted results (see pages 169 to 172 for further details). Previously these values have been negligible. The increase in underlying FX loss YOY reflects the reduction in average delivered rates described above.

Store and warehouse wages increased by £10.4 million (8.5%), which included the impact of the National Living Wage increasing by +9.7% in April 2023 and +9.8% from April 2024, as well as the further expansion of the store portfolio.

Building on our strong track record of managing inflation through a combination of pricing, efficiency and productivity, we have carried out a robust programme of activity to drive profit margin, as previously guided.

We have actively managed the impact of specific retail inflationary pressures, successfully offsetting a significant proportion of these inflationary wage increases through driving greater efficiencies and improving productivity in our stores via the introduction of a new industry-recognised labour management system implemented in H1. This is optimising labour costs, prioritising value-add customer service activity and removing inefficiencies whilst also allowing us to reduce temporary seasonal and agency labour costs.

This detailed programme also includes evolving our pricing architecture through a 'good', 'better', 'best' approach to range development across card, gift and celebration essentials, enabling product margin improvements.

Property costs, which cover business rates, insurance and service charges (rent is reflected in depreciation and interest costs as a result of the lease accounting rules in IFRS 16) increased by £0.3 million or 1.2%, compared to an increase in the overall size of the store portfolio of 3%.

Other direct expenses include warehouse costs, store opening costs, utilities, maintenance, point of sale and pay-per-click expenditure. We have seen some direct costs increase year on year including energy commodity costs and costs of transmission and distribution. The Group continued to benefit from its long-term energy hedge in FY25, which fixed commodity unit costs at FY22 levels until September 2024. Following expiration of this hedge, we have seen increases in commodity costs in the last third of the year. We continue to have good visibility of commodity costs going forward, with the majority of the Group's requirements out to September 2026 secured.

EBITDA and operating profit

	FY25 £m	FY25 % Sales	FY24 £m	FY24 % Sales
Group sales	542.5		510.9	-
Gross profit	193.8	35.7%	184.9	36.2%
Other operating income	-	-	2.0	0.4%
Operating expenses	(66.3)	(12.2%)	(64.3)	(12.6%)
EBITDA	127.5	23.5%	122.6	24.0%
Adjusted EBITDA	128.6	23.7%	120.6	23.6%
Depreciation & amortisation	(12.2)	(2.2%)	(10.4)	(2.0%)
Right-of-use asset depreciation	(36.4)	(6.7%)	(34.7)	(6.8%)
Impairment reversals/(charges)	0.4	0.1%	(1.1)	(0.2%)
Operating profit	79.3	14.6%	76.4	15.0%
Adjusted operating profit	80.7	14.9%	75.5	14.8%

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 £2.0 million compared to the prior year, £3.4 million of which arises from acquisition-related activity – annualisation of SA Greetings, plus the in-year acquisition of Garven and Garlanna. This also includes the one-off impact of a write down of trade debtors at SA Greetings. We have also incurred one-off restructuring costs associated with the closure of the Getting Personal website and streamlining central support operations as well as transaction costs related to the acquisitions of Garlanna and Garven totalling £1.9 million, which have been excluded from Adjusted results (see page 170).

We have seen successful early results from our productivity and efficiency programme, Simplify and Scale, which has seen operating expenditure prior to acquisitions and one-off costs decrease. This programme and the focus on cost efficiency has enabled us to continue to invest in key areas such as major long-term IT projects and in marketing, where spend has historically been very low, whilst reducing our overall core expenditure. The net impact of the above has seen the operating expenses as a percentage of sales reduce by 0.3% year on year in spite of the inflationary headwinds seen in FY25.

CFO'S REVIEW CONTINUED

As a result, driven primarily by the improved trading performance, EBITDA improved to £127.5 million (FY24: £122.6 million); however, the reduced gross margin as a result of increase in the National Living Wage, means EBITDA margin fell slightly from 24.0% to 23.5%.

Right-of-use asset depreciation has increased by £1.7 million in FY25, this is a result of an overall increase in the store portfolio in the past couple of years, a higher overall average asset value per store and gains in FY24 on disposal of lease assets. 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 capture reductions in market rents where available. During FY25, we achieved net rent reductions on average of around 7%, which will flow through depreciation charges in future years.

EBITDA after deducting depreciation and interest charges relating to store leases, was £83.5 million (a margin of 15.4%) in FY25 compared to £81.8 million in FY24 (a margin of 16.0%).

Depreciation and amortisation, at £12.2 million, was higher than the prior year which reflects the increased capital investment over the last two years and also amortisation related to intangible assets, principally customer-related assets and brands, recognised as a result of the acquisitions of Garlanna and Garven, see notes 10 and 29 in the Financial Statements on pages 147 and 162 for further detail.

Profit Before Tax

	FY25 £m	FY25 % Sales	FY24 £m	FY24 % Sales
Group sales	542.5		510.9	
Operating profit	79.3	14.6%	76.4	15.0%
Gain on acquisition	-	-	2.6	0.5%
Net finance costs	(15.2)	(2.8%)	(13.4)	(2.6%)
Profit Before Tax	64.1	11.8%	65.6	12.8%
Non-underlying transactions	1.9	0.4%	(3.5)	(0.6%)
Adjusted Profit Before Tax	66.0	12.2%	62.1	12.2%

Net finance costs increased by £1.8 million to £15.2 million, which includes interest paid on bank debt, amortisation of refinancing costs and lease interest, offset by interest income earned on cash investments.

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

	FY25 £m	FY24 £m
Interest on bank loans and overdrafts	6.4	6.5
Interest received on deposits	(0.2)	-
Loan issue cost amortisation	1.0	0.6
IFRS 16 leases interest	8.0	6.3
Total finance expenses	15.2	13.4
	FY25 £m	FY24 £m
IFRS 16 depreciation	36.0	34.5
IFRS 16 leases interest	8.0	6.3
Total IFRS 16	44.0	40.8

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.

The average cost of debt, taking into account margin, indexation and the impact of hedging activity, in the period was 7.1% (FY24: 7.4%). This decrease was a result of a lower margin rate achieved in the refinancing completed in April 2024 in addition to gradually lowering market rates of interest. As a result, bank loan interest reduced year on year despite a higher level of overall borrowings as a result of the recommencement of dividends and the acquisitions of Garven and Garlanna.

Loan issue cost amortisation of £1.0 million includes a £0.5 million one-off charge as a result of the refinancing completed in April 2024. 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, which excludes the impact of one-off transactions in the period that are not reflective of the Group's underlying trading performance, was £66.0 million compared to £62.1 million in FY24, an increase of 6.3%. Adjusted PBT margin of 12.2% is in line with the prior year, despite the significant inflationary headwinds absorbed in FY25.

Reported Profit Before Tax for the year was £64.1 million, down £1.5 million from £65.6 million for the previous year.

The total reported profit before tax for the year includes non-recurring finance charges of £0.5 million in respect of the refinancing completed in April 2024, £1.0 million of transaction costs and amortisation due to the acquisitions of Garven and Garlanna, £1.9 million of one-off restructuring costs and unrealised gains on derivatives of £1.5 million. These items are not considered to be reflective of the underlying trading performance of the Group or they are one-off in nature and as such have been excluded from Adjusted PBT. (FY24: One-off gains in relation to SA Greetings gain, Covid provision release and Getting Personal impairment excluded totalling £3.5 million from Adjusted PBT).

Taxation

The tax charge for FY25 of £16.3 million reflects an effective tax rate of 25.4% and has increased £0.2 million compared to FY24.

The effective rate of tax for the year is higher than the equivalent rate applied for the same period last year (24.5%) largely due to the annualisation of increases in corporation tax rates effective from 1 April 2023. The rate is slightly higher than the standard rate applicable to the current financial year (25.0%).

The Group makes UK corporation tax payments under the 'Very Large' companies' regime and thus pays its expected tax bill for the financial year in quarterly instalments in advance. Corporation tax payments in FY25 totalled £16.7 million (FY24: £13.5 million).

Earnings per share

The net reported result for the year was a Profit after tax of £47.8 million, decreased from £49.5 million in FY24. As a result, basic earnings per share (EPS) for the year was 13.8 pence, with diluted EPS of 13.7 pence.

	FY25	FY24
Profit after tax (£m)	47.8	49.5
Adjusted EPS (pence)	14.3 pence	13.5 pence
Basic EPS (pence)	13.8 pence	14.4 pence
Diluted EPS (pence)	13.7 pence	14.3 pence

Adjusted EPS, which excludes the post-tax effect of one-off transactions in the period, was 14.3 pence compared to 13.5 pence in FY24. A reconciliation of all Alternative Performance Measures is set out in the appendix on pages 169 to 172.

Cash flows

	FY25 £m	FY24 £m
Cash from Operating Activities (after tax)	88.9	105.2
Cash used in Investing Activities	(40.5)	(30.0)
Cash used in Financing Activities	(42.9)	(73.2)
Impact of foreign currency exchange rates	(0.1)	(0.8)
Net cash flow for year	5.4	1.2
Operating cash flows less lease repayments	43.3	61.5
Operating cash conversion (%)	82.9%	96.8%
Free Cash Flow	17.3	27.1
Adjusted Free Cash Flow	29.0	27.1

The Group continued to deliver strong cash performance in FY25, with cash from operations (before corporation tax payments) of £105.6 million. This reflects cash outflows considered one-off in nature of £11.7 million (related to the refinancing, acquisition costs and covid provision settlements) or due to timing differences on working capital outflows due to an additional weekly payment run falling into FY25 compared to the previous and subsequent year. As a result cash from operations decreased from £118.7 million in the prior year.

Working capital outflow increased, partially due to the timing of payments considered one-off in nature of £6.0 million compared to the prior year. Total fees of £1.6 million were paid as a result of the refinancing completed in April 2024. Furthermore, £3.3 million was paid in FY25 as a settlement of part of the remaining Covid provision, which is non-recurring.

Operating cash conversion, which is the ratio of Cash from Operations to EBITDA, decreased as a result of the outflows in working capital as above to 82.9% (FY24: 96.8%).

Capital expenditure decreased to £18.4 million in the year (FY24: £27.8 million) as expected, as we continued to invest in infrastructure and growth projects to support our strategy.

Free cash flow, which we define as net cash before M&A activity, distributions or debt repayments, was £17.3 million. Adjusted free cashflow has increased year on year to £29.0 million when the impact of one-off cash outflows are excluded.

We invested £22.5 million in the acquisitions of Garven and Garlanna during the year and paid total dividends of £19.8 million in respect of a final dividend for FY24 (4.5 pence per share) and an interim dividend for FY25 (1.2 pence per share).

CFO'S REVIEW CONTINUED

Acquisitions

During the year, we accelerated our international growth plans by completing two acquisitions – Garlanna in the Republic of Ireland and Garven in the United States.

On 4 September 2024, the Group acquired 100% of the issued equity of Garlanna Holdings Limited ('Garlanna') for enterprise value of €3.6 million (£2.9 million) calculated on a cash free, debt free basis. This consideration was settled in cash funded from existing facilities.

Garlanna trades as a publisher and wholesale supplier of cards, wrap and gift bags in the Republic of Ireland. Garlanna's historical revenues have typically been less than 1% of the consolidated annual revenue of the Group. The acquisition will strengthen the Group's position within the Republic of Ireland market and is expected to provide further wholesale opportunities, particularly in the convenience sector.

On 4 December 2024 the Group acquired 100% of the members' interest of Garven Holdings, LLC ('Garven') for enterprise value of \$25.0 million (£19.6 million) calculated on a cash free, debt free basis. This consideration was settled in cash funded from existing facilities.

In line with cardfactory's growth plan, this acquisition accelerates our partnerships strategy in one of our key international target markets. It marks cardfactory's physical entry into the US gift and celebration essentials market, which represents the biggest market globally at c.£70 billion. Garven has an established customer base of general and specialty retailers which will allow cardfactory to drive design and buying synergies, alongside opportunities to introduce its own ranges into the US wholesale market.

Garven's historical revenues have typically been less than 5% of the consolidated annual revenue of the Group. In line with cardfactory's growth plan, this acquisition accelerates our partnerships strategy in one of our key international target markets.

We look forward to exploring the full range of potential growth opportunities with our new colleagues in both businesses, and enhancing our presence and offer in both the US and Ireland.

The accounting for the acquisitions has been completed, and has resulted in the recognition of intangible assets of £12.9 million and £8.7 million of goodwill. See note 29 to the Consolidated Financial Statements for more information. We expect to exclude the amortisation of acquired intangibles from our Adjusted PBT going forward.

Capital expenditure

Total capital investments to grow the business and deliver the strategy were £18.4 million in FY25, decreased from £27.8 million in FY24.

Key investments included a point of sale (POS) upgrade in stores which is expected to roll out across FY26, developing our network infrastructure in stores and the continued delivery of our long-term project to upgrade our business support systems, with extended ERP functionality in relation to inventory management.

In addition, we continue to invest in opening new stores and refreshing the store estate, including continued delivery of our store evolution programme, which has enabled expansion of gift and celebration essentials in store, without negatively impacting card LFLs.

Looking forward, we continue to expect capital expenditure will average £20 million per annum through to FY27. FY26 priorities include the POS rollout across our store estate, implementation of enhanced ERP functionality and other infrastructure projects to enable us to deliver online growth and improved partnership capabilities.

Net debt

	FY25 £m	FY25 Leverage	FY24 £m	FY24 Leverage
Current borrowings	0.1		7.1	
Non-current borrowings	73.9		37.9	
Total borrowings	74.0		45.0	
Add back capitalised debt costs	1.4		0.7	
Gross bank debt	75.4		45.7	
Less cash	(16.5)		(11.3)	
Net Debt (exc. Leases)	58.9		34.4	
Leverage (exc. Leases)		0.5x		0.3x
Adjusted Leverage (exc. Leases)		0.7x		0.4x
Lease liabilities	110.4		100.8	
Net Debt (inc. Leases)	169.3		135.2	
Leverage (inc. Leases)		1.3x		1.2x

Our balance sheet remains strong. In FY25 we delivered strong underlying operating cash flows and made disciplined investments in line with the principles of our capital allocation policy.

Net debt increased to £58.9 million in FY25, which includes expenditure on acquisitions, dividend payments and the one-off cash flow impacts described above. We have accelerated our international growth strategy with the acquisitions of Garven and Garlanna, for cash consideration of £22.5 million, net of cash acquired as above. We have also recommenced dividends payments in FY25, with total payments of £19.8 million.

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 on page 66, 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 appendix on pages 169 to 172. Both metrics remain comfortably below the Group's long-term target to keep leverage below 1.5x throughout the year.

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

Facility	31 January 2025 £m	31 January 2024 £m
£18.75m Term Loan 'B'	-	18.8
£125m/£100m Revolving Credit Facility	75.0	26.0
Overdraft facilities	-	0.2
Property mortgage	0.4	0.6
Accrued interest	-	0.1
Gross bank debt	75.4	45.7

On 26 April 2024, the Group successfully concluded a refinancing of its debt facilities, having agreed a new four-year £125 million committed revolving credit facility with a syndicate of banks. The previous revolving credit facility and Term Loan B have been fully repaid and cancelled.

The new facilities have an initial maturity date in April 2028, with options to extend by up to 19 months, subject to lender approval. The facilities include a £75 million 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%, which is lower than the previous facilities.

The new 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 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. These facilities provide a firm platform from which we can execute our strategy with all previous dividend and capital limits removed.

At 31 January 2025 the Group had undrawn committed facilities of £48.8 million (FY24: £74.0 million), resulting in total cash and committed facilities of £65.3 million (FY23: £85.3 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; and
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.

During FY25, we invested £22.5 million in the acquisitions of Garlanna and Garven, as described on page 66.

CFO'S REVIEW CONTINUED

On 24 September 2025, the Board declared an interim dividend for FY25 of 1.2 pence per share, which was paid on 11 December 2024 to shareholders on the register on 1 November 2024.

At the Annual General Meeting on 19 June 2025, the Board will recommend to shareholders a final dividend of 3.6 pence per share for the year. If approved, the dividend will be paid on 27 June 2025 with a record date of 30 May 2025.

At the present time, considering the ordinary dividends paid and proposed in respect of FY24 and FY25, completed acquisitions, the Group's liquidity profile and available cash and committed facilities for FY26, the Board does not consider there to be surplus cash for further returns.

The Board remains confident in the future cash flow generation prospects of the Group and, in future, where the Board concludes that the Group has excess cash, taking into account, inter alia, the performance and prospects of the Group, together with any potential investment opportunities, the Board expects to make additional returns to shareholders. The Board will consider at the time the most appropriate method of returning such cash to shareholders.

Outlook

The Board remains confident in the compelling growth opportunity for our business, in particular to grow our share of our customers' total celebrations spend.

Our expectation to deliver mid to high single digit percentage growth in Adjusted Profit Before Tax in FY26 is unchanged.

This will be underpinned by the continued growth of our core stores business, integration and delivery from our acquired businesses and ongoing successful execution of our efficiency and productivity programme to maintain PBT margin rates.

Further, we target free cash productivity of between 60-70%, supporting continued progressive cash returns to shareholders in line with our capital allocation policy.

The macro-environment remains uncertain and cost inflation, particularly in wages and employment taxes in the UK, will continue at elevated levels into FY26.

We are well placed to manage these challenges and are confident in our ability to offset cost inflation over the course of the year to deliver our expectation of profit growth. We currently expect the phasing of profit delivery in FY26 to be similar to FY25, reflecting the seasonal nature of the business and the timing of wage and tax inflation in H1.

Matthias Seeger
Chief Financial Officer
7 May 2025

RISK MANAGEMENT

Managing our risks

Risk management, an integral aspect of conducting business, involves striking a balance between risk and reward, dictated by careful assessment of potential outcomes, impacts and risk appetite.

Approach to risk management

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

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

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

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

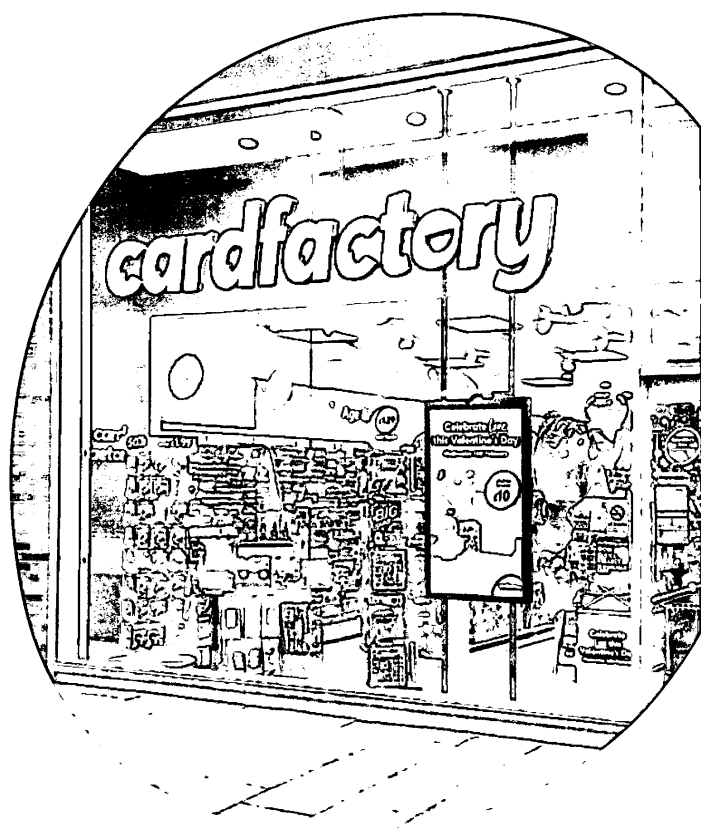
With the oversight of the Board and detailed scrutiny by the Audit & Risk Committee, members of the senior leadership team are responsible for identifying emerging risks and executing mitigation plans. A comprehensive review of all risks and the adequacy of the process to identify up and coming risks was conducted at the end of the financial year.



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

The Audit & Risk Committee assists the Board in maintaining a robust risk management framework by approving the risk management process and frequently reviewing the Group's principal risks and risk appetite. More information on risk governance can be found in the Audit & Risk Committee Report on pages 87 to 90.

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



RISK MANAGEMENT CONTINUED

Risk management process

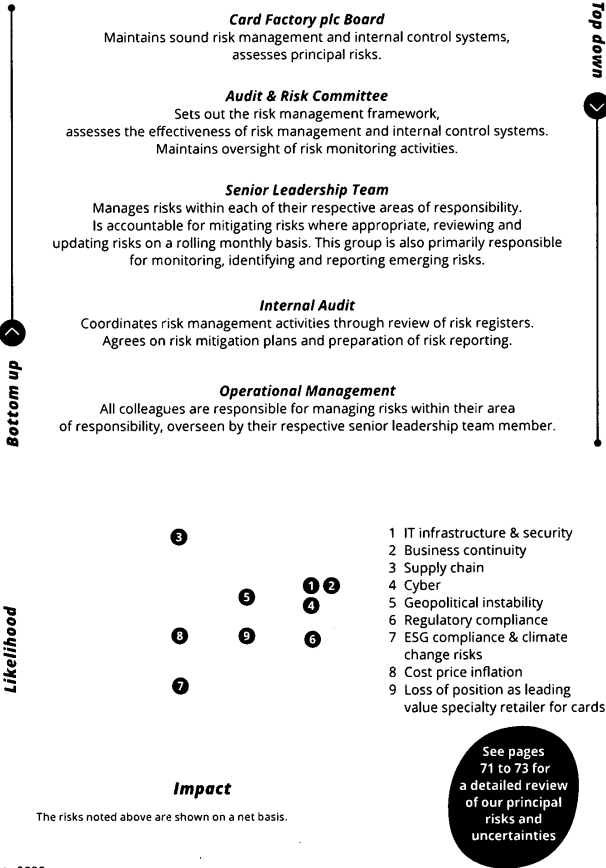
- 1

Identify
 - Risk registers compiled.
 - Risk mapping to identify emerging issues.
- 2

Assess
 - Determining the likelihood of risk occurrence.
 - Evaluating the potential impact.
- 3

Mitigate
 - Agreeing actions to manage the identified risks.
 - Ensuring control measures are in place.
- 4

Monitor
 - Reviewing the effectiveness of controls.
 - Maintaining continued oversight and tracking.



Principal risks and uncertainties

As noted in FY24, an extensive review of the risk management framework was undertaken, which identified opportunities to further enhance the risk management framework. During the year, several enhancements to the framework have been implemented. These include updating risk management roles and responsibilities, and introducing supplementary impact criteria – this helps guide risk owners when assessing risks as well as introducing a new reporting format to the Audit & Risk Committee.

The Audit & Risk Committee performs a thorough assessment of the principal risks facing the Group at each meeting, specifically, April, June, September 2024 and January 2025. Modifications have been made to the principal risks with the addition of 'loss of position as the leading value specialty retailer for cards' in January 2024, whilst one risk has seen an increase and two have decreased in their net risk score.

On a quarterly basis, emerging risks to the Group are discussed by the senior leadership team and are presented to the Audit & Risk Committee for consideration. These are either added to the Group Risk Register, retained on the emerging risk list or are discounted. Four emerging risks have been identified which resulted in two risks being consolidated with existing risks on the Group Risk Register, and two remaining on the emerging risk list. The two emerging risks incorporated into existing Group risks are 'increasing helium costs and environmental impact' and 'increasing price of stamps/impact on card sales and delivery schedule'.

Risk trend

Increasing
 Stable
 Decreasing

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

Operational risks

Risk	Trend	Description	Mitigation
IT infrastructure and security Link to strategy 2 3		Outdated, unsupported IT systems and software could expose the business to security incidents, unauthorised access and data breaches resulting in fines/censure/outages/disruption/lost sales/revenue etc.	- An IT strategy is in place that includes the approach being taken regarding the removal / migration of out-of-date legacy systems, including ringfencing systems to provide an additional layer of security. Also, IT specialists support out of date/legacy systems and back up arrangements and an IT disaster recovery plan is in place. - Also see Cyber risk below for additional mitigations.
Business continuity Link to strategy 2 3		Significant disruption to the operation, including support centre, distribution centres, the Printcraft site, design studio and IT systems could severely impact the Group's ability to supply stores and retail partners or fulfil online sales resulting in financial loss, fines, loss of sales and/or reputational damage.	- A business continuity management framework and policy are in place, which are reviewed annually and approved by the senior leadership team. - Crisis management, business continuity and IT disaster recovery plans are in place for all operations of the business which are reviewed annually or when major changes to processes occur or incidents arise. These plans include business impact analysis, crisis response teams, recovery techniques, resources etc. - The business continuity and IT disaster recovery plans are tested annually with lessons learned being produced and plans updated accordingly.
Cyber Link to strategy 2 3		Prolonged loss or disruption to IT capability which could result in unauthorised access/data breaches, void of insurance cover, malware, ransomware, significant IT disruption, fines for negligence by the ICO, legal prosecution from customers, settlements, leading to a loss of sales, reduction in share price and lack of confidence by shareholders.	- The IT strategy includes our approach regarding the removal/migration of out of date/legacy systems as noted in the IT infrastructure and security risk. - Two-factor authentication (2FA) has been implemented on applicable systems. - Annual penetration tests performed and patch management policy in place and executed. - New password policy introduced in line with 'cyber essential' to provide increased access security. 'Bring Your Own Device' (BYOD) mobile device management system is now mandatory when accessing cardfactory systems for all mobile BYOD devices and colleagues can no longer access business information unless the devices is enrolled and meets company requirements. - Point of sale meets all payment card industry (PCI) compliance requirements and PCI training is refreshed annually and completion rates tracked. - Cyber expertise is employed within the business and appropriate cyber controls are in place. Plans designed to continue to address multiple cyber risks. - Data Protection Officer in place.

RISK MANAGEMENT CONTINUED

Risk trend

 Increasing
  Stable
  Decreasing

Link to strategy: **1** Increasing breadth of product offering

2 Create a full omnichannel offer

3 A robust and scalable central model

Risk	Trend	Description	Mitigation
Supply chain Link to strategy 1		The Group uses many third parties for the supply of products, predominantly based in China. Risks include the potential for supplier failures, risks associated with manufacturing and importing goods from overseas, potential disruption at various stages of the supply chain and suppliers failing to act or operate ethically which could result in unavailability of stock leading to reduced sales.	- Multiple suppliers utilised across product and category ranges to offset supply or cost pressures. - Detailed critical path process in place for each season detailing plans from design to delivery, which is reviewed weekly and supported by quarterly 2-way supplier KPI reviews, with actions taken if issues arise. - All overseas suppliers sign up to an online compliance platform providing all necessary documentation including adoption of minimum supply chain standards (including ethical and technical audits, e.g. BSCI, SA8000 and ISO9001) and adherence to anti-bribery and corruption and modern slavery standards. Compliance is supported through our Sedex membership with a 'no audit, no order' policy. - All product testing and quality control inspections undertaken by authorised accredited providers. - Active monitoring of shipping channels and when issues arise these are discussed by the senior leadership team regarding any potential impact with plans drawn up to offset any delays in goods being received. - Multiple shipping agents and lines are utilised.
Regulatory compliance Link to strategy 1 3		The Group is exposed to a diverse number of legal and regulatory compliance requirements including Modern Slavery Act, the General Data Protection Regulation (GDPR), Listing Rules, employment law, tax, FSC, product safety, competition law, etc. Failure to comply with these laws and regulations could lead to financial claims, penalties, awards of damages, fines or reputational damage which could significantly impact the financial performance of the business.	- Compliance responsibilities matrix in place detailing all compliance-related matters across the organisation with assigned owners. - Ongoing review of regulatory changes monitored by relevant owners to identify developments and ensure changes to operations, processes, training, as applicable. - External advisers in place who provide ad hoc information updates or highlight changes to existing legislation or new regulations that may impact the organisation. - Access to external bodies who provide updates on specific regulations e.g. product labelling and product safety. - Governance, Listing Rules, DTRs, Market Abuse etc. overseen by the General Counsel. - Quality assurance process in place to ensure that products comply with legal/ethical regulations/legislation etc.

Strategic risks

Risk	Trend	Description	Mitigation
ESG compliance and climate change risks Link to strategy 1 3		Failure to meet requirements of institutional investors, customers and other stakeholders on Environmental, Social and Governance (ESG) requirements may have an adverse impact on our colleagues, customers, suppliers and our reputation which could lead to a decline in sales and profits.	'Delivering a Sustainable Future' plan launched which outlines our sustainability strategy. The strategy is built around four key areas where we want to deliver a positive impact: Climate, Waste & Circularity, Protecting Nature and People & Equity. - Each pillar has a roadmap, detailing commitments and targets with owners assigned. - Various other actions in relation to ESG can be found on pages 36 to 43.

Risk trend

 Increasing
  Stable
  Decreasing

Link to strategy: **1** Increasing breadth of product offering

2 Create a full omnichannel offer

3 A robust and scalable central model

Risk	Trend	Description	Mitigation
Loss of position as leading value specialty retailer for cards Link to strategy 1	NEW	Changing customer sentiment/behaviours/ dramatic shift in the market and/or the deterioration of our value proposition and perception could result in decline of penetration and footfall negatively impacting sales and profits.	- Monthly tracking of market data, customer metrics, brand data and transaction metrics. - Tracking of competitiveness of offers. - Targeted campaigns and promotions to mitigate deterioration of value perception. - Development of online presence as additional channel.

Financial risks

Risk	Trend	Description	Mitigation
Geopolitical instability Link to strategy 3		Geopolitical instability may result in cardfactory being unable to secure the products required to fulfil customer demand on time and at acceptable prices. This could result in customer dissatisfaction, reputational impact, loss of market share, loss of sales and erosion of expected profit margins.	- Continual review of supply base to understand best route to market (and to protect prices and impact on trading performance) including options to move supply to new territories and using UK based suppliers to assist in mitigating any supply issue. - Price elasticity assessments undertaken to provide insights on consequences of future price increases. - Review of import tariff duties and 'live' Government legislative changes in the UK and new territories to ensure we are always sourcing from the best source to support the overall business. - Continual review of global matters that may affect supply.
Cost price inflation Link to strategy 3		Increasing input costs could result in higher product retail prices which could lead to lack of demand/lost sales impacting profits.	- Input costs are monitored, and proactive plans are developed as part of the annual planning and monthly review process to mitigate cost price inflation. - Hedging in place for foreign exchange, interest and energy; policies reviewed annually, and hedging position reviewed monthly. - Management of freight rates process in place and market monitored to identify any potential increases so that these can be factored into pricing decisions. - Helium contracts negotiated to manage costs.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

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

Reporting requirement	Relevant information	Policies and standards
Information necessary to understand the Company's development, performance and position and the impact of its activity relating to:		
1. Environmental matters, sustainability and climate-related information (including governance arrangements, the impact of the Company's business on the environment).	Pages 36 to 55	Page 72
2. The Company's employees.	Pages 35, 41 and 59	Page 59
3. Social matters.	Pages 42 and 57	Pages 39 and 40
4. Respect for human rights.	Pages 58 and 72	Page 72
5. Anti-corruption and anti-bribery matters.	Pages 72 and 86	Page 72
Required information		
6. Description of the Company's business model.	Pages 18 to 21	
7. Description of policies (and any due diligence processes implemented pursuant to those policies) pursued by the Company in respect of items 1 to 5 above and a description of the outcome of those policies.	See the sections referred to above	
8. A clear and reasoned explanation if the Company does not pursue any policies in respect of the above matters.	Not applicable	
9. Description of the principal risks relating to items 1 to 5 above and where relevant and proportionate, a description of the business relationships, products and services which are likely to cause adverse impacts in those areas of risk and a description of how it manages such risks.	Pages 69 to 73	
10. Description of the non-financial key performance indicators relevant to the Company's business.	Pages 56 to 59	
11. Where appropriate, references to and additional explanations of amounts included in the accounts.	The accounts are produced in accordance with UK-adopted international accounting standards and applicable law. See pages 169 to 172 for Alternative Performance Measures.	

The Strategic Report, which was approved by the Board on 6 May 2025 and is set out on pages 1 to 74.

Darcy Willson-Rymer
Chief Executive Officer
7 May 2025

Governance

Governance

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88	Audit & Risk Committee Report
91	Chair's letter – Remuneration Committee
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102	Annual Report on Remuneration
115	Chair's letter – Nomination Committee
116	Nomination Committee Report
117	Directors' Report
122	Statement of Directors' responsibilities

CORPORATE GOVERNANCE
CHAIR'S LETTER



Paul Moody
Non-Executive Chair

Dear Shareholder

Encouraging progress has been made during FY25 in pursuing the ‘Opening Our New Future’ strategy. The Company has delivered both sales growth and profit growth, particularly in the UK & Ireland store estate, whilst investing in key strategic growth areas, notably the acquisitions of Garlanna and Garven.

The Board has continued to be focused on governance and oversight to support setting strategic priorities and targets and supporting the executives and senior leadership in building a sustainable, growing business. The Board are particularly pleased with the endorsement of our effectiveness from the external Board review, but are not complacent as we and the senior leadership team continue to address new challenges, helping to steer the cardfactory Group through continuing inflationary pressures and the consequences of macro-economic and geopolitical uncertainty.

There were a number of changes to the Board during the year, welcoming Pam Powell as Senior Independent Director, replacing Roger Whiteside in June 2024, and Tripp Lane stepping down in July 2024. Whilst far from the primary objective, these changes significantly improved the overall diversity of the Board, which was an objective from the previous financial year. We recently concluded that the Board is appropriately diverse, across a range of criteria (of which gender and ethnicity are just part) and do not consider it to be in the interests of shareholders, or the effectiveness of the Board, to recruit an additional director solely to achieve the recommended 40% of women members. The Board will keep all aspects of experience and diversity under review.

I welcomed the opportunity to meet with a number of our shareholders during the year, to discuss the Company's performance, receive feedback on the strategic direction and to understand any concerns they might have had regarding governance. These meetings also satisfied the requirement to consult shareholders following our 2024 AGM. The insight, challenge and preferences of our stakeholder groups continues to be fully evaluated in the Board's decision making.

I am grateful to Matthias Seeger, who has assumed responsibility for being the Board member sponsoring the sustainability agenda, as well as overseeing implementation of the ESG strategy across the business. I continue to hugely enjoy my role as designated Board member for colleague engagement, ensuring that the Board reflects on the views and priorities of this group, alongside the other key stakeholder groups.

The Board has continued to review corporate governance developments, including the changes to be introduced by the Corporate Governance Code 2024 and work is underway to comply with the updated code, as appropriate.

With increased analyst reporting on cardfactory, now eight independent contributors, the Board appreciates the efforts of the Executive Directors to further enhance engagement and transparency with our investors and prospective investors.

We look forward to welcoming shareholders to our AGM on 19 June 2025.

Paul Moody
Chair
7 May 2025

GOVERNANCE AT A GLANCE

Compliance statement – Code principles

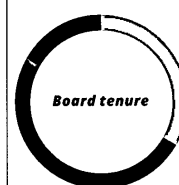
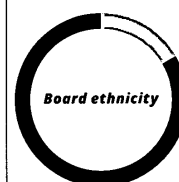
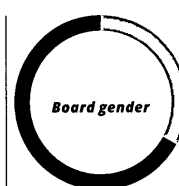
The following table references sections of this report that demonstrates how the Company has complied with the principles of the Code:

	Pages		Pages		Pages
Board leadership and company purpose		Division of responsibilities		Audit, risk and internal control	
Promoting and preserving long-term value	2-9	Board structure and independence	80	Audit & Risk Committee Report	87-90
Purpose, values, strategy and culture	14, 15, 24 & 83	Board responsibilities	80	Independence and effectiveness of external auditor and internal audit	90
Section 172 statement	56	Board experience	77	Fair, balanced and understandable	90
Board engagement with shareholders and stakeholders	56-59	Composition, succession and evaluation		Risk management and internal control framework	69-73
Managing Director conflicts of interests	85	Nomination Committee Report	115-116	Remuneration	
Workforce policies and practices	35, 59	Board succession planning	116	Remuneration Committee Report (including Policy)	91-114
		Board evaluation	84-85		

Code compliance

The Company fully complied with the principles and provisions of the UK Corporate Governance Code (2018) published by the Financial Reporting Council (Code) during the financial year. The Company intends to comply with the 2024 version of the Code from 1 February 2025. The Code can be obtained from [frc.org.uk](https://www.frc.org.uk).

The Board has focused on ensuring it provides strategic challenge and direction to the executive and senior leadership team and supporting the framing of the strategic priorities, which include reassessment of values, cultural development and addressing stakeholder feedback. Specific examples include undertaking an annual review of the strategic plan and reviewing the specific priorities to support delivery of the initiatives, with a detailed operating plan to support achievement of the ambitious multi-year change agenda for the business to realise long-term growth. The Board and its Committees have also adopted detailed activity schedules to ensure that over the course of a year, it undertakes the reviews and assessments required by the Code.



Board member experience

	Design/ Manufacturing	Retail	Online/ Omnichannel	International	Wholesale	Franchise	Brand Owner	ESG	Supply Chain	Finance	Marketing	Listed Company
Paul Moody	■				■		■	■	■			■
Darcy Willson-Rymer		■			■	■	■		■			■
Matthias Seeger	■	■			■	■	■	■	■	■		■
Pam Powell	■				■	■	■	■			■	■
Rob McWilliam		■	■		■		■		■	■		■
Indira Thambiah	■	■	■		■		■		■	■		■

See the Board of Directors on [pages 78-79](#).

BOARD OF DIRECTORS



Paul Moody
Non-Executive Chair



Darcy Willson-Rymer
Chief Executive Officer



Matthias Seeger
Chief Financial Officer

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

R N

Date of appointment
19 October 2018

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

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

Current external appointments
Non-Executive Chair of 4imprint Group plc (LSE:FOUR).

Date of appointment
8 March 2021

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

Date of appointment
22 May 2023

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

Matthias is the Director accountable for sustainability and ESG.



Pam Powell
Senior Independent
Non-Executive Director



Date of appointment
21 June 2024

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

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



Robert (Rob) McWilliam
Independent
Non-Executive Director



Date of appointment
1 November 2021

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

Current external appointments
Rob is currently Non-Executive Director and Audit Committee chair of the Solicitors Regulation Authority, Non-Executive Director of Venture Simulations Limited and Non-Executive Director of Fruugo plc (unlisted).



Indira Thambiah
Independent
Non-Executive Director



Date of appointment
1 September 2022

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

Current external appointments
Indira is currently Senior Independent Non-Executive Director and Audit Committee chair of Vivobarefoot Limited and Non-Executive Director and Remuneration Committee chair of Warpaint London plc (AIM: W7L).

Committed to the highest standards

Leadership and approach

The Board is committed to achieving the highest standards of corporate governance. The Board understands the importance of its leadership in setting the culture and values and in the achievement of long-term sustainable success, while successfully managing risks for our stakeholders.

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

Key governance activities

Key activities during the year included:

- Review of the strategic plan and extension of the financial outlook to at least FY30.
- Review of the FY26 budget and annual operating plan, including prioritising strategic projects and investments to support long-term growth.
- Assessment of acquisition opportunities (including the acquisitions of Garlanna in September 2024 and Garven in December 2024) and the alignment with strategic priorities.

- Organisational design, including identification of target operating model to account for international expansion and acquisitions.
- Externally conducted Board effectiveness assessment, and review of size, composition, skills, experience and diversity of the Board, in parallel with shareholder consultation following the 2024 AGM.
- Review of targets and progress in establishing the foundations to achieve our ESG ambitions.
- Succession planning for the Board and the senior leadership team and their direct reports.

Board composition, balance and independence

The Board currently comprises six members. During the FY25 financial year, eight Directors served on the Board: Paul Moody, Roger Whiteside (until 20 June 2024), Pam Powell (from 21 June 2024), Tripp Lane (until 26 July 2024), Rob McWilliam, Indira Thambiah, Darcy Willson-Rymer and Matthias Seeger.

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

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

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

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

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

The skills and experience of the Board is kept under constant review, together with succession planning for the Board as a whole.

The Chair is the nominated Board member responsible for workforce engagement and the CFO is the Board member responsible for our sustainability strategy.

Board responsibility

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

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

Board attendance

During the year, the Board held nine scheduled meetings and 12 other ad hoc Board or sub-committee meetings. The Committees of the Board also convened meetings during the year, with attendance as follows:

Director	Role	Scheduled Board meetings	Other Board or committee meetings	Remuneration Committee (5 meetings)	Audit & Risk Committee (4 meetings)	Nomination Committee (4 meetings)
Paul Moody	Non-Executive Chair & Chair of Nomination Committee	9 of 9	1 of 1	5 of 5	–	4 of 4
Roger Whiteside ¹	Senior Independent Non-Executive Director	2 of 2	0 of 0	1 of 1	3 of 3	0 of 1
Pam Powell ²	Senior Independent Non-Executive Director	6 of 6	1 of 1	3 of 4	1 of 2	2 of 3
Nathan (Tripp) Lane ³	Non-Independent Non-Executive Director	4 of 4	0 of 0	–	–	–
Rob McWilliam	Independent Non-Executive Director	9 of 9	1 of 1	5 of 5	4 of 4	4 of 4
Indira Thambiah	Independent Non-Executive Director	9 of 9	1 of 1	5 of 5	4 of 4	4 of 4
Darcy Willson-Rymer	Chief Executive Officer	9 of 9	12 of 12	–	–	–
Matthias Seeger	Chief Financial Officer	9 of 9	11 of 12	–	–	–

1. Roger Whiteside resigned on 20 June 2024.
2. Pam Powell was appointed 21 June 2024.
3. Nathan (Tripp) Lane resigned on 26 July 2024.



See the Committee Reports on [pages 87-116](#).

CORPORATE GOVERNANCE REPORT CONTINUED

Board activities and effectiveness

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

The Board had in place a schedule of matters that were discussed during the year and a similar schedule is in place for the current financial year. As part of normal planning, the Board puts these schedules in place in advance of each financial year.

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

The key topics discussed by the Board during the year were:

Strategy	Performance	Governance
- Group strategy evolution to FY30 and beyond. - Annual operating plan and projects and investments to align with the strategic plan. - Group budget and investment priorities. - IT strategy, cyber security and ERP investment review. - Potential acquisitions and strategic alignment. - Refinancing. - Capital Allocation Policy.	- Trading performance including annual and interim results. - Key project updates. - KPIs and balanced scorecard performance. - Seasonal, divisional and strategic initiative trading reviews. - Market performance including customer data and insights. - Garlanna and Garven acquisitions and review of performance. - Shareholder returns. - Remuneration Committee assessment of business performance for variable pay awards (annual bonus and share awards). - Health and safety performance.	- Stakeholder engagement, including shareholder consultation following 2024 AGM. - Externally conducted Board effectiveness evaluation and internal Committee effectiveness assessments. - Reviews of performance against Board objectives. - Board structure, experience, and diversity, including SID appointment. - Senior leadership team appointments. - Colleague engagement, policies and remuneration, including diversity, equality and inclusion. - ESG strategy, engagement, including support of The Card Factory Foundation. - Succession planning. - Governance and legal updates and approvals for matters reserved for the Board. - Risk and Internal Audit controls. - Organisational design, including target operating model to take account of acquisitions. - Committee reviews as required by applicable Terms of Reference and updates to Committee Terms of Reference.

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

Board strategy review

The Board held its annual strategy review with the senior leadership team in July 2024. This focused primarily on development and extension of the strategy and outlook to at least FY30, understanding market insights, assessment of the competition and cardfactory's customer perception of value, and the evolution of the business towards celebration occasions. This strategy review also assessed the organisational structure requirements to realise this plan, which facilitated further development for subsequent review later in the financial year.

Non-Executive Director meetings

The Chair and the other Non-Executive Directors met on one separate occasion in the year without Executive Directors being present. They intend to continue to meet regularly to ensure that any concerns can be raised and discussed outside formal Board meetings. The Chair and the other Non-Executive Directors regularly have informal meetings with the Executive Directors and other members of the senior leadership team in the business, at a store location or at the Group's support centre.

cardfactory culture

The Board rely on various indicators to assess the culture of cardfactory, including regular presentations from the management team, the results of colleague engagement surveys, feedback from the colleague listening group (CLG), which the Chair attends as designated Director for workforce engagement, and also ad hoc discussions with colleagues as part of Director store and site visits. The Board recognise the focus on continually enhancing the supportive, inclusive and values-led culture, including providing a platform for colleague personal and professional development.

Colleague engagement (and levels of engagement) remain key performance indicators of engagement, with a significant focus over FY25 to further enhance the opportunities for colleagues to participate in, and support our 'Giving Something Back' value, based on feedback from our last substantive colleague survey.

Board Committees

The Board has three Committees:

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

If the need should arise, the Board may set up additional Committees. Terms of Reference (each of which comply with the Code) for each of these Committees is published on cardfactory's investor website (cardfactoryinvestors.com).

Audit & Risk Committee

The Audit & Risk Committee assists the Board in discharging its responsibilities required by DTR 7.1.3 R, including responsibility for:

- financial reporting;
- external and internal audits, including reviewing and monitoring the integrity of the Group's annual and interim financial statements;
- reviewing and monitoring the extent of the non-audit work undertaken by external auditors;
- advising on the appointment of external auditors;
- overseeing the Group's relationship with its external auditors;
- reviewing the effectiveness of the external audit process;
- reviewing the effectiveness of the Group's internal controls and systems; and
- whistleblowing.

The ultimate responsibility for reviewing and approving the Annual Report & Accounts and the half-year results remains with the Board.

The Audit & Risk Committee will give due consideration to laws and regulations, the provisions of the Code and the requirements of the Listing Rules. The Code recommends that an audit committee should comprise at least three members who are independent non-executive directors and that at least one member should have recent and relevant financial experience. The Audit & Risk Committee was chaired by Rob McWilliam, who the Non-Executive Directors consider has recent and relevant financial experience. The Audit & Risk Committee's other members during the period were Roger Whiteside (until 20 June 2024), Indira Thambiah and Pam Powell (from 21 June 2024). The Directors, therefore, consider that the Company is in compliance with the Code.

The Audit & Risk Committee met four times during the year and, in future, will meet no fewer than three times per year.

This Committee has access to sufficient resources to carry out its duties, including the services of the Group General Counsel & Company Secretary and the Group's Head of Internal Audit & Loss Prevention. Independent external legal and professional advice can also be taken by the Audit & Risk Committee if it believes it is necessary to do so.

The Audit & Risk Committee Chair usually attends the Annual General Meetings of the Company and is available to respond to questions from shareholders on the activities of the Audit & Risk Committee during the year, a report on which is set out on pages 87 to 90 of the Governance section of this Annual Report.

Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including:

- making recommendations to the Board on the Company's policy on executive remuneration;
- setting the over-arching principles, parameters and governance framework of the Group's remuneration policy and ensuring incentives and rewards are aligned with the Group's culture;
- determining the individual remuneration and benefits package of each of the Company's Executive Directors, its Company Secretary and other members of the Group's senior leadership team; and
- ensuring appropriate engagement with shareholders and the workforce takes place on executive remuneration policy and its alignment with wider Company pay policy.

The Remuneration Committee also ensures compliance with the Code in relation to remuneration and is responsible for preparing an annual Remuneration Report for approval by the Company's members at its AGM. The Remuneration Committee undertook a triennial review of the Company's Remuneration Policy, which was approved by shareholders at the 2024 AGM. The Remuneration Committee recently reviewed the appropriateness of this policy and do not propose any changes to this Policy.

The Code provides that a remuneration committee should comprise at least three members who are independent non-executive directors, free from any relationship or circumstance which may, or would be likely to, or appear to, affect their judgement and that the chair of the board of directors may also be a member provided he is considered independent on appointment. The Remuneration Committee during the period was chaired by Indira Thambiah.

CORPORATE GOVERNANCE REPORT CONTINUED

The Committee's other members during the period were Paul Moody, Roger Whiteside (until 20 June 2024), Pam Powell (from 21 June 2024) and Rob McWilliam. The Directors, therefore, consider that the Company is in compliance with the Code.

The Remuneration Committee met five times during the year. In future, it will meet not less than twice a year.

The Board and the Remuneration Committee have engaged Deloitte LLP, the professional services firm, to advise and assist in connection with the Group's executive remuneration arrangements and its reporting obligations. Deloitte LLP provide a number of other consultancy services to the cardfactory Group, including Debt Advisory.

A report on the Remuneration Committee's activities during the year, together with the Directors' Remuneration Report is set out on pages 91 to 114 of the Governance section of this Annual Report.

Nomination Committee

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any Committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or Committee members as the need may arise. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience, and the size, structure and composition of the Board and Committees of the Board, retirements and appointments of additional and replacement Directors and Committee members, and will make appropriate recommendations to the Board on such matters.

The Code recommends that a majority of the members of a nomination committee should be independent non-executive directors. The Nomination Committee is chaired by Paul Moody and its other members during the year were, Roger Whiteside (until 20 June 2024), Pam Powell (from 21 June 2024), Rob McWilliam and Indira Thambiah. The Directors, therefore, consider that the Company is in compliance with the Code.

The Company adopts a rigorous process when recruiting Executive Directors and members of the senior management team, which includes multiple interviews with the Board and peers; psychometric test and interviews with an occupational psychologist, with a focus on making appointments where emotional intelligence, leadership and cultural fit are key requirements in addition to role-specific skills and experience.

The Nomination Committee met four times during the year. In future, the Committee will meet not less than once a year. A report on the activities of the Nomination Committee during the year is set out on pages 115 and 116 of the Governance section of this Annual Report.

Board evaluation

An externally conducted Board effectiveness evaluation was performed during 2024, by Toby Lapage-Norris of Trusted Advisory Partnership Limited (TAP). TAP was selected by the Chair and the General Counsel & Company Secretary, following an informal review of a number of potential advisers. On this occasion, TAP was selected, with recognition of process efficiency arising from the previous engagement with cardfactory, as they had undertaken an external assessment of the Board in 2021. It was noted that TAP had also undertaken a board evaluation for 4imprint Group plc (a company chaired by Paul Moody) in 2022; the Board was satisfied that TAP would provide an objective and independent assessment as part of this review.

TAP reviewed the Board and its Committees' effectiveness, including composition, capability and performance, together with assessment of the quality of discussion and the Board dynamics and composition. The performance of individual Directors was not assessed. TAP complies with the Board Reviewers' Code of Practice. TAP conducted initial surveys, followed by individual interviews with each Board member and other regular meeting attendees.

In addition, separate internally conducted effectiveness assessments, comprising questionnaires and scoring (as employed in prior years) was adopted for each of the Remuneration Committee and the Audit & Risk Committee. The Board then considered the conclusions and recommendations from the review with TAP and applied the findings in setting new Board objectives for the subsequent 12-month period.

The Board effectiveness review identified the following strengths:

- The Board appropriately balances robust strategic discussion with scrutiny in an environment that is wholly transparent, courteous, and respectful. It positively remains ambitious for itself to continue to improve its effectiveness in fulfilling its duties, responsibilities, and obligations, but also to do so in a way that has meaningful impact on the business and its ambitions to deliver sustainable performance.
- Since the 2021 external review, the CEO has matured quickly and well into his role, delivered against the strategic priorities identified, upskilled his leadership teams' capabilities, and engendered genuine trust and confidence with the Board.

- The Board has been significantly refreshed with complementary skills and experience that are aligned with the growth priorities of the business strategy. It is a good and harmonious Board that has fostered deep relationships and trust with the Executive Directors and management and increasingly has generated deep interest and support from external stakeholders.

The Board set the following collective objectives in October 2024, which are to be progressed during the subsequent 12-month period, which are subject to regular reviews:

- FY30 Strategic Plan: Constructive scrutiny and challenge to support development of the FY30 Strategic Plan to focus on long-term growth of the cardfactory business, including:
 - a detailed review of the organisation with the view of adopting a simplified and more efficient model; and
 - year-on year growth of the UK & Ireland store revenues and profitability, substantially recovering inflationary cost through efficiency and price.
- Growth Channel Strategies: Support the management team to develop specific strategies and plans to FY30, including:
 - evaluate the available options for driving profitability for the online business to support a full omnichannel offer; and
 - accelerate the actions necessary to achieve critical mass for the retail partnership business in select international markets, including the US.
- Succession Planning: Develop and commence implementation of a clear succession plan for the CEO and senior team.

In addition to the Board effectiveness review, the Board reflected on the achievement of the objectives adopted in October 2023. It was agreed that good progress was made in meeting these objectives, including increased engagement and support from the Board members in supporting senior leadership on strategic priorities, recognition of the clarity afforded following publication of the Capital Allocation Policy in April 2024, and improvements in Board composition and diversity (see page 116).

TAP have reviewed this summary of the Board evaluation and have approved the contents.

Board evaluation will continue to be conducted on an annual basis with an internally conducted evaluation scheduled to be conducted during 2025.

Conflicts of interest

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

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

The Directors are able to impose limits or conditions when giving authorisation if they feel this is appropriate. All Directors are required to disclose any actual or potential conflicts to the Board and there are no

current matters disclosed that are considered by the Board to give rise to a conflict of interest.

All conflicts are considered by the Board and any authorisations given are recorded in the Board's minutes and reviewed annually by the Board. The Board considers that its procedures to authorise conflicts of interest and potential conflicts of interest are operating effectively.

Appointment and removal of Directors

All Directors have service agreements or letters of appointment in place and the details of their terms are set out in the Directors' Remuneration Report on pages 99 and 100.

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

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

Powers of Directors

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

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

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

Advice, indemnities and insurance

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

Each Director of the Company (and of each other Group company) has (and had, during the financial year to 31 January 2025) the benefit of a qualifying third-party indemnity provision, as defined by section 236 of the Companies Act 2006, as permitted by the Company's Articles of Association. Directors and officers of the companies incorporated in the US also benefit from an equivalent of a qualifying third party indemnity. In addition, Directors and officers of the Company and its subsidiaries are covered by Directors' and Officers' liability insurance. No amount was paid under any of these indemnities or insurances during the year other than the applicable insurance premiums.

Articles of Association

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

Governance and risk

The Board has adopted the risk management framework described on pages 69 and 70 of this Annual Report.

The Board and the Audit & Risk Committee have reviewed the effectiveness of the Group's risk management framework, the Group's risk register and their alignment with the Group's strategic objectives in accordance with the Code for the period ended 31 January 2025 and up to the date of approving the Annual Report and Accounts.

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

Internal control and audit

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

CORPORATE GOVERNANCE REPORT CONTINUED

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

Board	Audit & Risk Committee	Senior Leadership Team
• Takes collective responsibility for internal control. • Reserves certain matters for the Board. • Oversees the control framework and responsibility for it. • Approves key policies and procedures. • Monitors development of performance.	• Oversees effectiveness of internal control framework. • Receives reports from the external auditor. • Approves the annual internal audit programme. • Receives internal audit reports. • Receives risk management reports. • Receives whistleblowing updates.	• Responsible for operating within the control framework. • Approves policies and procedures. • Monitors compliance with policies and procedures. • Recommends changes to controls where needed. • Monitors performance.
Internal Audit	Compliance and safety risk assessors	Loss Prevention Team
• Provides independent, objective assurance to the Board, Audit & Risk Committee and senior leadership team on the adequacy, efficiency and effectiveness of internal controls.	• Reviews compliance with internal procedures to ensure that good health and safety standards are observed.	• Focuses on cash and stock losses, theft and fraud in stores.

Specific elements of the current internal control framework include:

- a list of matters specifically reserved for Board approval;
- a clear framework for delegated responsibilities, mandating escalation of decisions to more senior colleagues within the business, or ultimately the Board, where appropriate;
- clear structures and accountabilities for colleagues, well understood policies and procedures, all of which the senior leadership team are closely involved with;
- every member of the senior leadership team having clear responsibilities and operating within defined policies and procedures covering such areas as capital

expenditure, treasury operations, financial targets, human resources management, customer service and health and safety;

- the Executive Directors and the senior leadership team monitoring compliance with these policies and procedures and, in addition, regularly reviewing performance against budget, analysis of variances, major business issues, key performance indicators and the accuracy of business forecasting; and
- a continuous review programme of store compliance by the loss prevention team in relation to financial procedures in stores, and by risk assessors working in the health and safety team and by other teams within the Group.

The Audit & Risk Committee has responsibility for overseeing the Group's system of internal controls and the programme of activities performed by internal audit and receives the report of the external auditor as part of the annual statutory audit. Additional information on the activities of the Audit & Risk Committee can be seen in the report of the Audit & Risk Committee on page 88.

The Board and the Audit & Risk Committee have monitored and reviewed the effectiveness of the Group's internal control systems in accordance with the Code for the period ended 31 January 2025 and up to the date of approving the Annual Report & Accounts and confirmed that they are satisfactory. Internal control systems such as this are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material accounting misstatement or loss. Where any significant failures or weaknesses are identified from the systems of internal control, action is taken to remedy these.

Disclosures under DTR 7.2.6 R

The disclosures the Company is required to make pursuant to DTR 7.2.6 R are contained in the Directors' Report on pages 117 to 121.

Anti-bribery

The Group has implemented internal procedures, colleague training and measures (including the provision of an Anti-Corruption and Bribery Policy) with the aim of ensuring compliance with the UK Bribery Act 2010 (as amended) by the Company and other members of the Group.

Whistleblowing

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

We recognise that a culture of openness and accountability is essential in order to prevent such situations occurring or to address them when they do occur. We provide a whistleblowing line and maintain a whistleblowing policy that is designed to encourage colleagues to report such situations without fear of repercussions or recriminations provided that they are acting in good faith. By having early knowledge of any wrongdoing or illegal or unethical behaviour, we improve our ability to intervene and stop it. The policy sets out how any concerns can be raised and the response that can be expected from the Company and provides colleagues with the assurance that they can do this in complete confidence. Our loss prevention team, in its day-to-day activities, seeks to reinforce this message and, in addition, the Group periodically uses communication campaigns to supplement this. The Audit & Risk Committee is notified of any whistleblowing reports.

This report was reviewed and approved by the Board on 6 May 2025.

Paul Moody
Chair
7 May 2025

AUDIT & RISK COMMITTEE CHAIR'S LETTER



Rob McWilliam
Chair of the Audit & Risk Committee

Committee members

Rob McWilliam (Chair)

Pam Powell

Indira Thambiah



We have focused our attention on risk management, the oversight of financial reporting, and internal control matters this year."

Dear Shareholder

I am pleased to present this year's Audit & Risk Committee (Committee) Report. The Report outlines how the Committee discharged its responsibilities over the past year and the key areas it considered in doing so.

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

The Committee has an annual agenda aligned to its Terms of Reference and it provides flexibility to include additional topics of particular importance to allow the Committee to respond to any emerging issues. The Committee's Terms of Reference are available on the Company's website.

The composition of the Committee has changed during the year with Pam Powell joining the Committee on 21 June 2024 and Roger Whiteside retired as a Non-Executive Director and member of the Audit & Risk Committee on 20 June 2024. I would like to express my thanks to Roger for his contribution to our discussions and welcome Pam.

The Committee monitors engagements with external stakeholders relevant to the Committee's areas of oversight, including the Financial Reporting Council (FRC). During the year, the FRC's Corporate Reporting Review (CRR) team carried out a limited scope review of the Company's Annual Report and Accounts for the year ended 31 January 2024 in accordance with Part 2 of the FRC Corporate Reporting Review operating procedures. The areas covered by their review related to certain reporting issues of particular relevance to retail companies. The Committee received the FRC's response in October 2024 stating that there "were no questions or queries that they wished to raise".

The Committee also note that the FY24 external audit file of Forvis Mazars was subject to FRC AQR review and had a positive outcome.

In the year, the Committee has focused on its fundamental priorities, including matters aligned with the Group's principal risks, the Group's systems of internal control, the quality and effectiveness of the external and internal audit processes and it has implemented the FRC's Audit Committee Minimum Standard.

The Committee has reviewed management's readiness plans for the UK Corporate Governance Code, Provision 29, i.e. monitoring and reporting against the Group's risk management and internal controls

frameworks and ensuring the effectiveness of financial, operational and compliance-related controls to ensure that we are in a position to comply with this provision commencing 1 February 2026.

Over the course of the next 12 months, the Committee will continue to focus on risk management, the oversight of financial reporting, delivery of the annual internal audit plan and the adoption of Provision 29. In addition, it will also continue to ensure that its activities are focused on business issues that add to, or preserve, value and that it remains aligned with the strategic goals of the Group.

I would also like to thank my Committee colleagues and all the members of management who attend, report to and support the Audit & Risk Committee, for their energy and focus in enabling us to discharge our responsibilities effectively.

The report that follows provides further detail on the Audit & Risk Committee's activities during the year.

I look forward to addressing any questions in respect of the work of the Audit & Risk Committee in advance of the AGM on 19 June 2025.

Yours sincerely

Rob McWilliam
Chair of the Audit & Risk Committee
7 May 2025

AUDIT & RISK COMMITTEE REPORT

This report provides details of the role of the Audit & Risk Committee and the work it has undertaken during the year.

Role of the Audit & Risk Committee

The principal responsibilities of the Audit & Risk Committee, which has received delegated authority from the Board, are to:

- oversee the integrity of the Group's Financial Statements and public announcements relating to financial performance;
- oversee the Group's external audit process including its scope, the extent of the non-audit services provided by our auditor and our auditor's independence and effectiveness;
- monitor the effectiveness of financial controls;
- evaluate the process for identifying and managing risk throughout the Group;
- ensure the effectiveness and independence of the Group's internal audit function; and
- ensure that the Annual Report & Accounts are fair, balanced and understandable.

A more detailed explanation of the Audit & Risk Committee's role, its meeting frequency, attendance and membership (both during the period and as at the date of this report) are set out in the Corporate Governance Report on pages 80 to 86.

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

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

Activities during the year

During the year, the work of the Audit & Risk Committee has principally fallen under the following areas:

- Reviewing the integrity of the draft Financial Statements for the year ending January 2024, the appropriateness of accounting policies with a particular focus on stock provisions, going concern and viability statements and the auditor's report regarding its findings on the annual results.
- Assessing whether the Annual Report & Accounts for the year ending January 2024, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's strategy, business model and performance.
- Reviewing the systems and controls that the Group has in place to enable the Board to make proper judgements on a continuing basis as to the financial position and prospects of the Group.
- Verifying the independence of the Group's auditor, approving their audit plan and audit fee and setting performance expectations.
- Approval of the Group's half-year results statements published in September 2024.
- Overseeing the Group's approach to risk management, ensuring that the principal risks are regularly reviewed by the senior leadership team.
- Reviewing the Group's risk register in April, June, September 2024 and January 2025.
- Monitoring developments in legislation, reporting and practice, which affect matters for which the Audit & Risk Committee is responsible.
- Approval of the annual internal audit plan, reviewing the findings of, and the implementation of actions arising from internal audit reviews undertaken.

- Reviewing the Company's procedures for detecting fraud and systems and controls for the prevention of bribery.
- Reviewing the outcome and actions taken relating to whistleblowing cases.
- Reviewing the Group's tax strategy.
- Assessing its own performance against its Terms of Reference.

Activities after the year-end

In the period following the year-end, the Audit & Risk Committee met in April 2025 and reviewed the following:

- The Group's risk register including an assessment of how risks are assessed, how risk appetite and target risk are assigned, and a review of the emerging risks identified by the senior leadership team, as supplemented by the Audit & Risk Committee.
- The principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity.
- The process undertaken by management to support the Group's going concern statement which is set out on page 119 including the time period assessed and the principal risks and combinations of risks modelled.
- The integrity of the draft Financial Statements for the year ended January 2025, including the appropriateness of accounting policies and going concern assumptions.
- The external auditor's report.
- Whether this Annual Report & Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- The performance, effectiveness, independence and qualifications of the external auditor.

Significant areas of estimation and judgement

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

At its meeting in April 2025, the Committee reviewed the FY25 financial year and considered a paper prepared by management regarding the significant accounting policies, disclosures, estimates and judgements affecting the Financial Statements for the year.

The Committee also reviewed the report of the external auditor, which included comments on the matters prepared and presented by management, plus other matters insofar as relevant to the audit opinion. The significant accounting issues discussed in respect of FY25 were:

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

Inventory

The Group has significant volumes and a broad range of inventory. The Group makes use of technology, such as hand-held terminal devices, to support stock control processes and reduce the risk of manual error in stock counts, which are a key control in respect of the inventory balance. An inventory count is undertaken either at the end of a season (for example, any residual Christmas stock is counted during January) or at the half-year and the year end for 'Everyday' product lines, which covers a significant majority of the value of stock on hand at each date. The Committee reviewed the process by which the year-end inventory valuation had been prepared and challenged management to ensure key risk areas had been given due consideration.

The Group continues to hold material inventory provisions which, by their nature, involve a significant degree of estimation; however, as a result of continuous improvement in sell-through rates and a reduction in the overall destruction of inventory observed, provision values have reduced compared to the prior year.

The Group applied a consistent policy with the prior year and updated the categorisation and provision rate applied to inventory based on the latest available sell-through data. Lines that are not on plan for future sales, going off plan in the immediate period after the year-end or where the Group holds large volumes of inventory compared to recent sales data are provided against, with the rate of provision based on actual recent sell-through rates for inventory with similar characteristics. The nature of this estimation is such that the range of reasonably possible outcomes is potentially material and, as a result, inventory provisioning is considered a source of significant estimation uncertainty for the Financial Statements.

As part of its review, the Committee considered the calculation of the provision and challenged management's assumptions. As part of the review, it was noted that sell-through rates in FY25 had been better than in the prior year and better than expected when the FY24 accounts were approved. Accordingly, management's assessment of the provisioning percentages to apply to each provision category were reduced compared to the prior year.

Having considered these matters, and the views of the external auditor, the Committee concluded that the inventory valuation, provision and associated disclosures included in the Financial Statements were materially appropriate.

Impairment reviews

Impairment reviews are an area of management and audit focus; however, the Group's assessment of whether or not impairment is considered a source of significant estimation uncertainty depends upon the results of the reviews and the level of headroom and associated sensitivity to changes in key assumptions. Accordingly, noting the material value of goodwill on the balance sheet and the performance of certain of the Group's cash-generating units (CGUs).

The reviews concluded that no impairment charges were required in respect of the CF Online or Garven CGUs. The Group recorded a net £0.4 million impairment reversal in respect of individual store assets, which is comprised of £1.8 million of impairment charges and £2.2 million of impairment charge reversals. The individual store assets comprise the group of CGUs that make up the cardfactory stores business, to which the Group's goodwill balance is allocated.

The Committee considered the key assumptions used in preparing the impairment reviews and the sensitivity of the results to changes in those assumptions. The Committee also considered the recoverability of the Parent Company investments as part of their review. Having challenged management regarding the application of those assumptions, and considered the views of the auditor, the Committee concluded that the reviews had been prepared on a reasonable and appropriate basis. Having considered the level of headroom and the relative sensitivity to key assumptions, the Committee concurred with management's view that reasonably possible changes in the key assumptions would not result in an impairment charge where one had not been recorded, nor materially change the impairment charges that had been recorded.

Accordingly, the Committee considered that the disclosure of the estimation uncertainty as not significant was appropriate and balanced the inherent complexity and due focus of the reviews against the lack of sensitivity of the estimates to changes.

Identification and valuation of acquired intangible assets

As a result of the acquisition of Garven Holdings, LLC on 3 December 2024, the Group have recognised both goodwill and intangible assets associated with existing customer relationships and brands used by the acquired business. Management have performed a valuation of the intangible assets to determine their fair value.

The valuation method used relied on several assumptions which are inherently subject to a degree of estimation uncertainty, including estimation of future cash flows of the acquired business, royalty rates and discount factors. The key assumptions underpinning the valuation include the growth rate of sales, the discount rate applied and the retention rate of existing customer relationships.

The Committee considered the method and associated key assumptions used in valuing the acquired intangibles and the sensitivity of the intangible asset valuation in respect of the key assumptions applied. The Committee also considered the judgement in determining the nature of intangible assets to be valued. Having considered the valuation method, key assumptions and the relative sensitivity of key assumptions made by management, the Committee concluded that the final valuation represented a fair and balanced assessment of the acquired intangible assets.

Having considered the sensitivity of the valuations to the key assumptions, the Committee noted that the range of reasonable outcomes for the valuations was not material.

Accordingly, the Committee considered that the disclosure of the estimation uncertainty as not significant was appropriate.

Alternative performance measures

The Committee reviewed the use of alternative performance measures (APMs) in the Annual Report & Accounts. In particular, it was noted that the number of adjusting items in arriving at Adjusted income statement metrics had increased compared to prior periods, and that references to Free Cash Flow and Adjusted Operating Cash Flow had been included for the first time.

As part of its assessment, the Committee reviewed the appendix (see pages 169 to 172) and noted that all APMs had been described, explained and reconciled to IFRS measures. In particular, it was noted that Management's approach to APMs was consistent with the way the business communicates with the market and that changes compared to the prior year were informed by changes made to the Group's capital allocation policy last year, and ensuring users of the financial statements can understand the core trading performance of the business, cash generation and how that converts to distributions and available free cash under that policy.

The Committee reviewed the nature of the adjusting items and, having made inquiries of management and taken into consideration the views of the external auditor, concluded they were appropriate for this purpose. Having reviewed the use of APMs in the report, in particular in the KPIs on page 1 and in the CFO report on page 69, the Committee concluded that the use of APMs was fair and balanced.

AUDIT & RISK COMMITTEE REPORT CONTINUED

Assessment of the Annual Report & Accounts

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

Internal Audit

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

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

In line with good practice, the Audit & Risk Committee, supported by the Head of Internal Audit & Loss Prevention, will continue to assess its approach to internal audit to ensure it supports a rigorous control framework across the Group.

Loss Prevention

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

External auditor

Forvis Mazars LLP (formerly Mazars) have conducted the statutory audit for the financial year ended 31 January 2025 and have attended all scheduled Committee meetings held during that financial year, as well as the Committee meeting held during April 2025. The Committee had the opportunity to meet privately with the auditors during the period.

The Audit & Risk Committee discussed and agreed the scope of the audit with Forvis Mazars in January 2025 and have since agreed their audit fees. The Committee reviewed the audit quality and the effectiveness of the external audit in line with the Financial Reporting Council's 'Practice aid for audit committees (December 2019)'. It considered the results of external quality inspections by the Audit Quality Inspection Team on other Mazars clients, as well as the FY24 Cardfactory audit and received representations from management as to how the audit was conducted, to allow it to make its own assessment of the effectiveness of the audit process with particular reference to audit planning, design and execution of the audit.

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

The fee paid to Forvis Mazars LLP for the statutory audit of the Group and Company financial statements and the audit of the Company's subsidiaries pursuant to legislation was £701k. A breakdown of fees paid to Mazars LLP during the financial year is set out in note 3 to the Financial Statements on page 144.

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

The Committee has taken appropriate steps to ensure that Forvis Mazars LLP is independent of the Company and has obtained written confirmation that it complies with guidelines on independence issued by the relevant accountancy and auditing bodies.

The Group has no contractual arrangements that restrict its choice of auditor.

Use of auditors for non-audit work

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

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

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

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

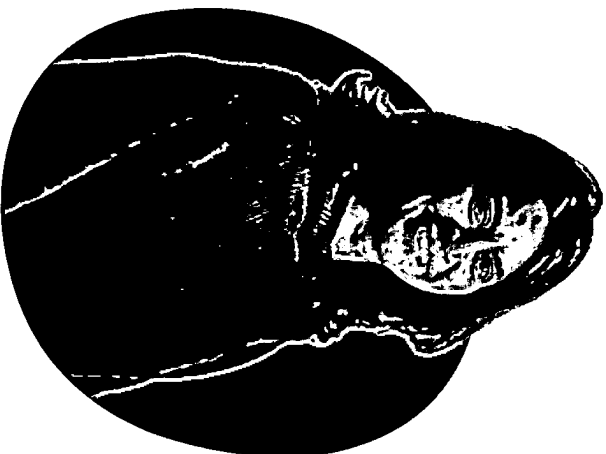
The aggregate fees paid to Forvis Mazars LLP for services closely related to the audit was £92k, equivalent to 11.6% of the audit fee.

Further details are given in note 3 to the Financial Statements on page 144.

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

This report was reviewed and approved by the Audit & Risk Committee on 6 May 2025.

Rob McWilliam
Chair of the Audit & Risk Committee
7 May 2025



Indira Thambliah
Chair of the Remuneration Committee

Committee members

Indira Thambliah (Chair)
Paul Moody
Pam Powell
Rob McWilliam



The Committee also considered the significant Total Shareholder Return, exceeding 60%, (compared to FTSE indexes, which reported up to 6% returns)."

Dear Shareholder

I welcome the opportunity to present the Remuneration Report for the financial year to 31 January 2025.

Introduction

This Directors' Remuneration Report is divided into three sections: (1) this letter outlining key decisions (pages 91 to 93); (2) the Directors' Remuneration Policy, which was adopted in 2024 (pages 94 to 101); and (3) the Annual Report on Remuneration for the year to 31 January 2025 (pages 102 to 114).

This letter and the Annual Report on Remuneration will be put to an advisory shareholder vote at the Annual General Meeting to be held on 19 June 2025.

Remuneration Policy

The current Remuneration Policy (on pages 94 to 101) was adopted following approval by 96% of shareholder votes at the June 2024 Annual General Meeting, following a triennial review and shareholder consultation. The Remuneration Committee considers that this policy continues to meet the requirements of the Company to support the strategic objectives and operates as intended, with no changes proposed. The next review of the Policy is expected to be put to shareholders at the 2027 AGM.

Application of the Remuneration Policy during FY25

The Committee considers the Remuneration Policy to be effective and that it operated as intended during FY25, which ensured the Executive Directors and leadership team continued to focus on further growth of the business, taking account of the strategic plan. Financial performance was in line with expectations, while there has been some progress in key strategic areas for growth, this has been behind expectations.

The annual bonus award for the Executive Directors will pay out at 37.7% of the maximum potential award. Adjusted PBT was £66.0 million, marginally below the Target PBT of £66.5 million, resulting in 30.9% of the 70% maximum potential bonus being awarded for this element. The Committee reviewed the adjustments that has been made to calculate the adjusted PBT and confirmed it was satisfied that these were appropriate for the purpose of bonus assessment and that the outcome fairly reflected the underlying performance. Details of the adjustments are set out on page 170.

In respect of the strategic objectives, the actual performance was as follows:

1. Cardfactory.co.uk sales amounted to £8.8 million, which is slightly below the target sales of £8.9 million, which resulted in an award of 6.8% of the potential 15% of maximum bonus award; and
2. Partnership sales (excluding international subsidiaries) amounted to £6.2 million, which failed to achieve the Threshold sales of £8.0 million, consequently no bonus award has accrued in respect of this component, which could have contributed up to 15% of the maximum bonus award.

The bonus is also subject to an ESG underpin. The Committee considered that sufficient progress has been made during FY25 on delivery of the ESG strategy that was published in the FY24 Annual Report (see also pages 36 to 43) and, therefore, determined that the underpin had been met, and no reduction to the bonus award should be made in this respect.

REMUNERATION COMMITTEE CONTINUED

The Committee then considered the overall performance of the business and the stakeholder experience during the year. Notwithstanding that performance under the strategic elements was below expectations, the Committee considered that as the achievement of PBT was at broadly on-target levels, delivered through over performance in the core sales channel, the overall annual bonus outcome was fair and reasonable in the round. Therefore, no discretion was exercised to adjust the formulaic outcome.

Restricted Share awards granted in May 2022 are due to vest from May 2025, subject to the performance underpin and any discretion that may be applied by the Committee in accordance with the Remuneration Policy. For the performance underpin to be met, the Committee must be satisfied that business performance over the performance period is robust and sustainable, that the business improved its impact on society and the environment and was strengthened by management's actions.

In assessing the underpin, the Committee considered financial and non-financial KPIs of the business as well as delivery against strategic priorities. The Committee considered that cardfactory's performance over the performance period has been strong and that through management action, cardfactory continues to be well positioned to continue to grow, for the benefit of all its stakeholders.

Over the vesting period, the Company has delivered significant Total Shareholder Return (TSR), exceeding 60%, (compared to FTSE indexes which reported up to 6% returns), during a period that included the recommencement of dividends. The Committee consider this TSR is attributable to successful implementation of the strategic plan by the Executive Directors and senior leadership team and is satisfied that the outcome is in line with shareholders and wider stakeholder experience. In addition, cardfactory has, over the three-year period, made significant progress in reducing its impact on society and the environment, including development of an ESG strategy (published in the FY24 Annual Report) and the progress reported in this and prior Annual Reports on ESG. On this basis the Committee was comfortable that the underpin had been met award should vest in full.

The Committee was also mindful of the shareholder guidance to assess vesting of awards to ensure there had been no windfall gains. The 2022 RSP awards' share price at grant was 50.47 pence, below the value applied for the 2021 RSP awards of 76.54 pence. However, the Committee recognised that the share value over the period in advance of the 2021 RSP grants was temporarily inflated as stores reopened following Covid lockdowns and that the grant price in 2022 was higher than that used in 2020. As noted above, we considered that the share price performance over the vesting period was due to the successful execution of the strategic plan and, therefore, represented genuine performance rather than a windfall gain, and that no adjustment was needed for this reason.

Therefore, the Committee resolved to approve vesting of the 2022 RSP awards and determined that it was not necessary to exercise any discretion in respect of the awards. Further details are disclosed on page 105.

Board changes

Pam Powell was appointed as Senior Independent Director during the year with remuneration awarded in line with the current policy and rates. Roger Whiteside and Tripp Lane stood down from the Board during the year, with all payments in accordance with the Remuneration Policy.

How we intend to apply the Remuneration Policy in FY26

Base salary

The Committee have reviewed the annual salary for the leadership team, including the CEO and CFO, and the fee for the Chair.

Overall payroll costs of the business have increased this year following the October 2024 budget increases to National Living Wage (+6.7%) and National Minimum Wage (+16.3% to +18%) and Employer's National Insurance (13.8% to 15%), which increases cardfactory's annualised payroll costs by £14 million in FY26, to support lower paid colleagues.

Consequently, the Committee, after taking account of market data for comparable roles, applied an annual increase of 2% to each of the CEO, CFO and Chair, to take effect from 1 April 2025. The Board also increased the base fee for the NEDs by 2% with effect from 1 April 2025. The additional fees remain unchanged. The principle adopted by the Committee is consistent with pay awards made to other support centre colleagues with awards of either 2.5%, 2% or 1.5%, dependent on the salary level compared to market data for their roles.

Darcy Willson-Rymer has notified the Committee that he will not accept the 2% annual increase approved by the Committee, after taking account of the fact that following a restructuring that, at the end of the financial year saw a number of colleagues exit the business. Therefore, Darcy's salary from 1 April 2025 will remain at the current level.

Pension and benefits

Pension entitlements will be maintained at current levels, which align with the current 3% of salary rate (for salary above the lower earnings threshold of £6,240 per annum) applicable to the majority of colleagues. There are no changes to benefits proposed.

Annual bonus

The maximum annual bonus entitlement will be maintained at 125% and 100% of basic salary for the CEO and CFO, respectively. The FY26 annual bonus entitlement will be assessed based on two financial thresholds which have the potential to award 70% of the maximum potential bonus award based on:

- achievement of PBT realised over the financial year (for 60% of the maximum entitlement); and
- realising a cash flow productivity (i.e. free cash before dividends, as a percentage of PBT, both being subject to Remuneration Committee approval of adjustments made to reported measures) (for 10% of the maximum entitlement),

with the remaining 30% of maximum potential bonus will be determined by the following strategic objectives:

- cardfactory.co.uk sales (10% of maximum bonus entitlement);
- retail partnership sales, including sales by SA Greetings, Garlanna and Garven (10% of maximum bonus entitlement); and
- number of net new stores opened during the financial year (10% of maximum bonus entitlement).

Cash flow is an important measure of financial performance for our business. Managing cash effectively ensures continued returns to our shareholders through payout of dividends, and the availability of funds to make investment decisions in line with the Company's strategic plans. It complements the PBT measure by driving management to convert profits into cash, to manage working capital and keep interest costs low. The Committee considered a range of cash flow measures and determined that free cash flow productivity was the most appropriate, as this measures how effectively management is able to convert PBT into cash.

Net new stores are a critical building block of cardfactory's strategy, contributing a significant amount to our sales each year. The Committee, therefore, determined it was appropriate to incorporate a related measure into the bonus, along with the existing strategic measures tied to online and retail partnership sales.

As introduced last year, an ESG underpin will apply as part of the annual bonus whereby the Committee may reduce the annual bonus payout by up to 10% if the Committee considers that there has not been sufficient progress in delivering our ESG strategy. To inform its decision making at year-end, the Committee will review a dashboard summarising progress against our ESG commitments, which may include but is not limited to:

- progression of our customer and employee experience;
- progression in reducing the Group's carbon footprint, waste reduction and progression of sustainability initiatives within the Group;
- progression against the Group's commitment to act responsibly with respect to the environment, aiming for a sustainable approach to the use of resources, avoiding irresponsible disposal of products and unnecessary waste;
- progression against our refreshed DE&I strategy; and
- the Group's compliance against industry standard ESG guidelines and best practices and active management of ESG considerations and risks.

RSP

The maximum RSP award will be maintained at 87.5% and 75% of basic salary for the CEO and CFO, respectively. The Committee proposes to proceed to award Restricted Shares after the publication of the preliminary results for FY25 in May 2025. The awards will be subject to the same performance underpin adopted in 2024 (see page 104).

Conclusion

The Committee considers that the Remuneration Policy continues to provide a strong link to the business strategy and provides an appropriate link between reward and performance. Future objectives and outcomes will be closely aligned, ensuring they support the delivery of the Group's strategy. The Committee will continue to take account of investor guidelines and the wider shareholder and other stakeholder experience in determining the operation of the Policy and remuneration outcomes each year.

I look forward to addressing any questions from shareholders in respect of this Report at or in advance of the AGM and look forward to your support on the resolution to approve the Annual Report on Remuneration.

Yours sincerely

Indira Thambiah
Chair of the Remuneration Committee
7 May 2025

DIRECTORS' REMUNERATION REPORT

Introduction

The Directors' Remuneration Policy section (pages 94 to 101) sets out the Remuneration Policy which was approved by shareholders at the 2024 AGM, which is intended to operate for the full three-year period as permitted under the regulations.

Directors' Remuneration Policy

cardfactory's policy for Executive Directors' remuneration aims to provide a competitive package of fixed and performance-linked pay, which supports the long-term strategic objectives of the business. The Policy has been tested against the six factors listed in Provision 40 of the UK Corporate Governance Code 2018:

- **Clarity** – the policy is as clear as possible and is described in straightforward concise terms to shareholders and the workforce in this report.
- **Simplicity** – our remuneration structures are simple and Restricted Shares are significantly simpler than other types of long-term incentive plans operated in most other UK-listed companies.
- **Risk** – the remuneration policy has been shaped to discourage inappropriate risk taking through a weighting of incentive pay towards shares, an appropriate balance between financial and non-financial measures in the annual bonus, recovery provisions and in-employment and post-employment shareholding requirements.
- **Predictability** – elements of the policy are subject to caps and the Restricted Shares are significantly more predictable than performance-based long-term incentive plans operated in most other UK-listed companies. The Committee may exercise its discretion to adjust Directors' remuneration if a formula-driven incentive pay out is inappropriate in the circumstances. The illustration of the application of the Policy is set out on page 98 and indicates the potential values that may be earned through the remuneration structure.
- **Proportionality** – there is a sensible balance between fixed pay and variable pay and incentive pay is weighted to shares rather than cash.
- **Alignment to culture** – there will be a strong emphasis on consistency of approach and fairness of remuneration outcomes across the workforce.

Policy table for Executive Director remuneration

The key components of the Executive Directors' remuneration are as follows:

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
FIXED PAY			
Base salary To attract and retain talent by ensuring base salaries are competitive in the relevant talent market and to reflect an Executive's skills and experience.	Base salaries are normally reviewed annually, with reference to factors including scope of role, individual performance, experience, market competitiveness of total remuneration, inflation and salary increases across the Group. Increases are normally effective from 1 April.	While there is no maximum salary, Executive Directors' salary increases will normally be in line with the average percentage increase for the wider employee population. In certain circumstances (including, but not limited to, a material increase in job size or complexity, promotion, recruitment or development of the individual in the role or a significant misalignment with the market) the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain fair and competitive.	Business and individual performance are both considerations in setting base salary.
Pension To provide post-retirement benefits, facilitating the attraction and retention of executive talent.	Executive Directors may receive a Company contribution into a pension plan and/or a cash allowance in lieu of pension.	The maximum Company contribution or cash allowance will not exceed the percentage rate available to the majority of the workforce (currently 3% of salary).	None.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Benefits To provide Executive Directors with a reasonable level of benefits.	Benefits may include private medical insurance, life insurance, income protection and the provision of a car or car allowance. The Committee may introduce other benefits if it is considered appropriate to do so. Executive Directors shall be reimbursed for all reasonable expenses and the Company may settle any tax incurred. Where an Executive Director is required to relocate to perform their role, the appropriate one-off or ongoing expatriate benefits may be provided (e.g. housing, schooling etc).	There is no maximum opportunity for benefits, as there may be factors outside of the Company's control which change the cost to the Company (e.g. increases in insurance premiums). The cost of providing benefits for the year under review are disclosed in the Annual Report on Remuneration.	None.
VARIABLE PAY			
Annual bonus To focus Executives on delivery of year-on-year financial and non-financial performance. The part of the bonus invested in shares helps towards achieving an appropriate balance between year-on-year financial performance and longer-term value creation; contributes to higher executive shareholdings; and supports alignment with shareholder interests.	Bonus payments will normally be determined based on performance in a single financial year and payment will normally be made in cash or in shares or a combination of the two. If participants have not met the minimum shareholding requirement, one-third of any bonus (after payment of tax) would normally be required to be used to acquire shares in the Company, which would normally be required to be held for three years. Clawback and malus provisions apply. The Committee has discretion to reduce the amount of any bonus potential and require repayment of any bonus paid within two years of payment, in the event of material misstatement or error in accounts or in calculation of bonus, misconduct, corporate failure, serious reputational damage, material failure of risk management or in other circumstances where the Committee consider it appropriate.	Maximum award level under the annual bonus in respect of any financial year is 125% of salary.	Performance measures and targets are set by the Committee and the Committee determines the extent to which the targets have been achieved. A majority of bonus will normally be based on financial measures. For achievement of threshold performance for any financial measure, up to 15% of the maximum financial target element of the bonus is earned (though the Committee may increase this to up to 25% of maximum if this is considered appropriate). Normally, 50% of the bonus shall pay out for on-target levels of performance. The Committee may adjust the bonus if it considers the outcome is not representative of the underlying financial or non-financial performance of the Company or the participant or is otherwise not appropriate in the circumstances. When making this judgement, the Committee may take into account such factors as it considers relevant.

DIRECTORS' REMUNERATION REPORT CONTINUED

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Restricted Shares To align the interests of Executives with shareholders in growing the value of the business over the long term.	The Committee may grant annual awards of Restricted Shares, structured as conditional awards or nil-cost options. Awards normally vest after three years, subject to continued employment. All shares will normally be held for at least five years from grant (except for sales to meet tax and social security on vesting). The holding period and vesting period will normally continue post-cessation of employment to the extent that awards do not lapse on cessation. An additional benefit may be provided in cash or shares related to dividends that would have been paid over the vesting period or holding period on awards that vest. Clawback and malus provisions apply. The Committee has discretion to reduce the amount of any unvested award and require repayment of any vested award within two years of vesting, in the event of material misstatement or error in accounts or in calculation of the share award, misconduct, corporate failure, serious reputational damage, material failure of risk management or in other circumstances where the Committee consider it appropriate. In accordance with the Companies Act, in order to fund the nominal value on the allotment of shares to participants on vesting, the participant will receive a 'nominal bonus', which is paid to Card Factory plc equivalent to the nominal value of the number of shares that will vest.	Maximum award level under the Restricted Shares in respect of any financial year is 87.5% of salary face value at grant plus the nominal bonus, on vesting.	In order for Restricted Shares to be capable of vesting, the Committee must be satisfied that a performance underpin has been achieved. It is currently intended that the performance underpin will be that the Committee must be satisfied that business performance is robust, sustainable, that the business has improved its impact on society and the environment and management has strengthened the business. In assessing performance, the Committee will consider financial and non-financial KPIs of the business as well as delivery against strategic priorities and ESG commitments. The Committee may determine that alternative performance underpins shall apply. The Committee may in its discretion adjust incentive plan outturn levels, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant over the relevant period or that such vesting level is not appropriate in the context of relevant circumstances. When making this judgement, the Committee may take into account such factors as it considers relevant. Full disclosure of the Committee's assessment will be made in the Annual Report on Remuneration for the year in which the assessment is made.
SAYE To encourage share ownership across the workforce.	Executive Directors may participate in the SAYE Plan – a UK tax-qualified scheme. Executive Directors may participate in any other all-employee plans on the same basis as other employees as appropriate.	Participation may be up to HMRC approved limits.	None.
Shareholding guidelines To encourage share ownership and ensure alignment of Executive interests with those of shareholders, both while they are in service and after cessation of employment (see page 100).	Executives are expected to build up and maintain a beneficial holding of shares in the Company defined as a percentage of salary, which is currently 250% of base salary for the CEO and 200% of base salary for the CFO. Executive Directors will normally be required to retain shares that vest from future Bonus and Restricted Share awards until the shareholding guideline has been met.	Details of the current guidelines and Executive Director shareholdings are included in the Annual Report on Remuneration.	None.

Performance measure selection and approach to target setting

The measures used in the annual bonus are selected to reflect the Company's main financial KPIs and other strategic objectives for the year. Performance targets are set to be stretching but achievable, considering the Company's strategic priorities and the economic environment in which the Company operates. Financial targets are set taking into account a range of both internal and external reference points including the Group's strategic and operating plan.

Adjustments to targets

The Remuneration Committee may adjust the calculation of short and long-term performance underpins for outstanding Restricted Share awards in specific circumstances and within the limits of applicable plan rules, provided that the revised conditions are not materially less challenging than the original conditions. Such circumstances include changes in accounting standards, major corporate events such as rights issues, share buybacks, special dividends, corporate restructurings, mergers, acquisitions and disposals.

Other uses of discretion

The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the Policy. These include (but are not limited to) the following:

- selecting who participates in the incentive plans;
- determining the timing of award grants and/or payments;
- determining the quantum of awards and/or payments (within the limits set out in the Policy table);
- determining the form of awards (which may be granted as conditional share awards, nil or nominal cost options, forfeitable awards or, exceptionally, in cash);
- adjusting awards in the event of any variation of the Company's share capital or any demerger, special dividend or any other corporate event that may affect the current or future value of the award;
- granting good leaver status (in addition to any specified categories) for incentive plan purposes based on the rules of the plan;
- determining the treatment of awards in the event of corporate transactions, such as a takeover or restructuring, including measurement of performance conditions/underpins, approach to pro-rating for time and whether existing share awards may, instead of vesting, be replaced by an equivalent grant of a new award in a different company, as determined by the Committee; and
- determining whether (and to what extent) malus and/or clawback shall apply to any incentive.

Differences in remuneration policy operated for other employees

The policy and practice with regard to the remuneration of the senior leadership team below the Board will normally be consistent with that of the CEO and CFO. The senior leadership team will normally participate in the same annual bonus scheme and will receive Restricted Share awards alongside the Executive Directors.

The Policy for our Executive Directors is considered alongside the remuneration philosophy and principles that underpin remuneration for the wider Group. The remuneration arrangements for other employees reflect the seniority of each role. As a result, the levels and structure of remuneration for different groups of employees will differ from the policy for Executives as set out above, but with the common intention that remuneration arrangements for all groups are fair.

Approved payments

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the Policy set out above came into effect, provided that the terms of the payment were consistent with any shareholder-approved Directors' remuneration policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than at the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

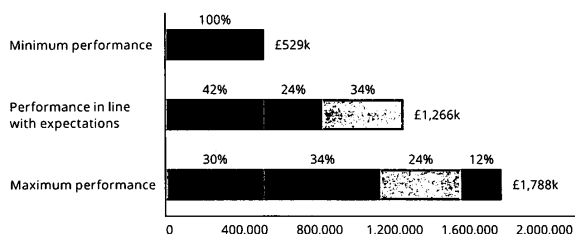
Reward scenarios

The following graphs provide estimates of the potential future reward opportunities for Executive Directors and the potential split between the different elements of remuneration under four different performance scenarios: 'Minimum performance', 'Performance in line with expectations' and 'Maximum performance' and 'Maximum performance (with 50% share price increase)'. The projected value for Restricted Shares excludes the impact of any dividend accrual.

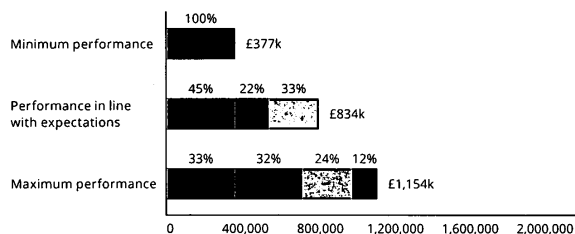
DIRECTORS' REMUNERATION REPORT CONTINUED

The following graphs reflects annual entitlements and assumes that future Restricted Share awards are not scaled back:

Chief Executive Officer



Chief Financial Officer



☐ Fixed Pay
 ☐ Annual Bonus
 ☐ LTI
 ☐ 50% share price increase on LTI

In illustrating potential reward opportunities, the following assumptions are made:

	Fixed pay	Annual bonus	LTI: Restricted shares
Minimum	Salary and benefits as at 1 April 2025. The CEO & CFO each receive a pension contribution of 3% on income exceeding £6,240 per annum.	No annual bonus payable.	Assumes no restricted shares vest.
Mid	As above.	On-target annual bonus payable. (50% of maximum).	87.5% and 75% of base salary for the CEO and CFO vest, respectively. Assumes all RSP awards vest
Maximum	As above.	Maximum annual bonus payable of 125% and 100% of base salary for the CEO and CFO, respectively.	As above.
Maximum performance with 50% share price increase	As above.	As above.	In the maximum scenario the chart additionally shows the value of the Restricted Shares and total remuneration, if the share price increases by 50%.

Approach to remuneration for new Director appointments

In determining appropriate remuneration for a new Director, the Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of both cardfactory and its shareholders and will be mindful to pay at the appropriate level on recruitment. The Remuneration Committee will seek to ensure that the remuneration arrangements will be in line with those outlined in the policy table above. Executives may participate in the incentive plan for their financial year of appointment and such participation may be pro-rated taking into account the period of the year in employment.

The maximum level of variable remuneration which may be awarded (excluding any 'buyout' awards referred to below) in respect of recruitment is 125% of salary (in respect of annual bonus) and 87.5% of salary (in respect of RSP awards), which is in line with the current maximum limit under the annual bonus and RSP.

The Committee may make an award in respect of a new appointment to 'buy out' outstanding variable pay opportunities or contractual rights forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the proportion of the vesting period remaining. When determining any such 'buyout', the guiding principle would be that awards would generally be on a 'like-for-like' basis unless this is considered by the Committee not to be practical or appropriate.

In cases of appointing a new Executive Director by way of internal promotion, the approach will be consistent with the policy for external appointees detailed above (save for 'buy outs'). Where an individual has contractual commitments made prior to their promotion to the Board, the Company will continue to honour these arrangements. Measures used for below Board employees may be different from those used for Executive Directors to tailor incentives to a particular division, role or individual.

Where an Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role, larger increases may be awarded to move salary positioning closer to typical market level as the Executive Director gains experience.

To facilitate any 'buyout' awards outlined above, in the event of recruitment, the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules which allows for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director without seeking prior shareholder approval or under any other appropriate Company incentive plan.

The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the policy table for Non-Executive Directors on page 101.

Service contracts and exit payment policy

Executive Directors

The Committee sets notice periods for the Executive Directors of no more than 12 months. The Executive Directors may be put on garden leave during their notice period (for up to six months) and the Company can elect to terminate their employment by making a payment in lieu of notice equivalent to basic salary and benefits (including pension contributions). Any payment in lieu will normally be made on a monthly basis and subject to mitigation but the Committee retains discretion to pay any payment in lieu of notice in a lump sum if appropriate in the circumstances. Executive Directors' service contracts are available to view at the Company's registered office and at the forthcoming AGM.

Executive Director	Date of service contract	Notice period
Darcy Willson-Rymer	18 December 2020	9 months
Matthias Seeger	12 December 2022	9 months

If employment is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to additional amounts, which would need to be met. In addition, the Committee may:

- settle any claims by or on behalf of the Executive Director in return for making an appropriate payment; and
- contribute to the legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement (as provided for below) and the individual must seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, outplacement services, restrictive covenants and/or consultancy arrangements. These will only be entered into where the Committee believes that it is in the best interests of the Company and its shareholders to do so.

The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, considering the Executive's contractual terms, the circumstances of termination and any duty to mitigate. The following table summarises how incentives are typically treated in different circumstances:

Plan	Scenario	Timing of vesting/payment	Calculation of vesting/payment
Annual bonus.	Default treatment.	No bonus is paid.	n/a
	Any reason the Committee may determine.	Normal payment date, although the Committee has discretion to accelerate. The Committee has discretion to remove the requirement to acquire shares with annual bonus earned in year of departure.	The Committee will normally determine the bonus outcome based on circumstances at the date of leaving. Performance against targets is typically assessed at the end of the year in the normal way and any resulting bonus will normally be prorated for time served during the year. The Committee may disapply time prorating in exceptional circumstances.
Shares acquired by Directors with annual bonus.			Not applicable as shares are purchased and owned outright by the Executive. The three-year restriction on sale of shares will normally continue to apply.

DIRECTORS' REMUNERATION REPORT CONTINUED

Plan	Scenario	Timing of vesting/payment	Calculation of vesting/payment
Restricted Shares.	Default treatment.	Awards lapse.	n/a
	Death, injury or disability, redundancy, retirement, the sale of the employing Company or business out of the Group or any other reason as the Committee may determine.	Normal vesting date and holding period would normally continue to apply, although the Committee has discretion to accelerate vesting and remove or reduce the holding requirement in exceptional circumstances.	Any outstanding awards will normally be prorated for service over the three financial years starting with the year in which the award is made and over which the underlying performance of the Company will be reviewed to determine vesting. The Committee may disapply time prorating in exceptional circumstances.
SAYE.	Treated in line with HMRC rules.		

Post-employment shareholding

Executive Directors are normally expected to hold the lower of:

- the number of shares held by the Director on the date they step down from the Board, where such shares had been (or are subsequently) acquired from Company share plan awards and investment of bonuses received before or after the termination of employment, other than permitted sales to meet tax liabilities (but excluding shares otherwise purchased in the market); and
- for each of the following periods following termination of the employment:
 - during the first 12-month period: such number of shares held, on the date their employment ends, plus shares acquired under employee awards during that period, the value required to be held in accordance with the shareholding guideline applicable to that former Executive Director; and
 - for the subsequent 12-month period: 50% of the value or number of shares held, at the end of the first 12 month period, the value required to be held in accordance with the shareholding guideline applicable to that former Executive Director; and
 - after 24 months: no shareholding requirement shall apply, other than any outstanding holding periods applying under this policy in respect of specific awards or purchases using bonus proceeds.

The Committee retains discretion to waive or reduce this guideline if it is not considered to be appropriate in the specific circumstance.

Non-Executive Directors

The Chair and Non-Executive Directors were appointed on the dates set out in the table below. Their letters of appointment set out the terms of their appointment and are available for inspection at the Group's registered office and at the AGM. Appointments are subject to annual re-election at the AGM. The Chair and the Non-Executive Directors may resign from their positions but must serve the Board six and one months' written notice, respectively.

Non-Executive Director	Letter of appointment date
Paul Moody	15 October 2018
Pam Powell	3 June 2024
Rob McWilliam	11 October 2021
Indira Thambiah	22 August 2022

Non-Executive Directors are not eligible to participate in the annual bonus or any equity schemes, do not receive any additional pension or benefits on top of their fees and are not entitled to a termination payment.

Consideration of employee remuneration and employment conditions in the Group

The Committee considers the remuneration and employment conditions elsewhere in the Group when determining remuneration for Executive Directors. The colleague listening group (CLG) and the wider colleague forums (which feed into the CLG) were consulted on the draft of this Remuneration Policy in January and February 2024 and considered the changes to align Executive Directors with the workforce to be appropriate. The Group uses Willis Tower Watson benchmarking data to review salary and benefits for all pay grades, with this data being supplemented by executive benchmarking data for other UK listed companies (primarily a wide range of companies with comparable market capitalisation and constituents of these Companies that are primarily retail businesses), compiled by Deloitte, as its remuneration adviser.

Consideration of shareholder views

The Company is committed to engaging with significant investors on remuneration matters and consulted with 17 of its largest shareholders and three recognised investor bodies to receive their feedback and reflect their comments prior to proposal of this Remuneration Policy to shareholders at the 2024 AGM. The majority of those consulted were supportive of the proposals, as proposed. When determining remuneration policy and its application, the Committee considers the guidelines of shareholder bodies and shareholders' views. The Committee is open to feedback from shareholders on remuneration policy and arrangements and commits to consult in advance of any significant changes to remuneration policy or its operation. The Committee continues to monitor trends and developments in corporate governance and market practice to ensure the structure of Executive remuneration remains appropriate.

External directorships

The Committee acknowledges that Executive Directors may be invited to become independent non-executive directors of other quoted companies which have no business relationship with the Company and that these duties can broaden their experience and knowledge to the benefit of the Company.

Executive Directors are permitted to accept such appointments with the prior approval of the Chair. Approval will only be given where the appointment does not present a conflict of interest with the Group's activities and the wider exposure gained will be beneficial to the development of the individual. Where fees are payable in respect of such appointments, these would be retained by the Executive Director.

Policy table for Non-Executive Director remuneration

The key components of Non-Executive Directors' remuneration are as follows:

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Non-Executive Directors' fees To attract Directors with the appropriate skills and experience, and to reflect the time commitment in preparing for and attending meetings, the duties and responsibilities of the role and the contribution expected from the Non-Executive Directors.	Annual fee for Chair and Non-Executive Directors. Additional fees may be paid for additional roles or time commitment, e.g. chairing Board Committees. Non-Executive Directors do not participate in any incentive schemes or receive any other benefits (other than travel expenses, which may be grossed-up for tax). Benefits may be introduced if considered appropriate.	Any increases to NED fees will be considered following a thorough review process and considering wider market factors. The maximum aggregate annual fee for all Directors provided in the Company's Articles of Association is currently £1,000,000 per annum.	Performance of the Board as a whole will be reviewed regularly as part of a Board evaluation process.

Minor changes

The Committee may make minor amendments to the Policy set out above (if required for legal, regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without requiring prior shareholder approval for that amendment.

ANNUAL REPORT ON REMUNERATION

This is the Annual Report on Remuneration for the financial year ended 31 January 2025 (FY25). This report sets out how the current Remuneration Policy (adopted in 2024) has been applied in the financial year being reported on and how the Remuneration Policy (set out on pages 94 to 101) will be applied in the coming year.

Remuneration at a Glance

Overview of Executive Director Remuneration for FY25 and FY26.

Element	FY25	FY26
Basic Salary	From 1 April 2024: CEO: £491,400 (+4%) CFO: £358,800 (+4%) Average workforce change: +9.1%	From 1 April 2025: CEO: £491,400 (No change: 2% increase waived by the CEO) CFO: £365,976 (+2%) Average workforce change: +7.5%
Pension	3% of basic salary in excess of £6,420 per annum.	No change.
Benefits	Car Allowance and family private medical insurance.	No change.
Annual Bonus opportunity	CEO: Maximum of 125% of basic salary.	No change.
	CFO: Maximum of 100% of basic salary.	Bonus earned: No change.
	• 70% based on PBT performance.	30.89% of 70% • 60% based on PBT performance.
	• 15% based on online sales (strategic growth objective).	6.84% of 15% • 10% based on cash flow productivity.
	• 15% based on retail partner sales (strategic growth objective).	0% of 15% • 10% based on online sales (strategic growth objective).
		• 10% based on retail partner sales (including Garven, Garlanna and SA Greetings) (strategic growth objective).
		• 10% based on net new stores (strategic growth objective).
	ESG underpin: Up to 10% of aggregate earned bonus may be forfeited if there has not been sufficient progress on delivering our ESG strategy.	No change.
	Subject to malus and clawback within two years of payment.	No change.
	One third of bonus (after tax) to be invested in shares if shareholding target not achieved.	No change.
RSP opportunity and time frames	CEO: Maximum of 87.5% of basic salary.	No change.
	CFO: Maximum of 75% of basic salary.	No change.
	Awards granted since 2024 to vest after three years (subject to underpins) with a further two year holding period (save for sale to fund tax and national insurance on vesting). Underpin enhanced to include consideration of progress against ESG commitments.	No change.
	Subject to malus and clawback within two years of vesting.	No change.
SAYE participation	In line with HMRC rules.	No change.
Shareholding target	CEO: 250% of basic salary (52.53% of basic salary achieved).	Shareholding of 107.7% of basic salary achieved.
	CFO: 200% of basic salary (nil shareholding).	Shareholding of 16.7% of basic salary achieved.
Post termination Shareholding	Full shareholding target applied in first 12 months following termination, reducing to 50% after 12 months with no minimum requirement after 24 months.	No change.
Notice Period	9 months.	No change.

Single figure total remuneration paid to Executive Directors – audited

The table below sets out the total remuneration received by each Executive Director providing services to the Company for the year ended 31 January 2025 (FY25) and the prior year:

	Financial Year	Salary	Benefits ¹	Pension ²	Other ³	Earned Bonus ⁴	Restricted Share value ⁵	SAYE value ⁶	Total Remuneration	Total Fixed Remuneration	Total Variable Remuneration
Darcy Willson-Rymer	FY25	488,250	28,909	13,313	–	231,757	769,118	770	1,532,116	530,472	1,001,645
	FY24	468,750	27,347	13,313	–	483,398	531,567	440	1,524,815	509,410	1,015,405
Matthias Seeger ⁷	FY25	356,500	10,575	10,508	–	135,375	–	770	513,728	377,583	136,145
	FY24	240,615	9,739	5,081	130,000	198,848	–	2,241	586,524	255,436	331,088

- Benefits comprise either a car allowance or a contribution to family private medical insurance (both of which are taxable) and also the value of insurance premiums paid (a non-taxable benefit) under the Group Life Assurance and Income Protection Schemes.
- Pension benefit comprises payments to a stakeholder pension scheme (defined contribution) or a cash payment in lieu of pension contributions.
- In accordance with the agreed terms of appointment, the Company paid the sum of £130,000 to Matthias Seeger in July 2023 in lieu of an equivalent bonus forfeited by him that he would have received from his previous employer.
- See details of FY25 bonus payments in the Remuneration Committee Chair's letter and below. This annual bonus is due to be paid in May 2025. One-third of the bonus (after payment of tax) must be used to acquire Card Factory plc shares. Bonuses are calculated based on exact figures and presented rounded.
- The restricted share value for FY25 is based on the average share price over the three-month period to 31 January 2025 (91.88 pence), as the RSP award granted in 2022, with a performance period that ended on 31 January 2025, will vest from 12 May 2025, see page 105 for details. The value includes a nominal bonus award of 1 pence per share to fund the Companies Act requirement for payment of nominal value on allotment of the shares and a dividend equivalent of 5.7 pence per share that accrues on these shares based on dividends declared from the date of grant to 31 January 2025. Further dividend equivalents may accrue on these shares in respect of dividends to be paid before allotment of the shares to satisfy these awards. Of the £769,118 restricted shares value for Darcy Willson-Rymer for FY25, £318,507 is attributable to share price growth since the date of grant. The restricted share value for FY24 is based on the average share price over the three-month period to 31 January 2024 (102.33 pence), as the RSP award granted in 2021, with a performance period that ended on 31 January 2024, commenced vesting from 14 June 2024. The value includes a nominal bonus award of 1 pence per share to fund the Companies Act requirement for payment of nominal value on allotment of the shares. No dividend equivalent had accrued on these awards as at 31 January 2024. Half of this award (257,218 shares) vested from 14 June 2024, without any dividend equivalent, with the remaining tranches accruing an entitlement to a dividend equivalent of 5.7 pence per share as at the date of this report. Further dividend equivalents may accrue on these shares in respect of dividends to be paid before allotment of shares to satisfy these awards. Of the £531,567 restricted shares value for Darcy Willson-Rymer for FY24, £132,673 is attributable to share price growth.
- Embedded value of SAYE options at grant (i.e. the value of the discount). There are no performance conditions.
- Matthias Seeger was appointed as an Executive Director (CFO) on 22 May 2023 and the FY24 remuneration disclosed is from this date. Matthias Seeger did not have any Restricted Share awards eligible to vest for FY24 or FY25.

Annual bonus payments and link to performance

Bonus opportunities for FY25 were 125% of salary for Darcy Willson-Rymer and 100% of salary for Matthias Seeger. The bonus was subject to achieving Profit Before Tax targets (70% of the opportunity) and Strategic Objectives (30% of the opportunity). As a result of financial performance and partial achievement of the strategic objectives, the total bonus payout for FY25 was 37.7% of maximum. This resulted in total bonus payments of £231,757 for the CEO and £135,375 for the CFO. In line with policy, one-third of the bonus (after payment of tax) must be used to acquire Card Factory plc shares which must be held for three years.

PBT (70% of bonus opportunity) – audited

The PBT performance targets for the year and final performance achieved against this element are as set out in the table below. The Committee applied the adjusted PBT for the year, after taking account of the adjustments to actual PBT (see page 170).

Performance level	FY25 PBT target range	Percentage of total PBT bonus pool available if performance level achieved	PBT realised (after adjustments)	Percentage of total bonus pool payable (% of maximum)
Threshold	£63.2m	15%		
Target	£66.5m	50%	£66.0m	30.9% of 70%
Maximum	£69.8m	100%		

ANNUAL REPORT ON REMUNERATION CONTINUED

Achievement against strategic objectives (30% of bonus opportunity) – audited

The strategic objectives for the CEO and CFO were set at the start of the year and outlined in last year's report. The strategic objectives have been reviewed in detail with one objective being partly achieved and the other objective not being achieved, giving an achievement of 6.84% of the maximum 30% of the total bonus opportunity. The specific outcomes for each objective were as follows:

Strategic objective	Link to strategy	Target and Stretch performance set	Outcome	Bonus achieved (% of maximum)
cardfactory.co.uk sales.	Omnichannel is one of the key strategic sales channels targeting system updates to improve the customer journey to improve customer retention and sales.	Threshold: cardfactory.co.uk sales of £8.0 million. Target: cardfactory.co.uk sales to achieve £8.9 million. Stretch: cardfactory.co.uk sales to achieve £9.8 million.	£8.8 million.	6.8% of 15%
Retail partnership sales.	Development of retail partnerships is a key growth sales channel.	Threshold: business partner sales (excluding SA Greetings) of £8.0 million. Target: business partner sales (excluding SA Greetings) of £8.8 million. Stretch: business partner sales (excluding SA Greetings) of £9.7 million.	£6.2 million	0% of 15%

For each element of the bonus, 15% of the maximum potential bonus opportunity pays out for threshold performance, 50% of maximum potential bonus opportunity paying out for target performance with 100% of the maximum potential bonus opportunity paying out for maximum performance. Straight-line payout applies between Threshold, Target and Stretch.

The bonus is also subject to an ESG underpin. The Committee considered that sufficient progress has been made during FY25 on delivery of the ESG strategy that was published in the FY24 Annual Report (see also pages 36 to 43) and therefore determined that the underpin had been met, and no reduction to the bonus award should be made in this respect.

The Committee then considered the overall performance of the business and the stakeholder experience during the year. Notwithstanding that performance under the strategic elements was below expectations, the Committee considered that as the achievement of PBT was at broadly on-target levels, delivered through overperformance in the core sales channel, the overall annual bonus outcome was fair and reasonable in the round. Therefore, no discretion was exercised to adjust the formulaic outcome.

Grants of Restricted Shares FY25 – audited

Conditional awards of Restricted Shares were granted to the Executive Directors on 26 June 2024. In line with our approach in previous years, annual RSP awards of shares worth 87.5% of basic salary for the CEO and 75% of salary for the CFO.

Executive Director	Number of Restricted Shares awarded ¹	Face value of award value as a % of salary	Face/maximum value of Restricted Shares at grant date ¹	Measurement period for performance underpin
Darcy Willson-Rymer	456,449	87.5%	£429,975	1.2.24–31.1.27
Matthias Seeger	285,668	75%	£269,099	1.2.24–31.1.27

1. Based on the average share price for the three trading days to and including 25 June 2024 of 94.2 pence.

For these Restricted Shares to vest, the Committee must be satisfied that business performance over the three years commencing 1 February 2024 is robust and sustainable, that the business improved its impact on society and the environment and that management has strengthened the business. In assessing performance, the Committee will consider financial and non-financial KPIs of the business as well as delivery against strategic priorities and ESG commitments. To the extent it is not satisfied with performance the Committee may scale back the level of vested awards, including to zero. There will be full disclosure in the Annual Report and Accounts of the Committee's determination of this 'performance underpin' at the time of vesting.

Upon determination by the Remuneration Committee of the full or partial satisfaction of the performance underpin condition, any Restricted Shares will vest on the third anniversary of the date of grant, subject to a holding period which (save for permitted sales to meet tax liabilities from vesting) will normally end on the fifth anniversary of the date of grant.

2022 LTIP Restricted Share award vesting – audited

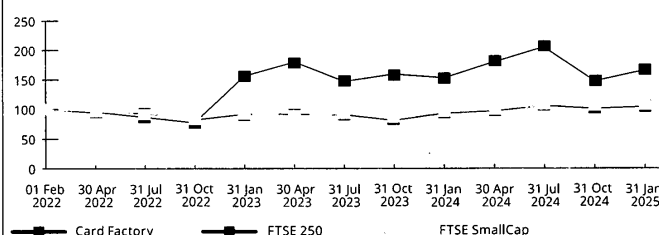
Restricted Share awards granted in May 2022 are scheduled to vest from 12 May 2025, subject to the performance underpin and any discretion the Committee may exercise. The measurement period for the performance underpin for these awards was 1 February 2022 to 31 January 2025. For the performance underpin to be met, the Committee must be satisfied that business performance over the performance period was robust and sustainable and that the business improved its impact on society and the environment and has been strengthened by management's actions. In assessing the underpin, the Committee considered financial and non-financial KPIs of the business as well as delivery against strategic priorities.

The Committee considered that cardfactory's performance over the performance period has been strong and that through management action, cardfactory continues to be well positioned to continue to grow, for the benefit of all its stakeholders. The Committee also considered that the growth in share price since that grant is attributable to successful implementation of the strategic plan by the Executive Directors and senior leadership team and is satisfied that the outcome is in-line with shareholders and wider stakeholder experience.

The Committee also noted that over the period:

- the significant improvement in the business performance over the performance period, with all financial key performance indicators (including Revenue, PBT, Basic EPS, Leverage and Share Price) being materially improved over the period, with dividend payments recommenced in 2024;
- Total Shareholder Return (TSR) exceeding 60%, compared to FTSE Small Cap and FTSE 250 indexes which reported up to 6% returns (see chart opposite);
- good progress has been made on the impact on society and the environment, including development of a strategy, with targets for 2033 and Net Zero targets for 2050, including assessments and steady progress in reduction in waste and packaging, assessment of wider Scope 3 emissions and high levels of colleague engagement and additional focus on supporting communities; and
- that vesting of the awards in full reflects the performance of the business over that period and delivery of the strategic plan.

Value of £100 invested from 1 Feb 2022 to 31 Jan 2025



The Committee was mindful of the shareholder guidance to assess vesting of awards to avoid windfall gains. An additional element considered by the Committee assessed the share price at the time of grant: The 2022 RSP awards share price at grant was 50.47 pence, below the value applied for the 2021 RSP awards of 76.54 pence. However, the Committee recognised that the share value over the period in advance of the 2021 RSP grants was temporarily inflated as stores reopened following Covid lockdowns, with the Committee concluding that there was no need to adjust award levels at grant for 'windfall gains'.

On this basis the Committee was comfortable that the award should vest in full. Therefore, the Committee resolved to approve vesting of the 2022 RSP awards and determined that it was not necessary to exercise any discretion in respect of the awards.

SAYE – audited

Awards under the HMRC-approved SAYE plan were granted to all participating employees on 23 July 2024. Options were granted at a discount of 20% to the share price on grant and vest after three years subject to continued employment.

Executive Director	Number of SAYE options awarded	Face/maximum value of awards at grant date ¹	% of award vesting at threshold	Performance period
Darcy Willson-Rymer	4,086	£3,849	n/a	n/a
Matthias Seeger	4,086	£3,849	n/a	n/a

¹ Value stated is the value of the shares under option, being the number of shares times the value determined over the three days to, and including, 25 June 2024, of 94.2 pence.

ANNUAL REPORT ON REMUNERATION CONTINUED

Single figure total fees paid to Non-Executive Directors – audited

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 January 2025 and the prior year.

Non-Executive Director	Base fee paid		Additional fees		Total	
	FY25	FY24	FY25	FY24	FY25	FY24
Paul Moody (Chair)	£180,833	£170,313	-	-	£180,833	£170,313
Roger Whiteside (SID) ¹	£23,760	£58,330	-	-	£23,760	£58,330
Pam Powell (SID) ²	£37,840	-	-	-	£37,840	-
Nathan (Tripp) Lane ³	£25,667	£49,317	-	-	£25,667	£49,317
Rob McWilliam	£51,667	£49,010	£10,333	£10,000	£62,000	£59,010
Indira Thambiah	£51,667	£49,010	£10,333	£10,000	£62,000	£59,010

1. Roger Whiteside resigned on 20 June 2024.
2. Pam Powell was appointed on 21 June 2024.
3. Tripp Lane resigned on 26 July 2024.

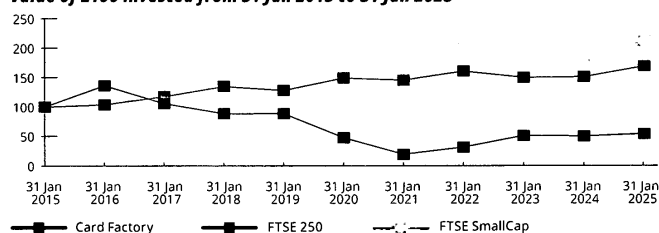
Payments for loss of office and payments to former Directors – audited

No payments for loss of office or payments to past Directors have been paid during the year which have not already been disclosed in previous years.

Historical TSR performance and CEO remuneration

The graph below illustrates the Total Shareholder Return (TSR) of Card Factory against the FTSE 250 Index and FTSE Small Cap Index over the 10 year period to 31 January 2025. These indices have been chosen as they are recognised, broad-equity market indices of which the Group has been a member for this period.

Value of £100 invested from 31 Jan 2015 to 31 Jan 2025



CEO	2024/25 (FY25)	2023/24 (FY24)	2022/23 (FY23)	2021/22 ¹ (FY22)	2020/21 ² (FY21)	2019/20 (FY20)	2018/19 (FY19)	2017/18 (FY18)	2016/17 ³ (FY17)	2015/16 (FY16)
Single figure of remuneration (£'000)	1,532	1,525	943	829	525	593	611	496	1,005	951
Annual bonus outcome (% of max)	37.7%	82.5%	80%	66%	-	10%	15%	-	20%	79%
LTIP vesting* (% of max)	100%	100%	n/a	n/a	50%	-	-	n/a	46.6%	n/a

1. For FY22, the amounts set out in the FY23 Annual Report are grossed up, on a pro rata basis to show the position for comparison purposes assuming Darcy Willson-Rymer had been appointed from 1 February 2021 rather than 8 March 2021 (the date of his actual appointment).
2. For FY21 this represents all remuneration paid to Karen Hubbard to 30 June 2020 (the date of her resignation) and payments to Karen Hubbard during her period of garden leave to 31 December 2020 and the proportion of the pro rata Restricted Share award that vested in July 2021.
3. For FY17 this represents the aggregate single figure for Karen Hubbard (from date of appointment as CEO) and Richard Hayes (to date of stepping down as CEO).
4. All LTIP awards vesting from and including FY21 were restricted share awards granted under the LTIP. Awards vesting to and including FY20 were performance share awards under the LTIP.

Percentage change in remuneration of Directors and all employees

The table below shows the change each year for each Director's salary/fees, benefits and bonus, for each of the last five financial periods, as compared to the salary change for all employees (excluding such Directors), based on a total full-time equivalent reward for the relevant financial year. Where a Director was appointed or resigned part way through the financial year, their salary/fees, benefits and bonus are grossed up to reflect as full-year equivalent to provide for meaningful reflection for the year-on-year change:

Year-on-year change %	Executive Directors						
	Average employee ¹	Darcy Willson-Rymer ²	Matthias Seeger	Paul Moody	Pam Powell	Rob McWilliam	Indira Thambiah
FY25 compared to FY24							
Salary/Fees	10.85%	0.46%	48.16%	6.18%	n/a	5.07%	5.07%
Bonus	-28.21%	-52.1%	-58.83%	n/a	n/a	n/a	n/a
Benefits ⁴	44.97%	41.81%	28.08%	n/a	n/a	n/a	n/a
FY24 compared to FY23							
Salary/Fees	10.27%	4.17%	n/a	16.33%	-	9.51%	28.56%
Bonus	9.77%	7.42%	n/a	n/a	-	n/a	n/a
Benefits ⁴	3.45%	1.3%	n/a	n/a	-	n/a	n/a
FY23 compared to FY22							
Salary/Fees	13.25%	0%	-	-3.0%	-	1.7%	n/a
Bonus	10.81%	34.5%	-	n/a	-	n/a	n/a
Benefits	17.75%	5.7%	-	n/a	-	n/a	n/a
FY22 compared to FY21							
Salary/Fees ³	4.7%	1.0%	-	-54.0%	-	n/a	-
Bonus	89.36%	100%	-	n/a	-	n/a	-
Benefits	28.7%	-60.8%	-	n/a	-	n/a	-
FY21 compared to FY20							
Salary/Fees	5.3%	-	-	127.88%	-	-	-
Bonus	-64.3%	-	-	n/a	-	-	-
Benefits	12.8%	-	-	n/a	-	-	-

- The Average Employee is the FTE for all UK Group employees. Data for FY23 compared to FY22 and for FY22 compared to FY21 for the average employee bonus and benefits have been restated to ensure the bonus amount reported is the bonus earned in the financial year, rather than the date on which the bonus is paid (which relates to the amount earned in the prior financial year).
- Darcy Willson-Rymer's remuneration information change for FY22 compared to FY21 reflects the annualised salary and benefit for Darcy (who was appointed 8 March 2021) compared to the annualised data for the former CEO, Karen Hubbard, for FY21, on the basis stated in note 2 to the preceding table.
- Reduction in fees received during FY21 (compared to FY21) is attributable to waivers of fees by Directors over the periods of lockdown due to the Covid-19 pandemic.
- Benefits includes all income in the Single Figure tables excluding Salary/Fees and Bonus. The increase in Benefits for the average employee in FY24 reflects the increase to national minimum/living wage effected in April 2023 (with many other benefits being applied to these increased rates).

ANNUAL REPORT ON REMUNERATION CONTINUED

CEO to employee pay ratio

FY25	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Ratio	Option A	61.4 : 1	60.8 : 1	59.2 : 1
Employee salary		£24,936	£24,936	£25,621
Employee total remuneration		£24,936	£25,152	£25,876
FY24 ratio	Option A	67.6 : 1	64.3 : 1	61.8 : 1
FY23 ratio	Option A	44.7 : 1	43.6 : 1	42.1 : 1
FY22 ratio	Option A	51.9 : 1	40.3 : 1	38.2 : 1
FY21 ratio	Option A	31.4 : 1	30.6 : 1	29.5 : 1
FY20 ratio	Option A	35.2 : 1	33.1 : 1	32.2 : 1

cardfactory has chosen Option A (pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended)), which provides a comparison of the Company's full-time equivalent total remuneration for all UK employees against the CEO for the FY25 financial year as the most appropriate methodology to report the ratio, in line with the recommendation from the UK Government Department for Business, Energy and Industrial Strategy and shareholder and proxy-voting bodies.

The Committee considers pay ratios as one of many reference points when considering remuneration. Throughout the Group, pay is aligned with our pay principles, is structured to be as consistent as possible and is market-competitive in the context of the sector in which we operate. The Committee notes the limited comparability of pay ratios across companies and sectors, given the diverse range of business models and employee population profiles which exist across the market. A significant proportion of the CEO's potential pay is delivered in variable remuneration which may, therefore, fluctuate significantly on a year-to-year basis. The ratios are impacted by the demographic makeup of our workforce. Over 94% of our colleagues work in our retail stores and warehouses where rates of pay are lower than those for management roles and those colleagues based at our support centre. This reflects the retail sector more broadly. In addition, while warehouse and retail colleagues are eligible to participate in the SAYE plan and have access to incentive and bonus schemes, the CEO's higher bonus and RSP opportunities reflect the nature and complexity of the role as well as the remuneration levels in retail businesses of a similar size.

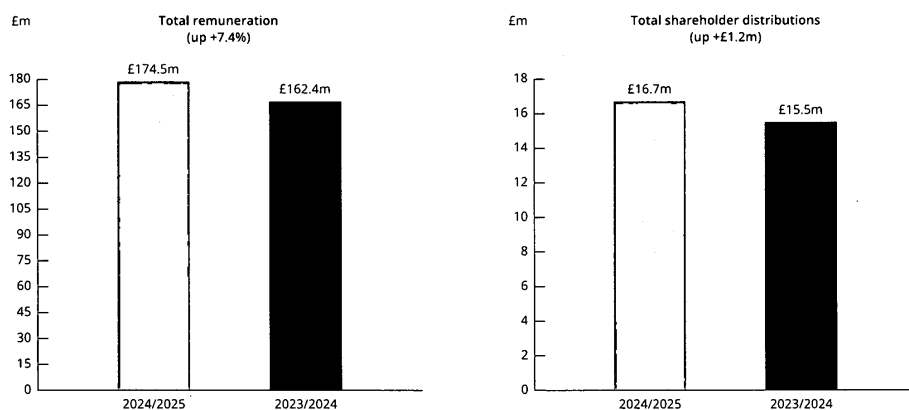
The Committee recognises that the material increase in the CEO pay ratio in the last two years, as a result of CEO pay including the value of Restricted Share awards, which start to vest under the Long Term Incentive Plan which reflect on improved financial performance and progress on the strategic priorities since the CEO's appointment in 2021. Whilst the CEO single figure earnings has therefore increased significantly, the majority of the Group's employees are not subject to equivalent variable pay awards. Many employees earn National Living Wages (which have been subject to sizeable year-on-year increases) and have also benefited from certain enhancements to pay and benefits as part of an ongoing programme to provide a 'fair deal' for colleagues on our journey to becoming a median market payer.

The Committee notes the slight reduction in the ratio and recognise this is attributed to (a) the year-on-year increases to National Living Wages which directly benefit the majority of cardfactory's workforce; and (b) the variable pay component of CEO pay has a significant impact on total CEO remuneration, with CEO pay for FY25 being comparable to FY24 total remuneration, with the higher value of RSPs earned largely offsetting the reduced bonus award.

As required in the regulations, the Company is satisfied that the ratios are appropriate and fair and is consistent with the Company's wider pay, reward and progression policies affecting our colleagues.

Distribution statement

The charts below illustrate the year-on-year change in total remuneration for all employees and total shareholder distributions ('TSD')



The total remuneration paid in respect of FY25 (as set out in note 5 to the Financial Statements, which form part of this report on page 145) was £174.5 million (FY24: £162.4 million).

Statement of shareholder voting

The following table shows the results of the shareholder votes on the Annual Report on Remuneration at the 2024 AGM and for the Directors' Remuneration Policy at the 2024 AGM:

	Remuneration Policy 2024		Annual Report on Remuneration 2024	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	201,895,508	96.00	209,152,492	99.42
Against	8,405,067	4.00	1,230,052	0.58
Total votes cast (excluding withheld votes)	210,300,575	-	210,382,544	-
Total votes withheld	125,220	-	43,251	-
Total votes cast ¹ (including withheld votes)	210,425,795	-	210,425,795	-

1. A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

ANNUAL REPORT ON REMUNERATION CONTINUED

Directors' shareholdings and interest in shares - audited

The Committee sets shareholding guidelines for Executive Directors. Executive Directors are required to retain shares that vest from future Restricted Share awards and acquire shares with one-third of any bonus (after payment of tax) until the shareholding requirement is met. The current guideline is to build and maintain, over time, a holding of shares in the Company equivalent in value to at least 250% and 200% of base salary for the CEO and CFO, respectively. The Executive Directors have not yet met the shareholding guideline.

Director	Shares held	RSP awards held		SAYE options held		Current shareholding (% of salary/ fee ¹)	Shareholding requirement (% of salary/ fee)	Guideline met?
	Owned outright	Unvested and not subject to performance	Unvested and subject to performance	Unvested and subject to continued employment				
Executive Directors								
Darcy Willson-Rymer	557,078	1,037,397	884,881	24,972	107.7%	250%	No	
Matthias Seeger	60,470	–	553,802	16,673	16.7%	200%	No	
Non-Executive Directors								
Paul Moody	200,000	–	–	–				
Pam Powell	9,875	–	–	–				
Rob McWilliam	32,578	–	–	–				
Indira Thambiah	–	–	–	–				

1. Calculated in respect of shares 'owned outright', by applying the closing share price of the Company on 31 January 2025 of 95 pence and applying annual salary as at this date.

During the year, the RSP award granted to Darcy Willson-Rymer in 2021 in respect of 514,436 shares were approved for vesting, with 257,218 of these shares being allotted on 14 June 2024. Darcy Willson-Rymer also exercised his option granted under the SAYE plan, to acquire 13,526 shares on 1 August 2024. Otherwise, no RSP awards or share options under the SAYE plan were exercised by the Directors during FY25. Since the end of the year, the Committee approved the vesting (subject to the LTIP rules and terms of the awards) of all awards granted in 2022, which includes RSP awards over 780,197 shares granted to Darcy-Willson Rymer, which are now classified as unvested awards not subject to performance conditions (as reflected in the table above). Otherwise, there have been no changes in the numbers of shares owned by the Directors and their connected persons between the end of the year and the date of this report.

Details of Directors' interests in shares in incentive plans – audited

	Date of grant	Share price at grant	Exercise price ²	Number of shares awarded	Face value at grant ³	Performance period	Exercise period	No. of shares awarded that have been issued (before sale to fund tax)
Darcy Willson-Rymer								
Restricted Shares	26.06.24	94.2p	n/a	456,449	£429,975	01.02.24 – 31.01.27	n/a	-
Restricted Shares ¹	24.05.23	96.5p	n/a	428,432	£413,437	01.02.23 – 31.01.26	n/a	-
Restricted Shares ¹	12.05.22	50.468p	n/a	780,197	£393,750	01.02.22 – 31.01.25	n/a	-
Restricted Shares ¹	14.06.21	76.54p	n/a	514,436	£393,750	01.02.21 – 31.01.24	n/a	257,218
SAYE	23.07.24	94.2p	75.36p	4,086	£769.8	-	01.09.27 – 28.02.28	-
SAYE	27.06.23	89.3p	71.5p	2,467	£440.6	-	01.07.26 – 31.12.26	-
SAYE	08.06.22	61.07p	48.86p	18,419	£2,249	-	01.07.25 – 31.12.25	-
Matthias Seeger								
Restricted Shares	26.06.24	94.2p	n/a	285,668	£269,099	01.02.24 – 31.01.27	n/a	-
Restricted Shares ¹	24.05.23	96.5p	n/a	268,134	£256,750	01.02.23 – 31.01.26	n/a	-
SAYE	23.07.24	94.2p	75.36p	4,086	£769.8	-	01.09.27 – 28.02.28	-
SAYE	27.06.23	89.3p	71.5p	12,587	£2,248	-	01.07.26 – 31.12.26	-

- The number of shares comprising each RSP award was calculated based on the average, middle-market quotation of a share in the capital of the Company over the three months prior to the date of grant (and in respect of the RSP award made in 2024, over the three days prior to the date of grant). Performance conditions and underpins for the restricted share awards granted in 2022 and 2024 are set out on pages 104 and 105. The restricted share awards made in 2021 did not include "the business improved its impact on society and the environment" in the performance underpin, but otherwise, was on same as the terms applicable to awards made in 2022 (see page 105, save for the performance period (noted above)). The restricted share awards made in 2023 are subject to the same performance conditions and underpin applicable to the awards made in 2022, save the performance period is 1 February 2023 to 31 January 2026.
- In respect of restricted share awards, the employer pays a nominal bonus of 1 pence per share at the time of vesting. This nominal bonus is applied to pay the subscription price to meet the Companies Act requirements for payment of nominal value on allotment. A dividend equivalent is also paid in respect of dividends paid with a record date after the date of grant the date of allotment of the shares.
- Face value of SAYE awards at grant is the value of the 20% difference between the share value at grant and the exercise price, across all shares under option.

How the Policy will be applied in FY26

Salary

The Committee reviewed the annual salary for the senior leadership team, including the CEO and CFO. In determining increases, the Committee took into account market data with comparisons to other UK listed retail businesses and to UK listed companies with similar market capitalisations as well as taking into account the average salary increase across the workforce of 7.5%. As a result, the Committee determined the CEO and the CFO would receive a salary increase of 2% for FY26 with increases taking effect on 1 April 2025. Darcy Willson-Rymer has notified the Committee that he will waive the 2% annual increase approved by the Committee, after taking account of the fact that, following a restructuring at the end of the financial year saw a number of colleagues exit the business, therefore, his salary from 1 April 2025 will remain at the current level.

The salaries of the Executive Directors with effect from 1 April 2025 are as follows:

Executive Director	1 April 2025	1 April 2024
Darcy Willson-Rymer	£491,400	£491,400
Matthias Seeger	£365,976	£358,800

ANNUAL REPORT ON REMUNERATION CONTINUED

Benefits and pension

These will be paid in line with the Policy.

Annual bonus

The annual bonus for FY26 is capped at 125% and 100% of salary for the CEO and CFO (respectively), up to 70% is based on financial performance and 30% can be realised from achievement of strategic objectives. The annual bonus is subject to an ESG underpin.

The financial targets have been set by the Committee and will require Executive Directors to deliver significant stretch performance compared to market expectations at the start of the financial year and the financial performance realised in FY25. Given the close link between these targets and cardfactory's competitive strategy, financial targets are considered commercially sensitive but will be published in next year's Annual Report on Remuneration.

The objectives set for both the CEO and CFO for FY26, which are shared by all of the senior leadership team are as follows:

Objective	Link to strategy	Bonus potential (% of maximum bonus opportunity)
Financial objectives¹		70% total
PBT based target	Group financial performance and improvement in profitability.	60%
Cash flow productivity	Measure to ensure focus on effectiveness of turning profit into cash, to be applied under the Capital Allocation Policy.	10%
Strategic objectives¹		30% total
cardfactory.co.uk sales	Online sales (including certain omnichannel initiatives) is one of the key strategic sales channels targeting sales growth.	10%
Retail partnership sales	Development and growth of retail partnerships and recent acquisitions is a key growth sales channel.	10%
Net new stores	Increasing UK & Ireland store numbers is a key component for growth in the primary sales channel.	10%

1. Quantums for Threshold, Target and Stretch and specific terms for each objective are commercially sensitive and will be published in the Annual Report on Remuneration for the year to 31 January 2026.

For each element of the bonus, 15% of the maximum potential bonus opportunity pays out for Threshold performance, 50% of maximum potential bonus opportunity paying out for Target performance with 100% of the maximum potential bonus opportunity paying out for maximum performance (i.e. Stretch). Straight-line payout applies between Threshold, Target and Stretch.

In line with the terms adopted in for the FY25 bonus plan, an ESG underpin will apply, whereby the Committee may reduce the annual bonus payout by up to 10% if the Committee considers that there has not been sufficient progress in delivering our ESG strategy. To inform its decision making at year-end the Committee will review a dashboard summarising progress against our ESG commitments, which may include, but is not limited to: progression of our customer and employee experience; progression in reducing the Group's carbon footprint, waste reduction and progression of sustainability initiatives with the Group; progression against the Group's commitment to act responsibly with respect to the environment, aiming for a sustainable approach to the use of resources, avoiding irresponsible disposal of products and unnecessary waste; progression against our refreshed DE&I strategy; the Group's compliance against industry standard ESG guidelines and best practices; and active management of ESG considerations and risks.

Restricted Shares

Restricted Shares will be granted over shares with a value at the time of grant of up to 87.5% of salary and 75% of salary for the Chief Executive and Chief Financial Officer, respectively, subject to a performance underpin and the other terms described in the new Remuneration Policy and under the LTIP Scheme Rules. Any awards are proposed to be granted following publication of the preliminary results for FY25.

The Restricted Share Awards will be subject to a performance underpin whereby in order for the Restricted Shares to vest the Committee must be satisfied that business performance is robust, sustainable, that the business has improved its impact on society and the environment and management has strengthened the business. In assessing performance, the Committee will consider financial and non-financial KPIs as well as delivery against strategic priorities and ESG commitments.

There will be full disclosure in the Annual Report and Accounts, at the time of vesting, of the Committee's determination of the performance underpin.

Non-Executive Director fees

The Chair and Non-Executive Director fees have been reviewed in accordance with the principles applied for all colleague pay reviews (see page 92), with any changes to take effect from 1 April 2025. Following a review of market data, the Chair's fee and the NED base fee will be increased by 2%, whilst no increase will be applied to the additional fees payable to SID (in excess of the NED base fee) and the Committee chairs, which are considered to be in line with market rates:

	From 1 April 2025	From 1 April 2024
Base fees		
Chair	£185,640	£182,000
Senior Independent Director	£63,440	£62,400
Non-Executive Director	£53,040	£52,000
Additional fees		
Chair of the Remuneration Committee	£10,400	£10,400
Chair of the Audit & Risk Committee	£10,400	£10,400

Remuneration Committee membership and advisers

The Remuneration Committee membership during the period is set out in the Corporate Governance Report on pages 83 and 84. The Committee fulfils its duties with a combination of both formal meetings and informal consultation with relevant parties, both internal and external. The Committee appointed Deloitte LLP as principal external advisers in 2023, who were appointed by the Committee following a tender process. Deloitte LLP provide other services to the Group, including debt advisory and other unrelated consultancy services. Deloitte LLP are signatories to the Code of Conduct for Remuneration Consultants in the UK, details of which can be found on the Remuneration Consultants Group's website at remunerationconsultantsgroup.com. Accordingly, the Committee is satisfied that the advice received is objective and independent. During the financial year to 31 January 2025, fees of £35,500 (plus VAT) were paid to Deloitte LLP in respect of advice to the Committee. The Committee is comfortable that the Deloitte engagement partners and team that provides remuneration advice to the Committee do not have connections with the Company or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Committee activities

During FY25 and up to the approval of this Report, the Committee met to consider the following remuneration matters.

- Review the operation of the Remuneration Policy in FY25, assess appropriateness of the Policy, and consider whether any updates would be appropriate.
- Consider performance against targets and resulting bonus payments for FY24 and proposed bonus awards for FY25 and vesting of the 2021 and 2022 Restricted Share awards under the Long Term Incentive Plan.
- Finalise the financial targets and (since the year-end) consider the performance against the targets and resulting bonus payments and consideration of the exercise of discretion for the FY25 annual executive bonus plan and to agree the measures and targets for the FY26 annual executive bonus.
- Consider and approve annual salary increases for the senior leadership team, the CEO and the Chair, and the wider workforce salary and benefit reviews.
- Assess good leaver designations and approval of terms for certain leavers.
- Review developing trends in remuneration market practice, investor guidelines and governance.
- Review and consider wider Group remuneration policies and practices and the approach to employee engagement as it relates to remuneration matters.
- Undertake various other reviews and approvals (as appropriate) in accordance with the Terms of Reference for the Committee adopted by the Company.
- Formally approve the Directors' Remuneration Report as set out in this Annual Report.

ANNUAL REPORT ON REMUNERATION CONTINUED

The work of the Remuneration Committee

Set out below are those areas of the Committee's work that it is required to report under the Code and reporting regulations and which are not covered elsewhere in this Directors' Remuneration Report.

Engagement with stakeholders

The Committee consulted with shareholders and the colleague listening group (CLG) on the changes made to the Directors' Remuneration Policy (set out on pages 94 to 101), prior to recommendation of the Policy for adoption at the 2024 AGM. Support for the Directors' Remuneration Policy, that was adopted at the 2024 AGM, has the support of 96.00% and the FY24 Directors' Remuneration Report at the 2024 AGM received support from shareholders holding 99.42% of the votes cast. There were no material concerns for the Committee to consider from the AGM voting outcomes. cardfactory continues to work on some of the key themes and outputs from the last bHeard survey (October 2023) and we continue with the CLG which complements existing forms of employee engagement. It also forms the basis of engagement on those matters specifically required under the Code, including to explain the alignment of the Executive Directors' Remuneration Policy to the wider Group. Paul Moody is the Designated Director to lead the Board's consultation of colleagues via the CLG. Further details of stakeholder engagement are set out on pages 56 to 59.

There were no matters arising during the year that required consultation by the Remuneration Committee with shareholders.

Determining Executive Director remuneration

The Committee considers the appropriateness of the Executive Directors' remuneration, not only in the context of overall business performance and environmental, governance and social matters, but also in the context of wider workforce pay conditions (taking into account workforce policies and practices as well as the ratio of CEO pay to all-employee pay) and external market data, to ensure that it is fair and appropriate for the role, experience of the individual, responsibilities and performance delivered.

More specifically the Committee will continue to consider the application of discretion in application of the Directors' Remuneration Policy to adjust for any excessive returns from general market changes, and to account for wider stakeholder experience, in particular in respect of the exercise of discretion in respect of bonus and share awards and in setting any new targets for future annual bonus schemes.

Wider workforce matters

The Committee, as part of its wider remit under the Code, considers workforce remuneration policy and practices. This includes our Gender Pay statistics, which are published on our investor relations website (cardfactoryinvestors.com) and our DE&I strategy (see page 37) and our DE&I policy which is summarised on page 116. The Committee has also considered the Group's wider review of remuneration across the entire workforce following an extensive grading of roles and benchmarking of remuneration and benefits associated with each role.

This report was reviewed and approved by the Remuneration Committee on 6 May 2025.

Indira Thambiah

Chair of the Remuneration Committee

7 May 2025

NOMINATION COMMITTEE CHAIR'S LETTER



Paul Moody
Chair of the Nomination Committee

Committee members

Paul Moody (Chair)
Pam Powell
Rob McWilliam
Indira Thambiah



The Board will keep all aspects of experience and diversity under review."

Dear Shareholder

Introduction

FY25 has been a year of further progress for the Nomination Committee, particularly on succession planning and Board effectiveness evaluation. The key activities of the Committee during the period include:

- The externally conducted evaluation of the Board's effectiveness (July to October 2024) culminating in review of performance against the Board objectives set in October 2023 and setting new Board objectives (see page 84).
- Review of the Board's, the senior leadership team and their direct report's succession planning and actions to support the future promotion of internal candidates.
- Recommendation to the Board of the appointment of Pam Powell as Senior Independent Director. Odgers Berndtson were engaged in 2023 to support this appointment. Save for prior appointments of Odgers Berndtson by the Company for Board appointments, and appointment of Odgers Berndtson by boards of companies that each of Pam Powell and I are Non-Executive Directors, Odgers Berndtson do not have any other connections with either the Company or the Directors.

- Oversight and engagement on the sustainability and ESG agenda, in particular supporting progress on ensuring cardfactory is a genuine diverse and inclusive place to work and to review the progress in improving the culture within the business (see pages 41 and 59).

At the Company's 2024 Annual General Meeting, over 75% of the votes cast supported my reappointment, however, as more than 20% of votes cast were against my reappointment, we launched a consultation with the 12 largest institutional shareholders, holding (in aggregate) 60% of the Company's issued share capital, in accordance with Provision 4 of the UK Corporate Governance Code 2018. All the shareholders who engaged in this consultation reported that they supported my reappointment, with no engagement from any shareholders who voted against this resolution.

As announced in December 2024, the Board understood, from prior shareholder feedback, that the diversity of the Board may have resulted in some votes being cast against my reappointment. At the time of reporting the FY24 results and publication of the FY24 Annual Report and Accounts, the diversity of the Board fell short of the recommendations in the Listing Rules.

The Board composition now comprises 33% women, including one in the Senior Independent Director role.

The Board has re-assessed the skills and experience of its members and consider this to be appropriate for the Company's operations and strategic objectives. The Board recognise the diversity of its membership, across a range of criteria (of which gender and ethnicity are part) and does not consider it to be in the interests of shareholders to recruit an additional director solely to achieve the 40% recommendation. The Board will keep all aspects of experience and diversity under review.

Yours sincerely

Paul Moody
Chair
7 May 2025

NOMINATION COMMITTEE REPORT

This report provides details of the role of the Nomination Committee, the work it has undertaken during the year and details of how it intends to carry out its responsibilities going forward.

Role of the Nomination Committee

The purpose of the Committee is to:

- Assist the Board by keeping the composition and performance of the Board and its Committees under continuous review to ensure it has the necessary balance of skills and experience to fulfil its purpose.
- Ensure a thorough and transparent process is adopted for making new appointments to the Board.
- Oversee diversity, inclusion and succession, not only within the Board but across the Group's senior leadership team.

A more detailed explanation of the Nomination Committee's role, membership, meeting frequency and Terms of Reference are set out in the Corporate Governance Report on page 84.

Committee activity

The Committee's main activity during the year, and its plans for the year ahead, are as described in more detail in the introductory letter to this report.

DE&I Policy

Our policy is that the Board and the Group's senior leadership team should always be diverse, with selection being made irrespective of personal attributes, but we feel that quotas are not appropriate as they are likely to lead to compromised decisions on Board and senior leadership team membership, quality and size.

We will, however, seek to ensure that specific effort is made, both at Board and senior leadership team level, to bring forward female candidates and those from a range of ethnic and social backgrounds for appointments. We are committed to providing equal opportunities for all our colleagues and to having a diverse workforce of gender, age, nationality, education and background. We are a founding signatory, alongside 50 other leading retailers, to the British Retail Consortium's Diversity & Inclusion Charter. Details of some of our commitments and progress during the year can be found in the ESG Report from pages 36 to 43 and in respect of our colleague engagement on page 59.

We published our latest Gender Pay Gap Report in May 2025, which reports on the gender pay gap as at 5 April 2024. A copy of the report has been published on cardfactory's investor website (cardfactoryinvestors.com).

Our latest data on gender and (for the Board and senior leadership team) ethnicity as at the reference date of 31 January 2025, is as follows:

Gender composition	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)	Number in executive management (excl. Board members)	Percentage of executive management (excl. Board members)
Men	4	66.6%	3	7	87.5%
Women	2	33.3%	1	1	12.5%

Ethnic diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	5	83.3%	4	7	87.5%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	16.6%	–	1	12.5%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Of the 45 UK direct reports to the executive leadership team as at 31 January 2025, 53% (24 individuals) are women, 47% (21 individuals) are male. Of the entire UK and Ireland workforce of 9,266 as at 31 January 2025, 81% (7,490 individuals) are women and 19% (1,776 individuals) are male.

Board evaluation

The Company undertook an externally conducted Board effectiveness evaluation, which concluded in October 2024. Further details are set out in the Corporate Governance Report on page 84. Board evaluation will continue to be conducted on an annual basis, with an externally facilitated evaluation scheduled to be completed during the financial year to 31 January 2028.

Tenure and re-election of Directors

In accordance with the UK Corporate Governance Code, all the Directors will seek election or re-election (as appropriate) at the next AGM on 19 June 2025.

Paul Moody

Chair of the Nomination Committee

7 May 2025

DIRECTORS' REPORT

The Directors present their report together with the audited Financial Statements for the year ended 31 January 2025.

Introduction

This section of the Annual Report & Accounts includes additional information required to be disclosed under the Companies Act 2006 (the Companies Act), the UK Corporate Governance Code 2018 (the 'Code' or the 'UK Corporate Governance Code'), the Disclosure Guidance and Transparency Rules (the 'DTRs') and the Listing Rules (the 'Listing Rules') of the Financial Conduct Authority.

Some of the information we are required to include in the Directors' Report is included in other sections of this Annual Report and Accounts and is referred to below. Where reference is made to these other sections, they are incorporated into this report by reference.

Incorporation, listing and structure

The Company was incorporated and registered in England and Wales on 17 April 2014 under the Companies Act with registration number 9002747.

The entire issued ordinary share capital of the Company is admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange main market for listed securities. The liability of the members of the Company is limited.

The Company is domiciled in the United Kingdom and its registered office is at Century House, Brunel Road, Wakefield 41 Industrial Estate, Wakefield, West Yorkshire, WF2 0XG. The telephone number of the Company's registered office is +44 1924 839150.

The Company indirectly owns subsidiaries incorporated overseas. See note 4 to the Company Financial Statements on page 166.

Strategic Report

The Strategic Report, which was approved by the Board on 6 May 2025 and is set out on pages 1 to 74, contains a fair review of the Group's business, a description of the emerging and principal risks and uncertainties facing the Group and an indication of the likely future developments of the Group.

The review is intended to be a balanced and comprehensive analysis of the development and performance of the Group's business during the financial year and the position of the Group's business at the end of that year. The report includes, to the extent necessary for an understanding of the development, performance or position of the Group's business, analysis using financial key performance indicators.

The Strategic Report also includes the main trends and factors likely to affect the future development, performance and position of the Group's business. It also includes information about environmental matters (including reporting in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD)), the Group's employees, social and community issues and (on pages 56 to 59) details of how we engage with suppliers, customers and other stakeholders.

This Directors' Report should be read in conjunction with the Strategic Report, which also contains details of the principal activities of the Group during the year. When taken together, the Strategic Report and this Directors' Report constitute the management report for the purposes of DTR 4.1.8 R.

Results and dividends

The consolidated profit for the Group for the year after taxation was £47.8 million (FY24: £49.5 million). The results are discussed in greater detail in the CFO's pages 60 to 68.

The Directors propose a final dividend of 3.6 pence per share in respect of the period ended 31 January 2025, to be paid on 27 June 2025 to shareholders on the register on the record date of 30 May 2025, subject to shareholder approval at the AGM to be held on 19 June 2025 (FY24 final dividend: 4.5 pence). An interim dividend of 1.2 pence was paid on 11 December 2024 to members on the register a 1 November 2024 in respect of the period ended 31 January 2025 (FY24: nil).

Post year-end events

There have been no significant post year-end events.

Share capital, shareholders and restrictions on transfers of shares

The Company has only one class of shares: ordinary shares of 1 pence each.

Further details of the Company's share capital, including changes in the issued share capital in the year under review, are set out in note 19 to the Financial Statements which form part of this report on page 154. Since the end of the FY25 financial year, to 6 May 2025 (being the latest practicable date prior to publication of this report), the Company issued 22,778 shares to satisfy awards granted and vesting under the Company's SAYE plan. Save for this issue, no additional shares have been issued between the end of the financial year under review and the date of approval of this Report. The total issued share capital of the Company as at 6 May 2025 (being the latest practical date before publication of this report) is 348,027,494. No shares are held in treasury.

Details of awards outstanding under share-based incentive schemes are given in note 25 to the Financial Statements which form part of this report on page 160. Details of the share-based incentive schemes in place are provided in the Directors' Remuneration Report on page 96. Awards granted under the share-based incentive schemes are generally satisfied on vesting or exercise by the allotment of new shares.

The rights and obligations attaching to the ordinary share capital of the Company are contained within the Company's Articles of Association ('Articles') which were adopted on 28 July 2021. The Articles are accessible from Companies House and the cardfactoryinvestors.com website.

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements) and requirements of the Listing Rules whereby Directors and certain employees of the Company require approval of the Company in order to deal in the Company's shares.

Shareholder and voting rights

All members who hold ordinary shares are entitled to attend and vote at the AGM. On a show of hands at a general meeting every member present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every ordinary share held. No shareholder holds ordinary shares carrying special rights relating to the control of the Company.

DIRECTORS' REPORT CONTINUED

Substantial shareholders

At 6 May 2025 the following had notified the Company on form TR1 of a disclosable interest of 3% or more of the nominal value of the Company's ordinary shares:

Shareholder	No. of ordinary shares	Percentage of issued share capital
Artemis Investment Management LLP	29,731,077	8.54%
BBFIT Investments Pte Ltd	28,347,748	8.15%
Aberforth Partners LLP	22,753,964	6.54%
JP Morgan Asset Management	18,650,368	5.36%
Majedie Asset Management Limited	16,819,832	4.83%
The Wellcome Trust	14,187,012	4.08%
Norges Bank	11,027,565	3.17%
Jupiter Asset Management	10,950,000	3.15%

As at 31 January 2025, the Company's substantial shareholders were as reported above, save for the notification from Norges Bank, which was received on 28 March 2025. Prior to this notification, Norges Bank's interest was below 3%.

Change of control

There are no agreements between the Company and its Directors or employees providing for additional compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs because of a takeover bid. The only significant agreement to which the Company is a party that takes effect, alters or terminates upon a change of control of the Company following a takeover bid, and the effect thereof, is the Company's committed bank facilities dated 26 April 2024 which contain a provision such that, in the event of a change of control, the facilities may be cancelled and all outstanding amounts, together with accrued interest, will become repayable on the date falling 30 days following written notice being given by the lenders that the facility has been cancelled.

Transactions with related parties

The only material transactions with related parties during the year were those transactions detailed in note 28 on page 161 of the Annual Report and Accounts.

Directors

The Directors of the Company and their biographies are set out on pages 78 and 79. Details of changes to the Board during the period are set out on page 80. Details of how Directors are appointed and/or removed are set out in the Corporate Governance Report on page 85.

Powers of Directors

Specific powers of the Directors in relation to shares and the Company's Articles of Association are referred to in the Corporate Governance Report on page 85. As at 31 January 2025, the Directors had shareholder authority, granted at the AGM in 2024, to effect a purchase by the Company of up to 34,564,461 of its own shares. None of this authority had been used. This authority is proposed to be renewed at the AGM to be held in 2025.

Directors' indemnities and insurance

Information relating to Directors' indemnities and the Directors' and Officers' liability insurance that the Company has purchased is set out in the Corporate Governance Report on page 85.

Employees

Information relating to employees of the Group, including the colleague listening group and employee forums which facilitate understanding colleague views in decision making, is set out on pages 59 and 83. Share incentive schemes in which employees participate are described in the Directors' Remuneration Report on page 96 and in note 25 to the Financial Statements on page 160.

We recognise that a diverse workforce is important to our culture and this includes the employment of disabled persons. Full and fair consideration is given to applications from disabled persons and support is available for colleagues who have become disabled during their employment. Our approach is non-discriminatory and proactive. At any point during the colleague lifecycle from recruitment through job changes or promotions and with training and development opportunities we will support disabled colleagues by making adjustments to accommodate their requirements and would seek professional occupational health advice when required. We have a broad offering

of wellbeing support including an employee assistance programme and a mental health first aiders network. We encourage any colleague with a disability to talk to their manager or to get support from the People Team to ensure that they can successfully balance a health condition with work.

Getting a job at cardfactory and access to training and career development is based on merit and we would not consider any protected characteristic as a barrier to recruitment or progression. For more information on our approach to disability in the workplace see pages 41 and 59.

Greenhouse gas emissions

The TCFD Report on pages 44 to 55 sets out the greenhouse gas emissions disclosures.

Political donations

The Group has not made any political donations in the past and does not intend to make any in the future.

Treasury and risk management and financial instruments

The Group's approach to treasury and financial risk management is explained in note 23 to the accounts on pages 156 to 158. These risks are managed in accordance with the risk management framework described on pages 69 to 73, which includes a list of the principal risks and uncertainties that affect or are likely to affect the Group. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are described in the CFO's review on page 67.

Tax

The Group pays corporation tax on its operations in the United Kingdom and does not operate in any tax havens or use any tax avoidance schemes. A copy of the Group's tax strategy is available on cardfactory's investor website (cardfactoryinvestors.com).

Disclosures required under Listing Rule 6.6 R

In accordance with Listing Rule 6.6.4R, the information required to be disclosed in the Annual Report by Listing Rule 6.6.1 R is detailed in the following sections:

Disclosure	Cross reference
Amount of interest capitalised by the Group during FY25 and the amount and treatment of any related tax relief. R1	Not Applicable
Any information required by Listing Rule 6.2.23 R (publication of unaudited financial information). R2	Not Applicable
Details of any long-term incentive schemes required by Listing Rule 9.3.3 R. R3	Page 96
Details of any arrangements under which any Director has waived or agreed to waive any emoluments for FY25 or any future emoluments. R4 R5	Page 111
Details of cash allotments of shares by Card Factory plc or any major subsidiary undertaking, during FY25. R6 R7	See note 7 to the notes to the Parent Company Financial Statements on page 167
Details of any subscription for shares by Card Factory plc in a placing of shares during FY25. R8	Not Applicable
Details of any contract of significance in which a Director or controlling shareholder is materially interested, subsisting during FY25. R9	Not Applicable
Details of any contract for the provision of services to the Group by a controlling shareholder subsisting during FY25. R10	Not Applicable
Details of any arrangement under which a shareholder has waived or agreed to waive any dividends. R11, R12	Not Applicable
A statement by the Board in respect of any agreement with a controlling shareholder. R13(a)	Not Applicable

Disclosure required under Disclosure Guidance and Transparency Rule 7 (Corporate Governance)

The Corporate Governance Report on pages 80 to 86 contains disclosures required under Disclosure Guidance and Transparency Rules 7.2.2, to 7.2.7, which form part of this Directors' Report.

Disclosure required under Listing Rule 6.6.6(8) R

The Company has included climate-related disclosures consistent with the TCFD recommendations and recommended disclosures (dated June 2017) as updated by the Task Force's 2021 Annex, on pages 44 to 55 of this Annual Report. The Company's compliance statement in respect of TCFD reporting is set out on pages 44 and 45.

TCFD requirements are not yet fully achieved in respect of Scope 3 emissions, which is attributed to recent acquisitions which will require GHG emissions data to be re-baselined to take account of emissions from these businesses. This is expected to be completed during FY26 and included in the next annual report and accounts.

Going concern

The Board continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. More information in respect of going concern, including the factors considered in reaching this conclusion, is provided in note 1 to the Consolidated Financial Statements on pages 134 to 143.

Longer-term viability

In accordance with the UK Corporate Governance Code, the Directors have

assessed the viability of the Group over a period longer than that required in respect of going concern. The assessment has been made taking into account the Group's current position, business plan, and the principal risks and uncertainties described in the Strategic Report on pages 71 to 73.

In making this statement, the Board has carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Viability period

The Directors have determined that the five years to 31 January 2030 is an appropriate period over which to provide its viability statement, being the timeframe used by the Board in its strategic planning process and consistent with the Group's investment cycles. Five years would require extension options in the Group's newly agreed financing facilities to be successfully exercised, but the Board currently has no reason to believe that the Group's existing facilities would not be extended, renewed or replaced on broadly similar terms at that time.

Board assessment

The Board has reviewed the Group's detailed five-year strategic plan (the 'Plan'), including an assessment of the key operational and financial assumptions, and considered downside scenarios and stress testing. The Plan was updated to reflect the positive trading performance in FY25 and assumes a conservative model of sales growth across the five year horizon, and reflects delivery of key strategic projects to support growth in online and partnerships. In addition, the Plan includes expected cost headwinds arising, in particular, from wage inflation, higher national insurance contributions, lower GBP/USD exchange rates that may be applicable from the end of the Group's existing hedge, and the

DIRECTORS' REPORT CONTINUED

impact of potential future price increases on freight and utilities. The plan indicates that the Group will remain profitable, cash generative and demonstrated that the Group would have headroom and comply with covenants equivalent to those set out in our April 2024 facilities.

In assessing viability, the Board has considered a variety of downside scenarios arising from the Group's principal risks and uncertainties (see pages 71 to 73). These downside risks included severe, but plausible, scenarios with the ability to reduce the Group's sales, profitability and cash flow over sustained periods over half of the year. Reverse stress test scenarios were also considered that considered the extent to which such a scenario would need to persist or extend in order to result in a breach of our covenants or liquidity position.

In reviewing this scenario analysis, the Board noted that the level of headroom was lower than in previous years due to the combination of acquisition expenditure and the recommencement of dividend payments during FY25; however the extent of scenario required to result in a breach remained extensive.

Whilst these reviews do not consider all the possible scenarios that the Group might face, the Directors consider that this assessment of the Group's prospects is reasonable in light of the particular uncertainties facing the Group at this time. In particular, the Directors noted that in all of the scenarios considered, a reasonable degree of further mitigating actions would be available to the Group to mitigate the effects of downside risks. Such mitigating actions could include further curtailing of discretionary operating and capital expenditure or postponement or cancellation of dividend payments. It was noted that the Group has successfully taken significant mitigating actions to preserve liquidity during the Covid-19 pandemic.

In addition, the Board noted that the Group has further, uncommitted facilities available within its existing financing arrangements and, based on recent interactions with its current lending syndicate, has no reason to believe that those facilities would not be made available to the Group if requested. In all cases, considering the extent of mitigating actions potentially available to the Group and the availability of potential further funding if required, the review concluded that the extent of scenario required to result in a breach was of such severity such that the scenario was not considered reasonably plausible.

Whilst there continue to be inherent risks and uncertainties in the Group's wider operating environment, the Board is confident that the Group continues to have access to sufficient liquidity to meet its liabilities as they fall due and manage reasonably foreseeable downside scenarios if they should arise. This assessment is based upon the Group's current financial position and the headroom in the Group's financing facilities.

Accordingly, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due in the period to 31 January 2030.

Assumption	Assumption limitations
Available funding	
The strategic plan was developed assuming that the covenants and headroom under the current facilities available in the 2024 financing package were consistent throughout the five years.	The key limitation in respect of financing relates to the ability of the Group to meet its covenant requirements in order to continue to access available facilities. The Board is satisfied that, under the current facilities, the Group should have sufficient headroom to meet covenant requirements across the viability period, including in downside scenarios. Liquidity and covenant headroom is at its tightest during the first 12-18 months of the plan, with cash inflows across the five-year term gradually increasing headroom over time.
Capital investment	
The Group's capital investment plans remain focused on supporting key strategic initiatives to deliver the Plan. Capital investment was high relative to prior years as we invest in order to continue to deliver our overall strategy and grow profit over time. Investment is expected to remain at approximately £20 million from FY26 and through the remainder of the plan.	Capital investment is entirely within the control of the Board. Reducing capital expenditure, if required, reflects a key mitigation in severe downside scenarios.
Strategic initiatives	
The Plan reflects the Group's strategic initiatives and assumes gradual revenue growth across the five-year term.	The Board undertakes a full review of principal risks, uncertainties and downside scenarios taking into account the impact of the Group's ability to deliver its strategy are reviewed
Distributions to shareholders	
The Board has assessed cash flow forecasts, the availability of financing and the Group's plans to return surplus cash to shareholders in its strategic plan. A final dividend of 4.5 pence per share was paid in respect of the year ended 31 January 2024 and a final dividend of 3.6 pence is proposed for the year ended 31 January 2025 subject to shareholders' approval at the AGM on 19 June 2025 and is to be paid on 27 June 2025 to shareholders on the register on the record date of 30 May 2025 (See pages 67 and 68 for more information regarding future distribution expectations).	Capital management is entirely within the control of the Board and accordingly there are no limitations to these assumptions. The Group's Capital Allocation Policy requires that the Board balances investment and returns against protecting the balance sheet.

Disclosure of information and appointment of auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps which they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act.

On behalf of the Board, the Audit & Risk Committee has reviewed the effectiveness, performance, independence and objectivity of the existing external auditor, Forvis Mazars LLP, for the year ended 31 January 2024 and concluded that the external auditor was in all respects effective, as explained on page 90. The Company first appointed Forvis Mazars LLP on June 2023 as its auditor following a competitive tender undertaken in 2022 resulting in Forvis Mazars LLP first audit being the audit of the accounts for the 12 months to 31 January 2024. Forvis Mazars LLP has expressed its willingness to be re-appointed as auditor. Accordingly, and in accordance with Section 489 of the Companies Act, resolutions to re-appoint Forvis Mazars LLP as auditor and to authorise the Directors to determine its remuneration will be proposed at the forthcoming AGM of the Company.

Information regarding forward-looking statements

The reports and Financial Statements contained in this Annual Report and Accounts contain certain forward-looking statements with respect to the financial condition, results of operations and businesses of Card Factory plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Annual Report and Accounts should be construed as a profit forecast.

AGM

The AGM of the Company will be held at 11.00am on 19 June 2025 at the Company's registered office at Century House, Brunel Road, Wakefield 41 Industrial Estate, Wakefield WF2 0XG. A formal notice of meeting, explanatory circular and a form of proxy will accompany this Annual Report and Accounts. Shareholders are encouraged to submit their questions in advance and to submit their votes by proxy in accordance with the instructions in the enclosed documents.

Approval of the Annual Report

The Strategic Report and the Corporate Governance Report were approved by the Board on 6 May 2025.

Ciaran Stone
Company Secretary
7 May 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company Financial Statements on the same basis.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rules 4.1.15 R to 4.1.18 R the Financial Statements will form part of the annual financial report prepared using the single electronic reporting format. The auditor's report on these Financial Statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the Annual Report and Accounts

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Darcy Willson-Rymer
Chief Executive Officer
7 May 2025

Matthias Seeger
Chief Financial Officer
7 May 2025

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INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Card Factory plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st January 2025 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated cash flow statement, Parent company statement of financial position, Parent company statement of changes in equity, Parent company cash flow statement and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st January 2025 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment.
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the group's and the parent company's future financial performance.
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, as described in note 1, by seeking both supporting and disconfirming evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. We have challenged reverse stress tests performed by management, including assessing the impact on covenant compliance in such scenarios and assessed the viability of mitigating actions within the directors' control.
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts.
- Assessing the historical accuracy of forecasts prepared by the directors.
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to Card Factory plc's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key audit matter	How our scope addressed this matter
Store inventory completeness and existence <i>Refer to page 141 (accounting policy), and page 152 financial disclosures.</i> We have identified a significant risk over the existence of store inventory due to the level of manual processing involved to determine the inventory quantities held at the year-end. Stores do not have a full stock loop process and store inventory quantities held at the year-end are determined by year end physical counts which rely on manual count procedures. The high volume and large range of inventory inherently increases the likelihood of error. Based on our assessment of the inherent risk and the audit effort that was required to obtain sufficient and appropriate evidence over the balance at the year end, we have determined store inventory completeness and existence to be a Key Audit Matter.	Our audit procedures included but were not limited to: • Testing the design and implementation of key controls related to this business process. • Performing independent inventory counts for a selection of stores. We traced the results of the inventory counts we attended through to the accounting system. In performing these counts, we incorporated unpredictability regarding the location of the stores visited. • Performing independent counts over seasonal inventory counts pre and post year end and performing roll back and roll forward procedures. • Where management counts were performed on a date other than the year end, testing management's reconciliation of their count results to the year-end quantities by recalculating the mathematical accuracy of this analysis and agreeing the movement including sales and receipts to the stores to supporting evidence. • Performing risk assessment procedures to identify unusual movements and trends in inventory values. Our observations The results of our procedures were satisfactory. Control recommendations relevant to store inventory counts were communicated to the Audit and Risk Committee.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key audit matter	How our scope addressed this matter	Key audit matter	How our scope addressed this matter
Inventory valuation Refer to page 135 (key sources of estimation uncertainty, 141 (accounting policy), and page 152 financial disclosures. The Group has significant levels of inventory and management exercise judgement to estimate the value of stock that is considered slow moving or discontinued, and the required provision per the requirements of IAS 2 – Inventories. We have identified a risk of fraud relating to inventory valuation estimates. The determination of the Net Realisable Value ('NRV') of inventory has a high degree of estimation uncertainty and there is an increased risk of fraud and error due to the manual nature of the process. Based on these factors we have determined this is a Key Audit Matter.	Our audit procedures included but were not limited to: - Assessing the appropriateness of the Group's inventory provisioning policies based on our understanding of the business. - Testing the design and implementation of key controls related to inventory valuation. - Comparing sales data in the period to the stock quantities recorded at year end to assess whether slow moving stock lines, and discontinued inventories, were appropriately considered in the provisioning methodology. - Challenging management on stock write off and destruction rates to verify that stock was sold below net realisable value or destroyed. - Re-calculating provision rates applied to each stock line using historical sell-through data. - Challenging management on the extent to which historical sales are representative of future sale expectations, comparing this to qualitative assessments of future stock retention and sale strategy. - Inspecting a sample of stock lines in each category to validate that the determination of category was appropriate. - Performing sensitivity analysis to determine the impact of alternative assumptions on inventory valuation. Our observations The results of our procedures were satisfactory. Control recommendations relevant to inventory provisioning were communicated to the Audit and Risk Committee.	Recoverability of parent company's investment in subsidiary Refer to page 164 (accounting policy), and page 166 financial disclosures. The parent company holds a material investment in subsidiaries of £316.2m at 31 January 2025. There is a risk of error relating to the identification of impairment triggers, and the judgement required when assessing for impairment. There is a risk of material misstatement of asset values if management's assessment does not accurately consider potential triggers. We have identified recoverability of parent company's investment in subsidiaries as a Key Audit Matter. This is based on the quantum of this balance relative to the parent company Statement of financial position (99% of total assets).	Our audit procedures included, but were not limited to: - Testing the design and implementation of key controls related to this business process. - Inspecting and challenging management's impairment trigger assessment including but not limited to the following procedures: - Inspecting of the carrying value with specific reference to market capitalisation. - Considering other internal and external triggers per IAS 36 Impairment of Assets. Our observations The results of our procedures were satisfactory with no matters to report to the Audit and Risk Committee.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

Overall materiality	£3.2m
How we determined it	5% of Profit Before Tax
Rationale for benchmark applied	Profit Before Tax is the primary benchmark for Public Interest Entities. The entity is profit orientated and we have determined that Profit Before Tax is of principal interest to the users of the financial statements.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £2.1m reflecting 65% of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £0.1m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£1.5m.
How we determined it	0.5% of total assets (capped at component materiality level of £1.5m).
Rationale for benchmark applied	Card Factory PLC is a holding entity, and therefore not profit or revenue focused. Total assets is deemed to be the most appropriate benchmark for the users of the financial statements. We have selected 0.5% of Total Assets which is capped at component materiality.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £0.9m, which represents 60% of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £0.1m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, 6 components, including the parent company were subject to full scope audit performed by the group audit team, one component was subject to the audit of one or more balances and/or class of transactions and one component was subject to Group engagement team instructed procedures by an overseas component auditor within Forvis Mazars.

The two components not scoped in for full audits were not individually financially significant enough to require a full scope audit for group purposes, but the group audit risk assessment identified specific material balances and/or disclosures to be addressed to account for aggregation risk in the residual population of the audited balances.

INDEPENDENT AUDITOR'S REPORT CONTINUED

We set out below a summary of the group approach to demonstrate the coverage of group revenue, profit before tax, and total assets resulting from auditing the components including the parent company.

	Revenue	Profit before tax	Total assets
Full scope audit	97%	96%	95%
Audit procedures over one or more account balances and/or disclosures	1%	1%	4%
Group-engagement team instructed procedures	2%	3%	1%

Out of scope entities contribute in aggregate, less than 1% of all applicable benchmarks.

Component materiality ranges from between £0.1m to £2.1m.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

- strategic report or the directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Card Factory plc's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 119;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 119;
- Directors' statement on fair, balanced and understandable, set out on page 122;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 119;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 85; and;
- The section describing the work of the audit committee, set out on page 88.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 122, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and data protection.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

INDEPENDENT AUDITOR'S REPORT CONTINUED

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the estimate of stock lines that may require writing down to net realisable value, revenue recognition (which we pinpointed to the occurrence of manual journal entries), and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;
- Seeking disconfirming evidence by obtaining external records to assess management assumptions.
- Incorporating an element of unpredictability in the selection of the nature, timing, and extent of audit procedures performed.
- Including the use of data analytics to identify outliers in testing performed.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit and Risk Committee, we were appointed by the Audit and Risk Committee on 3 May 2023 to audit the financial statements for the year ending 31 January 2024 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ending 31 January 2024 to 31 January 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with our additional report to the Audit and Risk Committee.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules, these financial statements will form part of the electronic reporting format prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority. This auditor's report provides no assurance over whether the annual financial report will be prepared using the correct electronic reporting format.

Charlene Lancaster (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

7 May 2025

CONSOLIDATED INCOME STATEMENT

For the year ended 31 January 2025

	Note	2025 £m	2024 £m
Revenue	2	542.5	510.9
Cost of sales		(348.7)	(326.0)
Gross profit		193.8	184.9
Other operating income	22	–	2.0
Operating expenses	3	(114.5)	(110.5)
Operating profit	3	79.3	76.4
Gain on bargain purchase		–	2.6
Finance income	6	0.2	–
Finance expense	6	(15.4)	(13.4)
Profit before tax		64.1	65.6
Taxation	7	(16.3)	(16.1)
Profit for the year		47.8	49.5

Earnings per share		Pence	Pence
– Basic	9	13.8	14.4
– Diluted	9	13.7	14.3

All activities relate to continuing operations.

Management assess the underlying performance of the Group based on the adjusted profit before tax of £66.0 million in FY25 (2024: £62.1 million). After tax, this gives adjusted earnings per share of 14.3 pence (2024: 13.5 pence). See the glossary on pages 169 to 172 which provide detailed reconciliations for all alternative performance measures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 January 2025

	2025 £m	2024 £m
Profit for the year	47.8	49.5
Items that may be recycled subsequently into profit or loss:		
Exchange differences on translation of foreign operations	(0.2)	(0.5)
Cash flow hedges – changes in fair value	24	1.4
Cost of hedging reserve – changes in fair value	24	(0.1)
Tax relating to components of other comprehensive income	13	(0.4)
Other comprehensive income for the period, net of income tax	0.7	(2.6)
Total comprehensive income for the period attributable to equity shareholders of the parent	48.5	46.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

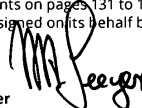
As at 31 January 2025

	Note	2025 £'m	2024 £'m
Non-current assets			
Intangible assets	10	356.5	331.4
Property, plant and equipment	11	48.7	45.9
Right of use assets	12	110.2	99.2
Deferred tax assets	13	0.6	1.2
Derivative financial instruments	24	0.9	0.6
		516.9	478.3
Current assets			
Inventories	14	61.1	50.0
Trade and other receivables	15	17.0	11.6
Tax receivable		1.7	-
Derivative financial instruments	24	2.4	0.9
Cash at bank and in hand	16	16.5	11.3
		98.7	73.8
Total assets		615.6	552.1
Current liabilities			
Borrowings	17	(0.1)	(7.1)
Lease liabilities	12	(21.7)	(25.3)
Trade and other payables	18	(76.8)	(80.1)
Provisions	22	(5.4)	(7.5)
Tax payable		-	(0.4)
Derivative financial instruments	24	(0.3)	(1.7)
		(104.3)	(122.1)

	Note	2025 £'m	2024 £'m
Non-current liabilities			
Borrowings	17	(73.9)	(37.9)
Lease liabilities	12	(88.7)	(75.5)
Deferred tax liabilities	13	(1.4)	-
Derivative financial instruments	24	(0.4)	(0.8)
		(164.4)	(114.2)
Total liabilities		(268.7)	(236.3)
Net assets		346.9	315.8
Equity			
Share capital	19	3.5	3.5
Share premium	19	203.2	202.7
Hedging reserve		1.0	(0.6)
Cost of hedging reserve		(0.1)	-
Reverse acquisition reserve		(0.5)	(0.5)
Merger reserve		2.7	2.7
Translation reserve		(0.6)	(0.4)
Retained earnings		137.7	108.4
Equity attributable to equity holders of the parent		346.9	315.8

The Financial Statements on pages 131 to 162 were approved by the Board of Directors on 7 May 2025 and were signed on its behalf by

Matthias Seeger
Chief Financial Officer



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2025

	Share capital £m	Share premium £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 2023	3.4	202.2	3.5	(0.1)	(0.5)	2.7	0.1	56.9	268.2
Total comprehensive income for the period									
Profit or loss	-	-	-	-	-	-	-	49.5	49.5
Other comprehensive income	-	-	(2.2)	0.1	-	-	(0.5)	0.1	(2.5)
	-	-	(2.2)	0.1	-	-	(0.5)	49.6	47.0
Hedging (losses) and costs of hedging transferred to the cost of inventory	-	-	(2.5)	-	-	-	-	-	(2.5)
Deferred tax on transfers to inventory	-	-	0.6	-	-	-	-	-	0.6
Deferred tax related to Share-based payments	-	-	-	-	-	-	-	(0.2)	(0.2)
Transactions with owners, recorded directly in equity									
Shares issued (note 19)	0.1	0.5	-	-	-	-	-	-	0.6
Share-based payment charges (note 25)	-	-	-	-	-	-	-	2.1	2.1
Dividends (note 8)	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	0.1	0.5	-	-	-	-	-	2.1	2.7
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 and costs of hedging transferred to the cost of inventory	-	-	0.2	-	-	-	-	-	0.2
Deferred tax related to Share-based payments	-	-	-	-	-	-	-	(0.1)	(0.1)
Transactions with owners, recorded directly in equity									
Shares issued (note 19)	-	0.5	-	-	-	-	-	-	0.5
Share-based payment charges (note 25)	-	-	-	-	-	-	-	2.3	2.3
Dividends (note 8) ¹	-	-	-	-	-	-	-	(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

¹ Dividends include £0.5 million of dividend equivalents payable on employee share awards.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 January 2025

	Note	2025 £m	2024 £m
Cash from operations	20	105.6	118.7
Corporation tax paid		(16.7)	(13.5)
Net cash inflow from operating activities		88.9	105.2
Cash flows from investing activities			
Interest received on bank deposits	6	0.2	-
Purchase of property, plant and equipment	11	(11.4)	(18.8)
Purchase of intangible assets	10	(7.0)	(9.0)
Acquisition of subsidiaries net of cash acquired	29	(22.5)	(2.2)
Proceeds from disposal of fixed assets		0.2	-
Net cash outflow from investing activities		(40.5)	(30.0)
Cash flows from financing activities			
Interest paid on bank borrowings	6	(6.4)	(6.5)
Proceeds from bank borrowings	21	258.5	167.0
Repayment of bank borrowings	21	(228.5)	(190.6)
Other financing costs paid		(1.6)	-
Shares issued under employee share schemes	25	0.5	0.6
Payment of lease liabilities	21	(37.6)	(37.5)
Interest paid in respect of lease liabilities	21	(8.0)	(6.2)
Dividends paid	8	(19.8)	-
Net cash outflow from financing activities		(42.9)	(73.2)
Impact of changes in foreign exchange rates		(0.1)	(0.8)
Net increase in cash and cash equivalents		5.4	1.2
Cash and cash equivalents at the beginning of the year		11.1	9.9
Closing cash and cash equivalents	16	16.5	11.1

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

General information

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

These Consolidated Financial Statements consolidate the financial statements of the Company and its subsidiaries (together referred to as the 'Group'). A full list of the Group's subsidiaries is provided in note 4 to the Parent Company accounts.

The principal activities of the Group and the nature of the Group's operations are as a vertically integrated, omnichannel retailer and wholesaler of cards, gifts and celebration essentials.

These Financial Statements are presented in Sterling, which is also the Company's functional currency, and are rounded to the nearest million. Foreign operations are included in accordance with the policies set out within this note.

Throughout these Financial Statements, references to 'FY25' refer to the financial year ended 31 January 2025, and references to 'FY24' refer to the financial year ended 31 January 2024.

Basis of preparation

These Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards ('UK IFRS'), applicable law and with the requirements of the Companies Act 2006.

The Financial Statements have been prepared on a going concern basis. In adopting the going concern basis, the Board has considered the financial position of the Group, its cash flows, liquidity position and borrowing facilities as set out in more detail below.

The Financial Statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair value (including derivative financial instruments and assets and liabilities valued as part of acquisition accounting under IFRS 3 (see note 29)).

Accounting judgements and estimates

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

1 Accounting policies *continued*

Key sources of estimation uncertainty

The key sources of estimation uncertainty, being those estimates and assumptions that carry the most significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next financial year, are set out below.

Inventory provisioning

The Group holds significant volumes, and a broad range of inventory. 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 product 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 certain ranges do not perform as anticipated. The amounts provided are calculated by product line and are adjusted annually to reflect experience.

In FY25, the Group applied a consistent policy with prior year and, in accordance with that policy, updated the judgement over categorisation of, and provision rates applied to, inventory informed by the latest available sell-through data. These changes are not considered to have had a significant impact on the overall value of the provision, although have contributed to the reduction in the value of the provision compared to the prior year due to improving sell-through rates across all categories of inventory.

At the end of FY25, the total inventory provision was £8.2 million (FY24: £9.5 million). The reduction in the value of the provision year-on-year generally reflects an improvement in our inventory sell through rate observed in FY25. As a result, the overall proportion of gross inventory provided for reduced compared to the prior year.

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 determining the provision. It has considered the nature of the estimates involved and has concluded that it is possible, on the basis of existing knowledge, that outcomes within the next financial year may be different from the Group's assumptions applied as at 31 January 2025 and could require a material adjustment to the carrying amount of the provision in the next financial year.

The provision applied is based on the application of sell-through rates in the previous financial year, if those rates were changed +/-5% this would cause a +/-£1.2 million movement in the overall value of the provision.

Other sources of estimation uncertainty and judgement 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

In FY25, 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 either the Stores CGU or the Garven CGU. The assumptions considered are described in more detail in notes 10 and 29. The carrying amount of goodwill in the consolidated balance sheet totals £322.5 million of which £8.7 million relates to the acquisition of Garven Holdings, LLC in FY25 and is allocated entirely to the Garven CGU, as well as £313.8 million which is allocated in its entirety to the group of CGUs, shared assets and functions that comprise the Group's Stores business.

Right of use assets and tangible assets

In addition, the Group conducted a store-level impairment review specifically covering right-of-use assets and property, plant and equipment insofar as they are directly allocable to stores. As below, the Group estimates the value in use of ROU and tangible assets at a store level based on future cash flows derived from forecasts included within the Group's approved budget. The Group assesses indicators of impairment for the store portfolio on the basis of whether a material impairment charge (or reversal) could arise in respect of the store portfolio as a whole in the period. Due to the challenging macro-economic environment, existence of a material carried forward impairment charge, and an ongoing expectation that around 1% of the store portfolio can be loss-making at any time, the Group concluded this condition was met for FY25.

Intangible assets

Due to the financial performance in the year, the Group also conducted an impairment test of the cardfactory Online CGU. No impairment test was carried out for the Getting Personal CGU as all assets held were previously written down.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Other sources of estimation uncertainty and judgement continued

Approach and results

The Group assessed the recoverable amount of these CGUs on a value in use basis, using consistent assumptions across all reviews where applicable, with estimates of future cash flows derived from forecasts included within the Group's approved budget adjusted to exclude cash flows from new stores and initiatives so as to assess the assets in their current state and condition. Where impairment reviews are prepared in respect of assets not yet ready for use, future development costs and revenues are not excluded so as to fairly reflect the value of the assets being developed and costs to complete. The assessment of future cash flows that underpin such impairment reviews inherently require the use of estimates, notably in respect of future revenues, operating costs including material, freight, wage and energy inflation, terminal growth rates, foreign currency exchange rates, and discount rates.

The results of the impairment tests are set out in note 10 (intangible assets) and note 12 (leases) which includes the key assumptions considered. The impairment test in respect of the Stores business and cardfactory Online 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 a material impairment. The impairment tests show that reasonably possible changes in the assumptions relating to the Online assets could lead to an immaterial impairment charge in the future if Online sales do not grow in line with our expectations in future years.

The Group recorded a net impairment reversal of £0.4 million in respect of stores, which is comprised of £2.2 million of impairment reversals and £1.8 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 reversal to impairment on Right of use assets of £0.4m and a net charge to PPE of £nil. Having considered scenarios consistent with those reviewed in respect of goodwill impairment testing, the Group is satisfied that reasonable changes in the key assumptions would not materially change the impairment charge for stores.

Identification and valuation of intangible assets arising on the acquisition of Garven Holdings

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. Management consider that the intangible assets identified as part of the acquisition of Garven Holdings 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. As part of 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.

As a result of the acquisition of Garven Holdings, LLC on 3 December 2024, the Group have recognised both goodwill and intangible assets associated with existing customer relationships and branding of the acquired business. Management have performed a valuation of the intangible assets using the Multi-Period Excess Earnings Method (MPEEM) to determine the fair value of the customer relationships which carry the material value in terms of the intangibles recognised.

The MPEEM valuation method relied on several key assumptions in reaching a valuation for the customer relationships and this method uses 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 underpinning the valuation include the growth rate of sales, the discount rate applied and the retention rate of existing customer relationships.

We have performed sensitivity analysis over the key assumptions to consider the impact on the valuations of reasonably possible outcomes. We have sensitised the key assumptions in discrete scenarios by changing the discount rate by 2.5%, the growth rate by 2% and the retention allowance for the existing customer relationships by 2.5%, each of the associated scenarios does not cause a material movement in the valuation of intangibles. It should be noted that any adjustments to the valuations assessed would be a reclassification between Goodwill and Intangible assets with no impact on the profit of the Group.

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, notes 10 and 11), going concern (note 1, below), and inventory provisions (impact of customer preferences and ESG considerations on potential inventory obsolescence, note 14 and above) and concluded in each case that there is no material impact in each area at 31 January 2025.

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 strong financial performance in the current financial year, with continued growth in sales and good progress towards our overall strategic goals. Furthermore, the Group has delivered robust operating cash flows before movements in working capital. 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.

1 Accounting policies *continued*

Going concern basis of accounting *continued*

On 26 April 2024, the Group entered into an updated £125 million revolving credit facility (see note 17). The new facilities have an initial maturity date in April 2028, with options to extend by up to 19 months, subject to lender approval. The facilities include an uncommitted £75 million 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% which is lower than the previous facilities. The new 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 Board believes that the updated facilities provide adequate headroom for the Group to execute its strategic plan. At 31 January 2025, net debt (excluding lease liabilities) was £58.9 million and the Group had £48.8 million of 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 17 for more information in respect of covenant requirements) in the 12-month period.
- In the Board's view, there are no other factors arising in the period immediately following 12 months from the date of signing these accounts that warrant further consideration.
- Scenario analysis, which considered a reduction in sales, profitability and cash flows on a permanent basis of c.10% 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, including the £75 million accordion facility, a reduction in discretionary costs as well as timing of cash outflows, which could all 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 require a significant reduction in sales that was sustained over a number of months, this scenario also did not factor in any possible mitigating actions that management could take. Accordingly, such scenarios are not considered to be reasonably likely to occur.

It should be noted that as a result of the higher net debt position at the year-end due to the recommencement of dividends and acquisitions in FY25, we expect overall headroom in our facilities to be lower than in the prior year but management consider that there are sufficient mitigations available to offset any reasonably possible downturn in trade.

Over recent years, the business has demonstrated a significant degree of resilience and a proven ability to manage cash flows and liquidity during a period of unprecedented 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.

Based on these factors, the Board has a reasonable expectation that the Group has adequate resources and sufficient loan facility headroom and accordingly the accounts are prepared on a going concern basis.

Principal accounting policies

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Changes in significant accounting policies

The following new standards and amendments to IFRS were effective for the first time in the current financial year:

- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 – Non-current liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

New standards and amendments to existing standards effective in the period have not had a material effect on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies *continued*

Principal accounting policies

UK endorsed standards and amendments issued but not yet effective

The following new standards and amendments to IFRS have been issued but are not yet effective.

- Amendments to IAS 21 – The effects of Changes in Foreign Exchange Rates¹
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments²

Annual Improvements to IFRS Accounting Standards – Volume 11 (Issued July 2024, effective 1 January 2026):

- IFRS 1 – First-time Adoption of International Financial Reporting Standards
- IFRS 7 – Financial Instruments: Disclosures
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IAS 7 – Statement of Cash Flows

In the prior year the Group early-adopted the requirements of Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1). These amendments clarify the treatment of non-current liabilities with covenants attached to them – in particular, that when assessing whether a liability with covenants is current or non-current, an entity should classify a liability as non-current if it has the right to defer settlement of an obligation for a period of at least 12 months from the balance sheet date. Covenants shall affect this analysis only if the entity is required to comply with the covenant on or before the end of the reporting period.

As a result, the Group reclassified amounts due under its revolving credit facility (see note 17) as non-current on the basis that it has the right to roll over such obligations until April 2028 and is compliant with all relevant covenant requirements at the balance sheet date. The adoption of these amendments has had no other impact on the Group's Financial Statements.

The application of the remaining standards and amendments in future periods is not currently expected to have a material impact on the Group's financial statements.

Basis of consolidation

These consolidated financial statements incorporate the financial results of the Company and all of its subsidiaries made up to 31 January each year. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to direct the activities that affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intercompany transactions and balances between Group companies are eliminated upon consolidation.

1. Effective for annual periods starting on or after 1 January 2025.
2. Effective for annual periods starting on or after 1 January 2026.

Business combinations

Subject to the transitional relief in IFRS 1, all business combinations have historically been accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group, as set out in IFRS 3.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred less the fair value of identifiable assets acquired and liabilities assumed. Where net assets acquired are in excess of the fair value of consideration, a gain on bargain purchase is recognised in the Consolidated Income Statement immediately, which was the case for the acquisition of SA Greetings in the prior year. Costs related to the acquisition are expensed to the income statement as incurred.

Acquisitions prior to 1 February 2011 (date of transition to IFRS)

IFRS 1 grants certain exemptions from the full requirements of IFRS in the transition period. The Group and Company elected not to restate business combinations that took place prior to 1 February 2011. In respect of acquisitions prior to the transition date, goodwill is included at 1 February 2011 on the basis of its deemed cost at that date, which represents the amount recorded under UK GAAP.

Revenue

Group revenue is principally attributable to the retail sale of cards, dressings and gifts subject to a single performance obligation fulfilled by receipt of goods at the point of payment with minimal returns and refunds. Revenue is recognised at the point the customer is deemed to have taken delivery of the goods.

Revenue attributable to online sales is recognised on delivery of goods to the customer. Revenue attributable to retail partners and non-retail customers currently represents a small percentage of Group revenue and revenue is typically recognised at a point in time based on a single performance obligation supplying standard Group products. The single performance obligation varies by Partnership agreement, including from the point of dispatch to delivery to end customer. Payment terms for retail partners are typically 30-60 days from invoicing. For a portion of sales to retail partners in the Group, the customers takes the title for goods at the point of dispatch from the supplier's facility, revenue is recognised at this point for such sales as all performance obligations are fulfilled.

Certain contracts with retail partners may be subject to a cost of entering into the contract along with a minimum order quantity and/or volume related rebate for an initial period of the contract. These contracts also give rise to performance-based variable consideration including license and franchise fees. These amounts are not material in the current year reflecting the small proportion of revenue arising under such contracts.

1 Accounting policies *continued*

Government grants

Income associated with Government support initiatives is recognised where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants are recognised in the income statement over the period necessary to match them with the related costs for which they are to compensate. If costs have already been incurred, the grant income is recognised immediately at the point the above criteria are met.

Finance expense

Finance expense comprises interest charges, including interest on leases under IFRS 16, and losses on interest rate derivative financial instruments. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Interest expense is recognised in the income statement as it accrues, using the effective interest method. The effective interest method takes into account fees, commissions or other incremental transaction costs integral to the yield. Accounting policies for leases are detailed separately.

Cash and cash equivalents

Cash and cash equivalents includes short-term deposits with banks and other financial institutions, cash held in stores in the form of till floats, money market funds and credit card payments where cash is received into the bank within 2 working days of the transaction. Bank transactions are recorded on their settlement date.

Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in pound Sterling, which is the functional currency of the Company.

Foreign operations

The Group has foreign subsidiaries with functional currencies including the US Dollar, the South African Rand and the Euro. On consolidation, assets and liabilities of foreign operations are translated into Sterling at the prevailing market exchange rate on the balance sheet date. The results of foreign operations are translated into Sterling at average rates of exchange for the year with any resulting difference being taken to the retranslation reserve.

Transactions and balances

The Group has currency transactions in respect of inventory purchases and certain sales to retail partners that are denominated in US Dollars. Transactions in foreign currencies are recorded at the exchange rate on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within cost of sales, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign currency gains and losses are reported on a net basis.

Certain of the Group's subsidiaries have transactions denominated in a foreign currency that is not their functional currency.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or through other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Dividends

Dividends are recognised as a liability in the period in which they are approved.

Financial instruments

Non-derivative financial assets

Non-derivative financial assets comprise trade and other receivables and cash and cash equivalents. The Group classifies all its non-derivative financial assets as financial assets at amortised cost. Financial assets at amortised cost are initially measured at fair value plus directly attributable transaction costs, except for trade and other receivables without a significant financing component that are initially measured at transaction price. Subsequent to initial recognition non-derivative financial assets are carried at amortised cost less allowances for estimated irrecoverable amounts which is recognised in the income statement in line with IFRS 9. We do expect any material credit losses to arise.

Cash and cash equivalents comprise cash in hand, at bank and on short-term deposit for less than three months. Bank overdrafts, within borrowings, that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Financial instruments continued

Non-derivative financial assets

Non-derivative financial liabilities comprise bank borrowings and trade and other payables. Non-derivative financial liabilities are initially recognised at fair value, less any directly attributable transaction costs and subsequently stated at amortised cost using the effective interest method. Accounting policies for lease liabilities are detailed separately.

Where bank borrowings are refinanced, the Group assesses whether the transaction results in new facilities or a modification of the previous facilities. Where the transaction results in a modification of the facilities, the Group assesses whether that modification is substantial by reference to whether the present value of the cash flows of the new facilities, discounted using the original effective interest rate, is more than 10% different to the present value of the cash flows of the previous facilities. Where a modification is substantial, the Group derecognises the original liability and recognises a new liability for the modified facilities with any transaction costs expensed to the income statement. Where the modification is non-substantial, the Group amends the carrying amount of the liability to reflect the updated cash flows and amends the effective interest rate from the modification date.

The refinancing completed in April 2024 was deemed to result in new facilities due to a change in the banking partners forming the syndicate issuing the facilities.

Derivative financial instruments

Derivative financial instruments are mandatorily categorised as fair value through profit or loss ('FVTPL') except to the extent they are part of a designated hedging relationship and classified as cash flow hedging instruments. The Group utilises foreign currency derivative contracts and US Dollar denominated cash balances to manage the foreign exchange risk on floating interest rate bank borrowings.

Derivative financial instruments not designated as an effective hedging relationship principally relate to structured foreign exchange options that form part of the foreign exchange risk management policy detailed in note 23 of the financial statements. Gains and losses in respect of foreign exchange and interest rate derivative financial instruments that are not part of an effective hedging relationship are recognised within cost of sales and net finance expense.

Cash flow hedges

The Group applies cash flow hedge accounting in respect of certain derivative financial instruments for the forward purchase of foreign currency, and interest rate swaps. The Group's hedging activities are described in further detail in note 23.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income ('OCI') and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows, applying a hedge ratio of 1:1. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- changes in the timing of the hedged transactions; and
- the effect of the counterparties' and the Group's own credit risk on the fair value of derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When foreign exchange hedged forecast transactions subsequently result in the recognition of inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the inventory. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is included in the cost of inventory on its initial recognition or, for interest cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged interest future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Fair value estimation

The techniques applied in determining the fair values of financial assets and liabilities are disclosed in note 24.

1 Accounting policies *continued*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives as follows:

- buildings 25 – 50 years
- leasehold improvements shorter of 5 years and lease term
- plant and equipment, fixtures and motor vehicles 3 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Depreciation on assets under construction does not commence until they are complete and available for use and the asset has been classified into one of the categories as above.

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to CGUs (as described in note 10) and is not amortised but is tested annually for impairment.

Software

Computer software is carried at cost less accumulated amortisation and any provision for impairment. Costs relating to development of computer software are capitalised if the recognition criteria of IAS 38 'Intangible Assets' are met or expensed as incurred otherwise.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Software is amortised from the date they are available for use. The estimated useful life of software is 3-10 years.

Acquired intangible assets

Intangible assets that are acquired by the Group as a result of business combinations are recorded at fair value at the acquisition date and stated on an ongoing basis as fair value less accumulated amortisation and less any accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Customer relationships and brands – 10 years.

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment where there is an indication of impairment. If an impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the impairment loss is recognised in the income statement. Similarly, if an impairment reversal arises, the asset value is adjusted to its carrying amount, provided this exceeds the recoverable amount, and the impairment reversal is recognised in the income statement.

Goodwill and intangible assets not yet ready for use or with an indefinite useful economic life are reviewed for impairment annually.

Provisions

A provision is recognised where the Group has a present legal or constructive obligation as a result of a past event, which will more likely than not result in the Group being required to make a payment (or other outflow of economic benefits) in order to settle the obligation.

Provisions are valued at the Group's best estimate of the amount that will be required to settle the obligation. Specific information in respect of the provisions recorded in each financial year covered by these accounts is provided in the provisions note.

Inventories

Inventories are stated at the lower of cost and net realisable value.

For inventories manufactured by the Group, cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production costs and other costs in bringing them to their existing location and condition. For manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Given the significant volumes involved, for inventories held in and for retail stores the Group applies a moving average price methodology based on the cost of inventory purchases. The moving average price is updated to reflect the latest cost each time inventory is purchased. Intra-Group profit on inventory (i.e. the difference between the retail standard cost and actual manufactured cost) is eliminated on consolidation.

Provisions are made for obsolete, slow-moving and discontinued inventories, based on experience, the rate that Group inventory sells through and the Group's merchandising plans for current and future seasons.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Merger reserve

On 30 April 2014 Card Factory plc acquired 100% of the share capital of CF Topco Limited in a share for share exchange, thereby inserting Card Factory plc as the Parent Company of the Group. The shareholders of CF Topco Limited became 100% owners of the enlarged share capital of Card Factory plc. The premium arising on the issue of shares is recognised in the merger reserve.

Share-based payments

The Company issues equity-settled share-based payments to employees within the Group through the Card Factory Restricted Share Awards Scheme ('RSA') (previously through the ('LTIP')) and the Card Factory SAYE Scheme ('SAYE'), see note 25 for further details. The cost of equity-settled share awards is measured as the fair value of the award at the grant date using the Black-Scholes model.

The cost of the awards is expensed to the income statement, together with a corresponding adjustment to equity, on a straight-line basis over the vesting period of the award. The total income statement charge is based on the Group's estimate of the number of share awards that will eventually vest in accordance with the vesting conditions. The awards do not include market-based vesting conditions. At each balance sheet date, the Group revises its estimate of the number of awards that are expected to vest. Any revision to estimates is recognised in the income statement, with a corresponding adjustment to equity.

Leases

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has assessed that its entire store lease portfolio, some warehousing locations, an office location and motor vehicles are lease contracts. Other contracts assessed, including distribution contracts and IT equipment, are deemed not to be a lease within the definition of IFRS 16 or are subject to the election not to apply the requirements of IFRS 16 to short-term or low value leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For property leases containing a non-lease component (for instance a lease inclusive of rates and service charge), the Group has elected to apply the practical expedient not to separate the non-lease component from the lease component and treat the whole contract as a lease. A small proportion of the store lease portfolio are subject to an element of turnover linked variable rents that are excluded from the definition of a lease under IFRS 16. The Group does not have any significant lessor contracts.

Accounting as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by reference to its own funding arrangements, which are subject to leverage margin ratchets, variable three-month SONIA interest rates and periodic refinancing, thereby ensuring they remain a reasonable reflection of the Group's current borrowing costs. The Group's leases are predominantly in respect of its store portfolio, which represent the majority of the Group's revenue and therefore the Group's borrowing costs, as at the date of lease commencement, are deemed to be representative of the incremental borrowing costs for additions to right-of-use assets. The Group does not believe there are significant differences between the risk margins that would apply across its lease portfolio. The term and payment profile are reflected in the discount rate applied to each individual lease by virtue of the variable interest-curve component of the incremental borrowing rate.

The assessment of lease term may include the application of judgement, particularly in respect of options to break often included in the Group's property leases. The Group assesses lease term as the non-cancellable period of the lease plus an assessment of reasonably certain continued tenancy in respect of tenant options to break or renew. This period usually equates to the full term of the lease. The Group considers that lease renewal is reasonably certain when it has determined whether the store meets its strategic requirements and is confident the landlord is supportive of lease renewal and on terms acceptable to the Group. This typically occurs in the latter stages of an existing lease.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index, rate or contractual market rent review or if there is a significant event or change in circumstances as a result of which the Group changes its assessment of whether it will exercise a break option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1 Accounting policies continued

Leases continued

Accounting as a lessee continued

From time to time, a lease may expire without a new lease being agreed. In such circumstances, if the Group has not served or received notice under the terms of the lease, it may continue to occupy the store whilst a new lease is agreed, referred to as a 'holdover arrangement'. Most of the store portfolio is protected by the Landlord and Tenant Act (1954), under which as tenant the Group has an automatic right to a new lease subject to certain specific grounds under which the landlord can cancel. Under a holdover arrangement, the lease typically continues on a rolling basis on the same financial terms as the previous lease until new terms are formally agreed. The Group accounts for holdover arrangements by assuming a new five-year lease with payments equivalent to those previously agreed. Five years represents the average term of a lease across the Group's store portfolio, inclusive of break periods considered reasonably likely not to be exercised. In rare circumstances, the holdover lease may be calculated using alternative assumptions that better reflect the Group's expectations regarding the likely cost and term of the new lease being negotiated. When new terms are agreed, the holdover lease is modified according to the Group's normal accounting policy for lease modifications, as described above.

Where a lease expires at the end of its contractual term, including where the store in question enters a holdover arrangement, the right-of-use asset cost and accumulated depreciation associated with that lease is treated as a disposal.

2 Segmental reporting

Following investment in the Group's people, systems and infrastructure to support its strategy, the Group is organised into four main business areas which meet the definition of an Operating segment under IFRS, those being cardfactory Stores, cardfactory Online, 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 retails greeting cards, celebration accessories, and gifts through an extensive network of stores in the UK & Republic of Ireland.
- cardfactory Online retails greeting cards, celebration accessories, and gifts via its online platforms.
- Partnerships represents the Group's "B2B" operations and sells greeting cards, celebration accessories and gifts across various brands 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 online businesses.

We consider that both Getting Personal and cardfactory Online, which have previously been disclosed as separate operating segments, fall under a single operating segment of cardfactory Online. This is due to the fact that there are common management teams, the Board consider aggregated financial information relating to Online performance and strategic decisions are considered based on a single Online channel. This has no impact on the financial statements with the exception of aggregating the revenue and EBITDA performance within this note. At the end of the period, from 30 January 2025, the Group took the decision to close the gettingpersonal.co.uk store. Going forward, the Group will trade from a single online platform, cardfactory.co.uk.

The Group acquired SA Greetings on 25 April 2023, Garlanna Holdings Limited on 04 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 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 appendix to these financial statements. Whilst only cardfactory Stores meets the quantitative thresholds in IFRS to require disclosure, the Group's other trading segments are reported below as the Group considers that this information is useful to stakeholders in the context of the Group's 'Opening Our New Future' strategy.

Revenue and EBITDA for each segment, and a reconciliation to the consolidated operating profit per the financial statements, is provided in the table below:

	2025 £m	2024 £m
Revenue:		
cardfactory Stores	506.8	478.9
cardfactory Online	13.2	14.7
Partnerships	22.2	17.0
Other	0.3	0.3
Consolidated Group revenue	542.5	510.9
Of which derived from customers in the UK	509.8	484.8
Of which derived from customers overseas	32.7	26.1
EBITDA¹:		
cardfactory Stores	131.8	127.4
cardfactory Online	(6.3)	(5.7)
Partnerships	1.0	1.2
Other	1.0	(0.3)
Consolidated Group EBITDA ¹	127.5	122.6
Consolidated Group depreciation, amortisation & impairment	(48.1)	(47.4)
Consolidated Group gain on disposal	(0.1)	1.2
Consolidated Group Operating Profit	79.3	76.4

¹ This is an Alternative Performance Measure not defined under IFRS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Segmental reporting *continued*

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:

	2025 £m	2024 £m
Revenue derived from customers in the UK	509.8	484.8
Revenue derived from customers overseas:		
– South Africa	11.6	10.2
– Republic of Ireland	15.4	11.1
– United States of America	3.1	–
– Rest of the World	2.6	4.8
Consolidated revenue	542.5	510.9

Revenues from customers are allocated to geographical locations based on the location of the customer to whom the sale is made. Rest of World includes revenue derived from all other geographical locations (including Australia and the Middle East), none of the components of this category are individually material.

Of the Group's non-current assets, £9.6 million (2024: £10.0 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 £6.4 million as at 31 January 2025 (2024: £4.8 million). Non-current assets related to wholesale operations are £0.2 million in the Republic of Ireland, £0.1 million in the United States and are £2.9 million (2024: £5.2) in South Africa.

3 Operating profit

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

	2025 £m	2024 £m
Staff costs (note 5)	174.5	162.4
Depreciation expense		
– owned fixed assets (note 11)	8.7	7.6
– right of use assets (note 12)	36.3	35.9
Amortisation expense (note 10)	3.5	2.8
Reversal of impairment of right-of-use assets (note 12)	(0.4)	(0.2)
Impairment of tangible assets (note 11)	–	0.2
Impairment of intangible assets (note 10)	–	1.1
Loss/(profit) on disposal of fixed assets (notes 11 and 12)	0.1	(1.2)
Foreign exchange loss	2.3	0.6

The total fees payable by the Group to Forvis Mazars LLP and their associates during the period was as follows:

	2025 £'000	2024 £'000
Audit of the consolidated and Company financial statements	77	55
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	624	498
Audit-related assurance services	92	85
Total fees	793	638

4 EBITDA

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

	2025 £m	2024 £m
Operating profit	79.3	76.4
Depreciation, amortisation and impairment	48.1	47.4
Loss/(gain) on disposal	0.1	(1.2)
EBITDA¹	127.5	122.6

¹ This is an Alternative Performance Measure not defined under IFRS

5 Employee numbers and costs

The average number of people employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2025 Number	2024 Number
Management and administration	773	534
Operations	9,748	9,797
	10,521	10,331

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

	2025 £m	2024 £m
Employee wages and salaries	154.3	143.1
Equity-settled share-based payment expense	2.3	2.0
Social security costs	11.1	9.3
Defined contribution pension costs	2.3	2.1
Total employee costs	170.0	156.5
Agency labour costs	4.5	5.9
Total staff costs	174.5	162.4

Key management personnel

The key management personnel of the Group comprise the Card Factory plc Board of Directors, the Executive Board and the Operating Board. Key management personnel compensation is as follows:

	2025 £m	2024 £m
Salaries and short-term benefits	7.9	7.4
Equity-settled share-based payment expense	2.0	1.6
Social security costs	1.1	1.0
Defined contribution pension costs	0.1	0.2
	11.1	10.2

Remuneration of Directors

	2025 £m	2024 £m
Directors' remuneration	1.3	1.6
Amounts receivable under long-term incentive schemes	0.8	0.5
Company contributions to defined contribution pension plans	-	-
	2.1	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 on pages 102 to 114. The basis of calculation for certain items described in the Directors' Remuneration Report may differ to that used in this note, reflecting differences in the relevant regulations.

6 Net finance expense

	2025 £m	2024 £m
Net finance expense		
Interest received	(0.2)	-
Interest on bank loans and overdrafts	6.4	6.5
Amortisation of loan issue costs ¹	1.0	0.6
Lease interest	8.0	6.3
	15.2	13.4

¹ Amortisation of loan issue costs includes £0.5m of costs related to the accelerated release of costs held on the balance sheet related to the previous financing facilities due to the completion of refinancing in the April 2024. These costs are excluded from Adjusted earnings – see appendix on pages 169 to 172.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Taxation

The tax charge includes both current and deferred tax. The tax charge reflects the estimated effective tax on the profit before tax for the Group for the year ended 31 January 2025 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

	2025 £'m	2024 £'m
Current tax charge		
Current year	16.5	13.8
Adjustments in respect of prior periods	(1.5)	0.2
Total current tax charge	15.0	14.0
Deferred tax charge/(credit)		
Origination and reversal of temporary differences	(0.2)	2.1
Adjustments in respect of prior periods	1.5	-
Total deferred tax charge	1.3	2.1
Total income tax charge	16.3	16.1

The effective tax rate of 25.4% (2024: 24.5%) on the profit before taxation for the year is slightly higher than (2024: higher than) the average rate of mainstream corporation tax in the UK for the year of 25% (2024: 24%).

The tax charge is reconciled to the standard rate of UK corporation tax as follows:

	2025 £'m	2024 £'m
Profit before tax	64.1	65.6
Tax at the standard UK corporation tax rate of 25% (2024: 24% ¹)	16.0	15.8
Tax effects of:		
Expenses not deductible for tax purposes	0.5	0.6
Income not taxable for tax purposes	-	(0.6)
Adjustments in respect of prior periods	-	0.3
Effect of overseas tax rates	(0.2)	-
Total income tax charge	16.3	16.1

Total taxation recognised through the income statement, other comprehensive income and through equity are as follows:

	2025			2024		
	Current £'m	Deferred £'m	Total £'m	Current £'m	Deferred £'m	Total £'m
Income statement	15.0	1.3	16.3	14.0	2.1	16.1
Other comprehensive income	-	0.4	0.4	-	(0.7)	(0.7)
Equity	-	0.1	0.1	-	(0.4)	(0.4)
Total tax	15.0	1.8	16.8	14.0	1.0	15.0

¹ In October 2022, the Government announced changes to the Corporation Tax rate increasing the main rate of Corporation Tax to 25% (previously 19%). This became effective as at 1 April 2023 giving an average Corporation Tax rate of 24.03% for the year to 31 January 2024.

8 Dividends

In June 2024, the Group paid a dividend of 4.5 pence per share (totalling £15.6 million) in respect of the FY24 financial year. This dividend represented the total dividend for FY24 (including an amount in lieu of an interim dividend) with interim dividends unable to be paid during FY24 due to restrictions in the Group's previous financing facilities that remained in place until 31 January 2024.

FY25 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 2025 of 3.6 pence per share, equivalent to approximately £12.5 million. The final dividend will be payable to shareholders on the share register on 30 May 2025, with payments to be made on 27 June 2025.

Dividends paid in the year:	Pence per share	2025 £m	2024 £m
Total 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	-
Total dividends paid to shareholders in the year		19.8	-

Dividend equivalents totalling £0.5 million (2024: £nil) were accrued in the year in relation to share-based long-term incentive schemes.

9 Earnings per share

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

	2025 (Number)	2024 (Number)
Weighted average number of shares in issue	346,910,019	343,339,468
Weighted average number of dilutive share options	2,295,420	3,940,467
Weighted average number of shares for diluted earnings per share	349,205,439	347,279,935

	2025 £m	2024 £m
Profit for the financial period	47.8	49.5

	Pence	pence
Basic earnings per share ¹	13.8	14.4
Diluted earnings per share	13.7	14.3

¹ For calculation of adjusted earnings per share, based on adjusted PBT which removes the impact of non-underlying transactions, please see the appendix on pages 169 to 172.

10 Intangible assets

	Goodwill £m	Customer relationships and brands £m	Software £m	Total £m
Cost				
At 1 February 2024	328.2	-	35.0	363.2
Additions	-	-	7.0	7.0
Acquisitions (note 29)	8.7	12.9	-	21.6
At 31 January 2025	336.9	12.9	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
Impairment in the period	-	-	-	-
At 31 January 2025	14.4	0.3	20.6	35.3
Net book value				
At 31 January 2025	322.5	12.6	21.4	356.5
At 31 January 2024	313.8	-	17.6	331.4

Customer relationships and brands are intangible assets with a finite life, the average remaining useful life of this class of assets is 9 years and 9 months. The average remaining useful life of Software is 4 years and 8 months.

As at 31 January 2025, the Group held £3.5 million of assets under construction within Software (FY24: £1.9 million).

During the prior year, the Group recognised an impairment charge of £1.1 million in respect of the online platform for Getting Personal. The charge to the Getting Personal assets reflected the more focused investment being targeted at the CF Online platform as considered in note 1. There is no further impairment charge recognised in FY25 in relation to the Getting Personal platform.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Intangible assets continued

	Goodwill £'m	Customer relationships and brands £'m	Software £'m	Total £'m
Cost				
At 1 February 2023	328.2	–	26.0	354.2
Additions	–	–	9.0	9.0
At 31 January 2024	328.2	–	35.0	363.2
Amortisation/impairment				
At 1 February 2023	14.4	–	13.5	27.9
Amortisation in the period	–	–	2.8	2.8
Impairment in the period	–	–	1.1	1.1
At 31 January 2024	14.4	–	17.4	31.8
Net book value				
At 31 January 2024	313.8	–	17.6	331.4
At 31 January 2023	313.8	–	12.5	326.3

Goodwill arising on the acquisition of Getting Personal in 2011 of £14.4 million was allocated to the Getting Personal CGU, which corresponds to the Online operating segment (see note 2). This goodwill in respect of Getting Personal was fully written down in 2020.

All remaining historical goodwill is in respect of 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. cardfactory Stores is the lowest level at which the Group's management monitors goodwill 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 £374.6 million (2024: £341.1 million).

As a result of the acquisition of Garven Holdings, LLC in FY25 (see note 29), £8.7 million of goodwill has been recognised by the Group and allocated wholly to the Garven CGU, which forms part of the 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 2025 was £19.8m million (2024: £nil).

Management have performed a valuation of intangible assets relating to existing customer relationships and branding using the Multi-Period Excess Earnings Method (MPEEM) to determine the fair value of the customer relationships which carry the material value in terms

of the intangibles recognised. The MPEEM valuation method relied on several key assumptions in reaching a valuation for the customer relationships and this method uses 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 underpinning the valuation include the growth rate of sales, the discount rate applied and the retention rate of existing customer relationships.

We have performed sensitivity analysis over the key assumptions to consider the impact on the valuations of reasonably possible outcomes. We have sensitised the key assumptions in discrete scenarios by changing the discount rate by 2.5%, the growth rate by 2% and the retention allowance for the existing customer relationships by 2.5%, each of the associated scenarios does not cause a material movement in the valuation of intangibles. It should be noted that any adjustments to the valuations assessed would be a reclassification between goodwill and intangible assets with no impact on the profit of the Group.

Stores CGU

The recoverable amount has been determined based on a value-in-use calculation. This value-in-use calculation is based on the Group's most recent approved five-year strategic plan, to exclude any value from planned new stores or initiatives, 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 the Group's purchases of goods for resale;
- 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 historical performance and the Group's expectations with regard to future trends. Where applicable, amounts take into account the Group's energy 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.

A 0% (2023: 0%) terminal growth rate is applied beyond the five-year term of the plan, representing a sensitised view of the Group's estimate of the long-term growth rate of the sector. 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.

10 Intangible assets *continued*

Stores CGU *continued*

The forecast cash flows are discounted at a pre-tax rate of 12.0% (2024: 13.0%). The discount rate is derived from a calculation using the capital asset pricing model to calculate cost of equity utilising available market data. The discount rate is compared to the published discount rates of comparable businesses and relevant industry data prior to being adopted.

No impairment loss was identified. The valuation indicates sufficient headroom such that any reasonably possible change to the key assumptions would not result in an impairment of the related goodwill.

Garven CGU

The recoverable amount has been determined based on a value-in-use calculation. This value-in-use calculation is based on a sensitized projection of the forecast for the business to exclude any potential future growth as a result of being a part of the Group.

The key assumptions used in determining the recoverable amount are:

- Future trading performance including sales and margin based on pre-acquisition performance;
- The terminal growth rate applied; and
- The discount rate.

The values assigned to the variables have been based on current performance and balanced assumptions of how this translates into performance over the next 5 years.

A 0% terminal growth rate is applied beyond the five-year term of the plan, representing a prudent view of the Group's estimate of the long-term potential growth at Garven. 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.

Subsequent to the balance sheet date, the United States introduced new trade tariffs which will impact on the supply chain activities of Garven and its customers. The Group has completed an initial impact assessment and performed sensitivity analysis which indicated that, based on the tariffs and planned business activities in place at the date of approval of these financial statements, did not change the conclusion of the analysis above.

The forecast cash flows are discounted at a pre-tax rate of 12.0% which is based on the Group discount rate. The valuation indicates sufficient headroom such that any reasonably possible change to the key assumptions would not result in an impairment of the related goodwill. No impairment loss was identified.

Impairment testing: Intangible assets

Due to the performance of the cardfactory Online CGU, an impairment test in respect of this CGU was carried out at 31 January 2025.

The total carrying amount of the cardfactory Online CGU for impairment testing purposes, inclusive of liabilities that are necessarily considered in determining the recoverable amount, at 31 January 2025 was not material individually.

The key assumptions are consistent with those set out above in respect of the goodwill impairment review, with the exception of foreign exchange rates which are not significant to the analysis for this CGU. To ensure the analysis fairly reflected the expected value in use of the assets within this CGU, the estimated future cash flows included all costs to complete the assets under development and sales associated with those assets once deployed into use.

The cardfactory Online valuation indicated sufficient headroom such that any reasonably possible change in assumptions would not result in a material impairment charge.

11 Property, plant and equipment

	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	11.4
Acquisitions (note 29)	–	–	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 2025, the Group held Enil assets under construction within Plant, equipment, fixtures & vehicles (FY24: £2.2 million). These assets do not depreciate until brought into use.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Property, plant and equipment continued

	Freehold property £'m	Leasehold improvements £'m	Plant, equipment, fixtures & vehicles £'m	Total £'m
Cost				
At 1 February 2023	18.6	40.8	78.2	137.6
Additions	1.3	–	17.5	18.8
Acquisitions	2.7	–	–	2.7
At 31 January 2024	22.6	40.8	95.7	159.1
Depreciation				
At 1 February 2023	4.9	39.0	61.5	105.4
Depreciation in the period	0.4	1.0	6.2	7.6
Impairment in the period	–	–	0.2	0.2
At 31 January 2024	5.3	40.0	67.9	113.2
Net book value				
At 31 January 2024	17.3	0.8	27.8	45.9
At 31 January 2023	13.7	1.8	16.7	32.2

12 Leases

The Group has lease contracts, within the definition of IFRS 16 leases, in relation to its entire Store lease portfolio, some warehousing locations and motor vehicles. Other contracts, including distribution contracts and IT equipment, are deemed not to be a lease within the definition of IFRS 16 or are subject to the election not to apply the requirements of IFRS 16 to short-term or low value leases.

Right of use assets

	2025 £'m	2024 £'m
Buildings	109.4	98.2
Motor Vehicles	0.8	1.0
	110.2	99.2

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

	2025 £'m	2024 £'m
At the beginning of the year	99.2	100.5
Acquisitions	0.1	1.9
Additions:		
Buildings	47.5	32.0
Motor vehicles	0.3	1.2
Disposals	(1.0)	(0.7)
Depreciation charge:		
Buildings	(35.7)	(35.4)
Motor vehicles	(0.6)	(0.5)
Net impairment reversal	0.4	0.2
At the end of the year	110.2	99.2

Disposals and depreciation on disposals include fully depreciated right of use assets in respect of expired leases where the asset remained in use whilst a lease renewal was negotiated. The net impairment reversal and disposals above relate entirely to Buildings.

Impairment Testing: Store assets

Reflecting continued macro-economic uncertainty, cost inflation and the existence of a small number of loss-making stores within the portfolio, the Group considers that an indicator of potential impairment exists in respect of the store portfolio and, accordingly, an impairment review of the Group's store assets was undertaken in the 2025 financial year.

For this purpose, each of the Group's stores is considered to be a CGU, with each store's carrying amount determined by assessing the value of right-of-use assets and property, plant and equipment insofar as they are directly allocable to an individual store. The assessment of whether an indicator of impairment may exist in respect of store assets is considered across the store portfolio and not on a store-by-store basis. Accordingly, the store impairment review considers all stores in the portfolio.

The recoverable amount of each store was determined based on the expected future cash flows applicable to each store, assessed using a basis consistent with the future cash flows used in the goodwill impairment test described in note 10, but limited to the term of the current lease as assessed under IFRS 16. As a result, the key assumptions are also considered to be consistent with those described in note 10, in addition to the allocation of central and shared costs to individual stores insofar as such an allocation can be made on a reasonable and consistent basis. Such costs are allocated on the basis of the relative contribution of each individual store.

12 Leases *continued*

Impairment Testing: Store assets *continued*

Application of these assumptions resulted in a net impairment reversal of £0.4m (2024: £nil), comprised of impairment charges of £1.8 million (2024: £2.7 million) and the reversal of previous impairment charges of £2.2 million (2024: £2.7 million). The net impairment charge in the current year included a net reversal to impairment on Right of use assets of £0.4m and a net impairment charge to PPE of £nil.

Having conducted scenario analysis, the Group does not consider any reasonably possible change in the key assumptions would result in a material change to the net impairment position.

Lease liabilities

	2025 £'m	2024 £'m
Current lease liabilities	(21.7)	(25.3)
Non-current lease liabilities	(88.7)	(75.5)
Total lease liabilities	(110.4)	(100.8)

Lease expense

	2025 £'m	2024 £'m
Depreciation expense on right of use assets	36.3	35.9
(Reversal of impairment) / impairment of right of use assets	(0.4)	(0.2)
Profit on disposal of right of use assets	-	(1.2)
Lease interest	8.0	6.3
Expense relating to short-term and low value leases ¹	-	-
Expense relating to variable lease payments ²	0.2	0.6
Total lease related income statement expense	44.1	41.4

¹ Contracts subject to the election not to apply the requirements of IFRS 16 to short-term or low value leases.

² 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.

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 note 1.

13 Deferred tax assets and liabilities

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of an asset or liability in the financial statements and the corresponding tax bases used in the computation of taxable profit/loss.

Movement in deferred tax during the year:

	Fixed assets £'m	Share-based payments £'m	Derivative financial instruments and hedge accounting £'m	Tax losses £'m	Other temporary differences £'m	Total £'m
At 31 January 2023	0.6	1.4	(1.1)	-	1.2	2.1
Acquisition of subsidiary	0.1	-	-	-	-	0.1
Credit/(charge) to income statement	(2.4)	-	-	-	0.3	(2.1)
Credit to other comprehensive income	-	-	0.7	-	-	0.7
Credit/(Charge) to equity	-	(0.2)	0.6	-	-	0.4
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
(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)

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 £0.6 million has been recognised separately as it relates to losses in South Africa which has no expiry date. Deferred tax assets and liabilities are arising in the UK offset as follows:

	2025 £'m	2024 £'m
Deferred tax assets	1.6	2.9
Deferred tax liabilities	(3.0)	(1.7)
Net deferred tax (liability)/asset	(1.4)	1.2

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Inventories

	2025 £m	2024 £m
Finished goods	60.5	49.5
Work in progress	0.6	0.5
	61.1	50.0

Inventories are stated net of provisions totalling £8.2 million (2024: £9.6 million). The cost of inventories recognised as an expense and charged to cost of sales in the year, net of movements in provisions, was £162.8 million (2024: £155.8 million). Inventory has increased in 2025, in part this is due to mix of inventory with a higher proportion of non-card stock increasing the cost per unit of inventory.

15 Trade and other receivables

	2025 £m	2024 £m
Current		
Trade receivables	7.4	3.1
Other receivables	0.4	0.2
Prepaid property costs	5.0	3.8
Other prepayments	4.2	4.5
	17.0	11.6

The Group has net US Dollar denominated trade and other receivables of £3.0 million (2024: £0.3 million), net South African Rand denominated trade and other receivables of £2.7 million (2024: £2.3 million) and net Euro denominated trade and other receivables of £0.9 million (2024: £nil). Trade receivables in 2025 include £2.4 million related to subsidiaries acquired in 2025 and we have also observed an increase in receivables as a result of the expansion of our retail partnerships.

Group revenue is principally attributable to the retail sale of cards, dressings and gifts subject to a single performance obligation fulfilled by receipt of goods at the point of payment with minimal returns and refunds. Retail revenue is recognised at the point the customer is deemed to have taken delivery of the goods. Revenue attributable to online sales is recognised on delivery of goods to the customer.

Revenue attributable to retail partners and non-retail customers currently represents a relatively small percentage of Group revenue and revenue is typically recognised at a point in time based on a single performance obligation supplying standard Group products. The single performance obligation varies by Partnership agreement, including from the point of dispatch to the point of delivery to the end customer. For a portion of sales to retail partners in the Group, the customer takes the title for goods at the point of dispatch from the supplier's facility, revenue is recognised at this point for such sales as all performance obligations are fulfilled.

Trade receivables are attributable to retail partnerships and non-retail sales which generated revenue of £22.2 million (2024: £17.0 million) in the year. Payment terms for retail partners are typically 30-90 days from invoicing. No material impairment loss has been recorded against trade receivables.

16 Cash and cash equivalents

	2025 £m	2024 £m
Cash at bank and in hand	16.5	11.3
Cash presented as current assets in the balance sheet	16.5	11.3
Bank overdraft	-	(0.2)
Overdraft presented as current liabilities in the balance sheet	-	(0.2)
Net cash and cash equivalents	16.5	11.1

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 and has intention 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:

	2025 £m	2024 £m
Sterling	8.5	6.8
Euro	2.5	3.3
US Dollar	5.0	1.2
South African Rand	0.5	(0.2)
	16.5	11.1

17 Borrowings

	2025 £m	2024 £m
Current liabilities		
Bank loans and accrued interest	0.1	6.9
Bank overdraft	–	0.2
Total current liabilities	0.1	7.1
Non-current liabilities		
Bank loans	73.9	37.9

Bank loans

Bank borrowings as at 31 January 2025 are summarised as follows:

	Liability £m	Interest rate %	Interest margin ratchet range %	
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			
31 January 2024				
Secured term loans – Tranche 'B'	18.8	5.50 + SONIA	–	
Secured revolving credit facility	26.0	Margin + SONIA	2.75 – 4.50	Total facility size = £100 million
Accrued interest	0.1			
Property mortgage	0.6			
Bank overdraft	0.2			
Debt issue costs	(0.7)			
	45.0			

On 26 April 2024, the Group entered into an updated £125 million revolving credit facility. The new facilities have an initial maturity date in April 2028, with options to extend by up to 19 months, subject to lender approval. The facilities include a £75 million 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% which is lower than the previous facilities. At 31 January 2025, net debt (excluding lease liabilities) was £58.9 million, the Group had £48.8 million of undrawn RCF facility and £1.2 million of reserved ancillary facilities.

The new 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.

As part of the transaction to acquire SA Greetings in FY24, the Group acquired a property mortgage and overdraft facility, which are denominated in South African Rand. At 31 January 2025 the overdraft was undrawn and the carrying amount of the mortgage facilities was £0.4 million (2024: £0.2 million and £0.6 million respectively).

Debt issue costs in respect of the April 2024 refinancing totalled £1.6 million and are being amortised to the income statement over the duration of the revised facilities.

18 Trade and other payables

	2025 £m	2024 £m
Current		
Trade payables	20.7	25.1
Other taxation and social security	21.4	21.8
Property accruals	5.5	7.4
Payroll accruals	8.9	12.8
Other accruals	20.3	13.0
	76.8	80.1

The Group has net US Dollar denominated trade and other payables of £15.8 million (2024: £10.1 million), net South African Rand denominated trade and other payables of £1.3 million (2024: £1.2 million) and net Euro denominated trade and other payables of £0.1 million (£2024: £nil). Trade payables have reduced at 31 January 2025 compared to the previous year largely based on timing of payment runs at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 Share capital and share premium

	2025 (Number)	2024 (Number)
Share capital		
Allotted, called up and fully paid ordinary shares of one pence:		
At the start of the period	345,576,361	342,636,090
Issued in the period (note 25)	2,428,355	2,940,271
At the end of the period	348,004,716	345,576,361
	2025 £m	2024 £m
Share capital		
At the start of the period	3.5	3.4
Issued in the period (note 25)	-	0.1
At the end of the period	3.5	3.5
	£m	£m
Share premium		
At the start of the period	202.7	202.2
Issued in the period (note 25)	0.5	0.5
At the end of the period	203.2	202.7

Shares issued in the period relate entirely to those issued upon vesting of employee share schemes. See note 25.

20 Notes to the cash flow statement

Reconciliation of operating profit to cash generated from operations:

	2025 £m	2024 £m
Profit Before Tax	64.1	65.6
Gain on bargain purchase	-	(2.6)
Net finance expense	15.2	13.4
Operating profit	79.3	76.4
Adjusted for:		
Depreciation and amortisation	48.5	46.3
Reversal of impairment of right-of-use assets	(0.4)	(0.2)
Impairment of tangible assets	-	0.2
Impairment of intangible assets	-	1.1
Gain on disposal of fixed assets	-	(1.2)
Cash flow hedging foreign currency movements	(1.9)	(0.4)
Unrealised foreign exchange (gains) / losses	(0.1)	0.5
Share-based payments charge	2.3	2.1
Operating cash flows before changes in working capital	127.7	124.8
(Increase)/decrease in receivables	(3.3)	3.6
(Increase)/decrease in inventories	(11.2)	(1.2)
(Decrease) in payables	(4.1)	(6.5)
Movement in provisions	(3.5)	(2.0)
Cash inflow from operating activities	105.6	118.7

21 Analysis of net debt

	At 1 February 2024 £m	Cash flow £m	Non-cash changes £m	At 31 January 2025 £m
Secured bank loans and accrued interest (note 17)	(44.8)	(23.6)	(5.6)	(74.0)
Lease liabilities	(100.8)	45.6	(55.2)	(110.4)
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 (note 16)	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)

	At 1 February 2023 £m	Cash flow £m	Non-cash changes £m	At 31 January 2024 £m
Secured bank loans and accrued interest (note 17)	(65.7)	30.1	(9.2)	(44.8)
Lease liabilities	(105.4)	43.7	(39.1)	(100.8)
Total debt	(171.1)	73.8	(48.3)	(145.6)
Add: debt costs capitalised	(1.4)	-	0.7	(0.7)
Add: bank overdraft	(1.8)	1.8	(0.2)	(0.2)
Less: cash and cash equivalents (note 16)	11.7	(0.4)	-	11.3
Net debt	(162.6)	75.2	(47.8)	(135.2)
Lease liabilities	105.4	(43.7)	39.1	100.8
Net debt excluding lease liabilities	(57.2)	31.5	(8.7)	(34.4)

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 2023	7.4	2.1	-	9.5
Provisions utilised during the year	-	(0.2)	-	(0.2)
Provisions released during the year	(2.0)	0.2	-	(1.8)
Amounts provided during the year	-	-	-	-
At 31 January 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

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. 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 2025. 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.

We have incurred one-off costs relating to a restructuring programme associated with the closure of the Getting Personal website and streamlining central support operations and as a result have recognised a provision for £1.2 million. The total one-off costs related to the restructuring are £1.9 million with £0.7 million recognised as a provision within inventories.

The Group maintains provisions in respect of its store portfolio to cover both the estimated cost of restoring properties to their original condition upon exit of the property and any non-lease components of lease contracts (such as service charges) that may be onerous. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23 Financial risk management

The principal financial risks faced by the Group are liquidity, foreign currency, interest rate and counterparty credit risk.

The Board have overall responsibility for managing risks and uncertainties across the Group. The principal financial risks and uncertainties and the actions taken to mitigate them are reviewed on an ongoing basis. Further details of the Group's approach to managing risk are included in the Principal Risks and Uncertainties section of the Strategic Report on pages 69 to 73 and in the Corporate Governance Report on pages 80 to 86.

Liquidity risk

The Group has continued to generate significant operating cash inflows. Cash flow forecasts are prepared to assist management in identifying future liquidity requirements. At the balance sheet date, the Group had net debt (note 21) of £58.9 million (2024: £34.4 million) and undrawn RCF facility of £48.8 million (see note 17).

On 26 April 2024, the Group entered into an updated £125 million revolving credit facility (see note 17). The new facilities have an initial maturity date in April 2028, with options to extend by up to 19 months, subject to lender approval. The facilities include a £75 million accordion, which can be drawn subject to lender approval.

The table below analyses the contractual cash flows of the Group's non-derivative financial liabilities as at the balance sheet date. The amounts disclosed in the tables are the contractual undiscounted cash flows, including contractual interest. Where amounts are not yet fixed, principally in respect of interest payments linked to SONIA in the Group's bank facilities, the values have been determined with reference to forward curves at the balance sheet date.

	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m	Total £m
At 31 January 2025					
Bank loans	0.1	0.1	75.2	-	75.4
Lease liabilities	29.0	35.0	56.3	6.7	127.0
Trade and other payables	76.8	-	-	-	76.8
	105.9	35.1	131.5	6.7	279.2
At 31 January 2024					
Bank loans	8.5	38.3	-	-	46.8
Lease liabilities	29.5	29.7	49.4	6.9	115.5
Trade and other payables	80.1	-	-	-	80.1
	118.1	68.0	49.4	6.9	242.4

The table below analyses the contractual cash flows of the Group's derivative financial instruments as at the balance sheet date. The amounts disclosed represent the total contractual undiscounted cash flows at the balance sheet date exchange and interest rates.

	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m	Total £m
At 31 January 2025					
Foreign exchange contracts					
- Inflow	60.4	26.6	4.8	-	91.8
- Outflow	(58.3)	(25.2)	(4.6)	-	(88.1)
Interest rate contracts					
- Inflow	-	-	-	-	-
- Outflow	-	-	-	-	-
At 31 January 2024					
Foreign exchange contracts					
- Inflow	63.6	28.3	-	-	91.9
- Outflow	(64.5)	(28.1)	-	-	(92.6)
Interest rate contracts					
- Inflow	0.1	-	-	-	0.1
- Outflow	-	(0.1)	-	-	(0.1)

Foreign currency risk

The Group has an exposure to foreign currency risk due to a significant proportion of the Group's retail products being procured from overseas suppliers with purchases denominated in US Dollars. The Group has an established currency hedging policy, reviewed annually, which aims to mitigate the risk of adverse currency movements whilst providing sufficient flexibility and available credit lines to act when markets are volatile.

The Group's policy requires forward cover, using a combination of currency on hand, expected receipts and derivative contracts, of between 50% and 100% of the next 12 months' rolling forecast US Dollar requirements, between 25% and 75% forward cover for the period 12 to 24 months, and up to 50% for the period 24 to 36 months. The policy permits a proportion of each year's US Dollar requirement to be covered by structured options and similar instruments.

The table below analyses the sensitivity of the Group's US Dollar denominated financial instruments to a 10 cent movement in the USD to GBP exchange rate at the balance sheet date, holding all other assumptions constant.

23 Financial risk management *continued*

Foreign currency risk *continued*

	2025		2024	
	Impact on profit after tax £m	Impact on cash flow hedging reserve £m	Impact on profit after tax £m	Impact on cash flow hedging reserve £m
10 cent increase	(2.2)	(2.8)	(2.6)	(2.7)
10 cent decrease	2.6	3.3	3.0	3.2

The Group generates a small proportion of its total revenue in Euros as a result of its operations in the Republic of Ireland. Euro receipts are used to settle obligations denominated in Euros or are converted to GBP using either spot or forward contracts to manage liquidity.

Interest rate risk

The Group's principal interest rate risk arises from its long-term borrowings. Bank borrowings are denominated in Sterling and are borrowed at floating interest rates (see note 17). The Group has an established policy that permits the use of interest rate derivative financial instruments to mitigate the interest rate risk on an element of these borrowing costs. Current Group policy requires between 25% and 75% of forecast floating interest rate borrowings to be hedged for the next 24 months, up to 50% for the period 24 to 36 months and up to 25% for periods greater than 36 months.

The table below shows the impact on the reported results of a 50 basis point increase or decrease in the interest rate for the year.

	2025		2024	
	Impact on profit after tax £m	Impact on cash flow hedging reserve £m	Impact on profit after tax £m	Impact on cash flow hedging reserve £m
50 basis point interest rate increase	(0.3)	–	(0.3)	0.1
50 basis point interest rate decrease	0.3	–	0.3	(0.1)

Counterparty credit risk

The Group is exposed to counterparty credit risk on its holdings of cash and cash equivalents and derivative financial assets. To mitigate the risk, counterparties are limited to high credit-quality financial institutions and exposures are monitored on a monthly basis. Sterling cash balances have historically been maintained at near zero or overdrawn within the facility to minimise interest expense on the RCF, thereby reducing counterparty credit risk on cash balances.

The Group is also exposed to counterparty credit risk in relation to certain payments in advance of goods to overseas suppliers. To limit this exposure, goods from overseas suppliers are not paid until after shipment, except for a limited number of deposit payments in prepayments.

Credit risk in respect of trade receivables on revenues from retail partners and non-retail customers, and other receivables and prepayments, is not significant to the Group. Revenues from retail partners and non-retail customers represented £22.2 million in the year (2024: £14.5 million) and trade receivables at 31 January 2025 were £7.4 million (2024: £3.1 million). Total trade and other receivables at 31 January 2025 are £17.0 million (2024: £11.6 million). The Group considers expected credit losses as not material and no material impairment allowances have been recognised in respect of credit risk.

Capital management

The Group is disciplined in its management of capital, which is achieved through its Capital Allocation Policy. The aim of the updated policy is to balance delivery of sustainable, long-term growth in shareholder value against cash returns to shareholders and the needs of the Group's other stakeholders. Each year, the Group will assess the appropriate use of free cash after allocating funds to investments that will deliver the stated strategy.

The Group is committed to a transparent, systemic and disciplined use of cash. The Board will, as part of its annual planning cycle, review investment opportunities and allocate capital between strengthening the balance sheet, investment to deliver the strategy and returns to shareholders. At 31 January 2025, our capital allocation policy is unchanged and the Board has proposed a final dividend of 3.6 pence per share in respect of the 2025 financial year (see note 8).

The Group defines capital as equity attributable to the equity holders of the parent plus net debt. Net debt is shown in note 21.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23 Financial risk management *continued*

Capital management *continued*

The Board monitors the Group's capital structure principally through reviewing free cash generation and Adjusted Leverage – the ratio of net debt (excluding lease liabilities) to EBITDA (after deducting rent-related costs). The Group's target is to maintain a maximum Adjusted Leverage position of 1.5 times.

Details on Group borrowings are set out in note 17 of the consolidated financial statements. The Group has a continued focus on free cash flow generation. The Board monitors a range of financial metrics together with banking covenant ratios, maintaining suitable headroom to ensure that the Group's financing requirements continue to be serviceable.

Further detail regarding covenant restrictions and liquidity forecasts are provided in notes 1 and 17.

24 Financial instruments

Fair value

IFRS 13 requires categorisation of the Group's financial instruments, where measured at fair value, in accordance with the fair value hierarchy to illustrate the basis upon which the fair value has been determined:

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

The fair value of the Group's foreign currency and interest rate derivative financial instruments are largely determined by comparison between forward market prices and the contract price; therefore, these contracts are categorised as Level 2.

Derivative financial instruments

The balance sheet date fair value of derivative financial instruments is as follows:

	2025 £m	2024 £m
Derivative assets		
<i>Non-current</i>		
Interest rate contracts	-	-
Foreign exchange contracts	0.9	0.6
	0.9	0.6
<i>Current</i>		
Interest rate contracts	-	0.2
Foreign exchange contracts	2.4	0.7
	2.4	0.9
Derivative liabilities		
<i>Current</i>		
Interest rate contracts	-	(0.1)
Foreign exchange contracts	(0.3)	(1.6)
	(0.3)	(1.7)
<i>Non-current</i>		
Interest rate contracts	-	(0.1)
Foreign exchange contracts	(0.4)	(0.7)
	(0.4)	(0.8)
Net derivative financial instruments		
Interest rate contracts	-	-
Foreign exchange contracts	2.6	(1.0)
	2.6	(1.0)

24 Financial instruments *continued*

Interest rate contracts

At 31 January 2025 the Group held fixed for floating SONIA interest rate swaps to hedge a portion of the variable interest rate risk on bank borrowings. Notional principal amounts for interest hedges totalled £10.0 million for the period to October 2025 at an average fixed rate of 5.1% (2024: £20.0 million for the period to October 2024, then reducing to £10 million for the period to October 2025).

Unhedged fair value movements of Enil (2024: Enil) were expensed to the income statement within financial expense.

Foreign exchange contracts

At 31 January 2025 the Group held a portfolio of foreign currency derivative contracts with notional principal amounts in GBP totalling £88.1 million (2024: £92.6 million) to mitigate the exchange risk on future US Dollar denominated trade purchases.

Foreign currency derivatives with a notional value of £39.7 million were designated in cash flow hedging relationships at 31 January 2025 (2024: £41.6 million). Of this amount, £30.4 million is expected to unwind in the next 12 months with an average strike price of 1.28 and £9.3 million is expected to unwind between 13 and 24 months at an average strike price of 1.29. The average strike prices reflect only those derivatives designated into hedging relationships, and not the Group's whole portfolio of currency purchase contracts.

Foreign currency derivative contracts with a notional value of £48.4 million representing a fair value asset of £1.2 million (2024: £51.0 million representing a fair value liability of £0.3 million) were not designated as hedging relationships.

Fair value movements in foreign currency derivatives are recognised in other comprehensive income to the extent the contract is part of an effective hedging relationship. The fair value movements of £1.5 million that do not form part of an effective hedging relationship have been charged to the income statement (2024: £0.1 million) within cost of sales.

Classification of financial instruments

The table below shows the classification of financial assets and liabilities at the balance sheet date. Fair value disclosures in respect of lease liabilities are not required.

	Mandatorily at FVTPL £m	Cash flow hedging instruments £m	Financial assets at amortised cost £m	Financial liabilities at amortised cost £m
At 31 January 2025				
Financial assets measured at fair value				
Derivative financial instruments	1.6	1.7	-	-
Financial assets not measured at fair value				
Trade receivables	-	-	17.0	-
Cash and cash equivalents	-	-	16.5	-
Financial liabilities measured at fair value				
Derivative financial instruments	(0.4)	(0.3)	-	-
Financial liabilities not measured at fair value				
Secured bank loans	-	-	-	(74.0)
Unsecured bank overdrafts	-	-	-	-
Trade and other payables	-	-	-	(76.8)
	1.2	1.4	33.5	(150.8)
At 31 January 2024				
	£m	£m	£m	£m
Financial assets measured at fair value				
Derivative financial instruments	0.9	0.6	-	-
Financial assets not measured at fair value				
Trade receivables	-	-	3.1	-
Cash and cash equivalents	-	-	11.3	-
Financial liabilities measured at fair value				
Derivative financial instruments	(1.2)	(1.3)	-	-
Financial liabilities not measured at fair value				
Secured bank loans	-	-	-	(44.8)
Unsecured bank overdrafts	-	-	-	(0.2)
Trade and other payables	-	-	-	(80.1)
	(0.3)	(0.7)	14.4	(125.1)

The fair values of financial instruments have been assessed as approximating to their carrying values. Derivative financial instruments are utilised to mitigate foreign exchange risk on the requisition of inventory and interest rate risk on borrowings. Derivatives not designated as a hedging relationship are mandatorily classified at FVTPL. Prepayments do not meet the definition of Financial Instruments and as such are not disclosed in the above table.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 Equity-settled share-based payment arrangements

Card Factory Restricted Share Awards and Long Term Incentive Plan

The Company grants restricted share awards ('RSAs') to the Executive Directors, members of the senior leadership team and senior employees within the Group under the terms of the Group's LTIP. Grants are made annually under the scheme, subject to approval by the Board. The award comprises a right to receive free shares or nil cost options. The shares are to be issued within 30 days, or as soon as practicable, after the vesting date. Grants awarded in the year to Executive Directors, senior leaders and senior employees vest in stages over three, four and five years and vested shares may not be sold (other than to pay taxes due on vesting) until the end of the five-year period. Grants awarded in the year to senior employees are subject to a three-year vesting period. All restricted share awards are subject to a performance underpin through which the Remuneration Committee can exercise discretion to reduce the number of awards that will vest based on certain defined criteria.

Grants awarded prior to 31 January 2018 under the LTIP were subject to a three-year vesting period with performance conditions and a two-year holding period for awards in favour of senior employees. Further details on Executive Director share awards are provided in the Remuneration Report on pages 102 to 114.

Card Factory SAYE Scheme ('SAYE')

The SAYE scheme is open to all employees (in years prior to FY19 length of service eligibility applied). Grants are made annually under the scheme, subject to approval by the Board. Options may be exercised under the scheme within six months of the completion of the three-year savings contract. There is provision for early exercise in certain circumstances such as death, disability, redundancy and retirement.

Reconciliation of outstanding awards

	RSA/LTIP		SAYE	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 February 2023	6,847,140	£0.01	5,192,229	£0.42
Granted during the year	2,162,869	£0.01	1,476,343	£0.72
Exercised during the year	(1,170,305)	£0.01	(1,769,966)	£0.27
Forfeited during the year	(210,756)	£0.01	(901,863)	£0.56
Outstanding at 31 January 2024	7,628,948	£0.01	3,996,743	£0.56
Granted during the year	2,480,692	£0.01	1,493,898	£0.75
Exercised during the year	(1,469,447)	£0.01	(958,908)	£0.50
Forfeited during the year	(791,808)	£0.01	(613,838)	£0.61
Outstanding at 31 January 2025	7,848,385	£0.01	3,917,895	£0.58

The weighted average remaining contractual for options under the SAYE scheme is 1.4 years and under the RSA/LTIP scheme is 1.6 years.

Fair value of awards

The fair value of awards granted during the year has been measured using the Black-Scholes model assuming the inputs below.

	2025			2024	
	RSA/LTIP (1)	RSA/LTIP (2)	SAYE	RSA/LTIP (1)	SAYE
Granted during the year	2,431,769	48,923	1,493,898	2,162,869	1,476,343
Fair value at grant date	£0.93	£0.99	£0.46	£0.92	£0.43
Share price at grant date*	£0.93	£0.99	£1.12	£0.92	£0.87
Exercise price*	£0.01	£0.01	£0.75	£0.01	£0.72
Expected volatility	48%	43%	47%	63%	58%
Expected term (years)	3	1.25	3	3 to 5	3
Expected dividend yield	N/A**	N/A**	4%	N/A**	0%
Risk free interest rate	4.38%	4.24%	4.30%	4.32%	5.05%

* The exercise price for SAYE awards is set at a 20% discount to an average market price determined in accordance with scheme rules. The share price at the grant date is the closing price on the grant date. The outstanding SAYE awards as at 31 January 2025 have an exercise price ranging from £0.49 to £0.75.

** RSA/LTIP awards have a £0.01 exercise price (covered via a nominal bonus award from the Group) and accrue dividend equivalents over the vesting period, consequently the fair value at grant date is equal to the grant date share price.

The expected volatility is based on historical volatility of the Company over the expected term at the grant date.

Impact on the income statement

The total expense recognised in the income statement arising from share-based payments is as follows:

	2025 £m	2024 £m
All amounts exclude national insurance costs		
RSA or LTIP	2.0	1.7
SAYE	0.3	0.4
Total share-based payment expense	2.3	2.1

26 Capital commitments

The Group had no material capital commitments at 31 January 2025 (2024: £nil).

27 Contingent liabilities

There were no material contingent liabilities at 31 January 2025 (2024: £nil).

28 Related party transactions

The Group has taken advantage of the exemptions contained within IAS 24 'Related Party Disclosures' from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

The Card Factory Foundation is considered a related party of the Group due to one common individual considered as key management personnel. In the year ended 31 January 2025 the Group donated £1.4 million (2024: £1.5m) to the Foundation from carrier bag sales and has an outstanding balance owed to the Foundation of £0.1m at 31 January 2025 (2024: £0.5m).

A full listing of the Group's subsidiary undertakings is provided in the notes to the Company accounts on page 166.

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 on pages 102 to 114. Directors of the Company and their immediate families control 0.2% of the ordinary shares of the Company.

There were no other related party transactions in the year.

29 Business combinations

Business combinations are accounted for using the acquisition method. The identifiable assets acquired and liabilities assumed are recognised at their fair values at the acquisition date.

Acquisition of SA Greetings

Following the end of the measurement period, the acquisition accounting for SA Greetings (acquired in FY24) has been finalised. There were no adjustments to the provisional values reported in the FY24 financial statements.

Acquisitions of Garven and Garlanna

During FY25, the Group acquired Garven Holdings LLC ('Garven') and Garlanna Holdings Limited ('Garlanna'). Acquisition-related costs totalling £0.7 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 one-off in nature and this can be seen in the glossary on pages 169 to 172.

The purchase price allocation for the acquisitions of Garven Holdings and Garlanna Holdings was prepared on a provisional basis in accordance with IFRS 3 with the fair values of the assets and liabilities set in the table to the right.

	Garven Holdings £m	Garlanna Holdings £m	Total fair value £m
Non-current assets	0.1	0.2	0.3
Property, plant & equipment	–	0.2	0.2
Right-of-use assets	0.1	–	0.1
Current assets	3.7	2.2	5.9
Inventories	0.2	1.0	1.2
Trade & other receivables	1.5	0.6	2.1
Cash at bank and in hand	2.0	0.6	2.6
Total assets	3.8	2.4	6.2
Current liabilities	(0.9)	(1.8)	(2.7)
Trade & other payables	(0.8)	(0.3)	(1.1)
Tax payable	–	(0.1)	(0.1)
Lease liabilities	(0.1)	–	(0.1)
Provisions	–	(1.4)	(1.4)
Total liabilities	(0.9)	(1.8)	(2.7)
Net assets of acquired subsidiaries	2.9	0.6	3.5
Add: Intangible assets (note 10)	10.0	2.9	12.9
Add: Goodwill (note 10)	8.7	–	8.7
Total consideration paid	21.6	3.5	25.1
Less cash acquired:	(2.0)	(0.6)	(2.6)
Net cash outflow	19.6	2.9	22.5

The gross contractual amounts related to trade & other receivables is £2.1 million and at the acquisition date, the Group's best estimate of the contracted cash flows not expected to be collected is £nil.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29 Business combinations continued

Acquisition of Garlanna

On 4 September 2024, the Group completed the acquisition of 100% of the share capital of Garlanna Holdings Limited and its subsidiary companies (Garlanna).

Garlanna trades as a publisher and wholesale supplier of cards, wrap and gift bags in the Republic of Ireland. The acquisition will strengthen the Group's position within the Republic of Ireland market and is expected to provide further wholesale opportunities, in particular in the convenience sector where the Group previously has limited exposure.

The total cash consideration for the transaction was £3.5 million (€4.2 million), all of which was paid in cash on the acquisition date, giving consideration of £2.9 million (€3.6 million) on a cash free, debt free basis. The agreement included €0.2 million of deferred contingent consideration but this has not and will not become payable due to the payment criteria not being met and the period of consideration has expired.

We 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:

- Aligning Garlanna's inventory provision with Group accounting policies – increasing the provision by £0.6 million; and
- Recognising a provision (£0.6 million) in relation to costs expected to be incurred to return leased property to its original state.

The fair value of the net assets acquired was £0.6 million. We have recognised £2.9 million of identifiable intangible assets linked to the existing customer relationships in the acquired business, see note (10) for further details. This gives a total fair value of net assets acquired of £3.5 million, which is equal to the fair value of consideration paid resulting in no recognition of goodwill.

Garlanna contributed revenue of £1.7 million and £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 Garlanna had been completed on the first day of the financial year, Group revenues for the year to 31 January 2025 would have been £546.3 million and Group profit after tax would have been £48.3 million. Garlanna has a similar seasonal trading pattern to the rest of the Group and generates the majority of its sales and profits in the second half of the financial year.

Acquisition of Garven

On 04 December 2024, the Group completed the acquisition of 100% of the members' interest of Garven Holdings, LLC and its subsidiary companies ("Garven").

Garven trades as Garven Design and Cadence Packaging and is a leader in the design and wholesale of gifts and celebration essentials, based in Minnesota, USA.

In line with cardfactory's growth plan, this acquisition accelerates our partnerships strategy in one of our key international target markets.

It marks cardfactory's physical entry into the US gifts and celebration essentials market, which represents the biggest market globally at circa £70 billion in total.

Garven has an established customer base of general and speciality retailers which will allow cardfactory to further explore design and buying synergies, alongside opportunities to introduce its own ranges into the US wholesale market. We consider that this is a key factor in the recognition of goodwill related to this acquisition.

The total cash consideration for the transaction was £21.6 million (\$27.5 million), all of which was paid in cash on the acquisition date, giving consideration of £19.6 million (\$25.0 million) on a cash free, debt free basis. There is no further contingent or deferred consideration payable.

There were no fair value adjustments required by IFRS 3 made to the acquired assets and liabilities in the acquiree's local financial records in arriving at the provisional fair values.

The fair value of the net assets acquired is £2.9 million. We have recognised £10.0 million of identifiable intangibles assets linked to the existing customer relationships in the acquired business and acquired brands, see note 10 for further details. This gives a total fair value of acquired assets of £12.9 million, which is lower than the fair value of the consideration paid (Including cash acquired) of £21.6M, the balance has resulted in recognition of £8.7 million of Goodwill which is not deductible for tax purposes.

Garven Holdings, LLC contributed revenue of £2.2 million and a profit of £0.2 million to the Group's profit after tax for the period between the date of acquisition and the reporting date.

If the acquisition of Garven had been completed on the first day of the financial year, Group revenues for the year to 31 January 2025 would have been £568.7 million and Group profit after tax would have been £50.5 million. Garven has a similar seasonal trading pattern to the rest of the Group and generates the majority of its sales and profits in the second half of the financial year.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 January 2025

Note	2025	2024
£m	£m	£m

Non-current assets			
Investments	4	316.2	316.2
Deferred tax assets		0.4	0.3
Current assets			
Trade and other receivables	5	6.5	3.3
Total assets		323.1	319.8
Current liabilities			
Trade and other payables	6	(3.3)	(2.8)
Net assets		319.8	317.0

Equity			
Share capital	7	3.5	3.5
Share premium	7	203.2	202.7
Merger reserve		2.7	2.7
Retained earnings		110.4	108.1
Equity attributable to equity holders of the parent		319.8	317.0

The company's profit for the year to 31 January 2025 was £20.3 million (2024: loss of £2.3 million).
The financial statements on pages 163 to 168 were approved by the Board of Directors on 7 May 2025 and were signed on its behalf by

Matthias Seeger
Chief Financial Officer

Company number 09002747

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2025

Share capital	Share premium	Share reserve	Merger reserve	Retained earnings	Total equity
£m	£m	£m	£m	£m	£m

At 31 January 2023	3.4	202.2	2.7	108.3	316.6
Total comprehensive income for the year					
Profit or loss	-	-	-	(2.3)	(2.3)
Transactions with owners, recorded directly in equity					
Shares issued	0.1	0.5	-	-	0.6
Share-based payments	-	-	-	2.1	2.1
At 31 January 2024	3.5	202.7	2.7	108.1	317.0
Total comprehensive income for the year					
Profit or loss	-	-	-	20.3	20.3
Transactions with owners, recorded directly in equity					
Shares issued	-	0.5	-	-	0.5
Share-based payments	-	-	-	2.3	2.3
Dividends*	-	-	-	(20.3)	(20.3)
At 31 January 2025	3.5	203.2	2.7	110.4	319.8

* Dividends includes £0.5m of dividend equivalents payable on employee share awards.

The notes that accompany these financial statements are included on pages 164 to 168.

PARENT COMPANY CASH FLOW STATEMENT

For the year ended 31 January 2025

	Note	2025 £m	2024 £m
Cash inflow/(outflow) from operating activities	10	19.3	(0.6)
Corporation tax paid		-	-
Net cash (outflow)/inflow from operating activities		19.3	(0.6)
Cash flows from investing activities		-	-
Dividends paid	3	(19.8)	-
Net cash inflow from investing activities		(19.8)	-
Cash flows from financing activities		-	-
Shares issued under employee share schemes		0.5	0.6
Net cash outflow from financing activities		0.5	0.6
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Closing cash and cash equivalents		-	-

The notes that accompany these financial statements are included on pages 164 to 168.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards ('UK IFRS') and applicable law.

The financial statements have been prepared under the historical cost convention and on the going concern basis. The Directors' assessment of going concern is set out on page 119 of the consolidated financial statements.

Significant judgements and estimates

The preparation of financial statements in conformity with UK IFRS requires the use of judgements, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Company has not identified any significant judgements or areas of significant estimation uncertainty in the current year. However, reflecting the degree of management focus, notes the following in respect of impairment testing:

Investment in subsidiaries impairment testing

The impairment testing of investment in subsidiaries requires judgement in determining the assumptions to be used to estimate the value-in-use, including estimates of future revenues, operating costs, terminal value growth rates, the and the pre-tax discount rate to be applied. Whether or not the estimation used in determining these assumptions is significant depends upon the outcome of the assessment and the level of headroom in the analysis and sensitivity to changes in those assumptions.

Further detail is provided in note 4 to the Company financial statements. There were no reasonably possible changes in key assumptions in the impairment test performed that would result in an impairment charge.

Principal accounting policies

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Changes in significant accounting policies

New standards and amendments to existing standards effective in the period, which are set out in full on page 137 of the consolidated financial statements, have not had a material effect on the Company's financial statements.

UK endorsed standards and amendments issued but not yet effective

A full list of standards and amendments that are in issue but not yet effective is provided on page 138 of the consolidated financial statements.

The adoption of these standards and amendments in future periods is not expected to have a material impact on the Company's financial statements.

1 Accounting policies *continued*

Income statement

The Company made a profit after tax of £20.9 million for the year ended 31 January 2025 (2024: £2.3 million loss), including £19.7 million dividends received from subsidiary undertakings (2024: £nil). As permitted by section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of the financial statements.

Investments

Investments in subsidiary undertakings are held at cost less any provision for impairment.

Financial instruments

Non-derivative financial assets

Non-derivative financial assets comprise trade and other receivables classified as financial assets at amortised cost. The trade and other receivables do not have a significant financing component and are initially measured at transaction price. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company measures loss allowances at an amount equal to lifetime expected credit loss.

Non-derivative financial liabilities

Non-derivative financial liabilities comprise trade and other payables. Trade and other payables are initially recognised at fair value, less any directly attributable transaction costs and subsequently stated at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Merger reserve

On 30 April 2014 Card Factory plc acquired 100% of the share capital of CF Topco Limited in a share for share exchange, thereby inserting Card Factory plc as the Parent Company of the Group. The shareholders of CF Topco Limited became 100% owners of the enlarged share capital of Card Factory plc. The premium arising on the issue of shares is recognised in the merger reserve.

Share-based payments

The Company issues equity-settled share-based payments to employees within the group through the Card Factory Restricted Share Awards Scheme ('RSA') and the Card Factory SAYE Scheme ('SAYE'), see note 25 of the consolidated financial statements for further details. The cost of equity-settled share awards is measured as the fair value of the award at the grant date using the Black-Scholes model.

The cost of awards to employees of the Company is expensed to the income statement of relevant subsidiary companies, together with a corresponding adjustment to equity, on a straight-line basis over the vesting period of the award. The cost of awards to employees of subsidiary undertakings is immediately reimbursed by the subsidiary. The total cost of the awards is based on the Company's estimate of the number of share awards that will eventually vest in accordance with the vesting conditions. The awards do not include market-based vesting conditions. At each balance sheet date, the Company revises its estimate of the number of awards that are expected to vest. Any revision to estimates is recognised in the income statement, with a corresponding adjustment to equity. The expense recognised in the Company income statement is subsequently charged to subsidiary entities to the extent that management services are provided to those subsidiary entities.

Dividends

Dividends are recognised as a liability in the period in which they are approved such that the Company is obliged to pay the dividend.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or through other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Employee costs

The Company has no employees other than the Board of Directors. Full details of Directors' remuneration are set out in the Directors' Remuneration Report on pages 94 to 107.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

3 Dividends

In June 2024, the Company paid a final dividend of 4.5 pence per share (totalling £15.6 million) in respect of the FY24 financial year. This dividend represented the total dividend for FY24 (including an amount in lieu of an interim dividend) with interim dividends unable to be paid during FY24 due to restrictions in the Company's previous financing facilities that remained in place until 31 January 2024.

FY25 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 2025 of 3.6 pence per share, equivalent to approximately £12.5 million. The final dividend will be payable to shareholders on the share register on 30 May 2025, with payments to be made on 27 June 2025.

Dividends paid in the year:

	Pence per share	2025 £m	2024 £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	–
Total dividends paid to shareholders in the year		19.8	–

Dividend equivalents totalling £0.1 million (2024: £0.4 million) were accrued in the year in relation to share-based long-term incentive schemes.

4 Investments in subsidiaries

	£m
At 31 January 2024 and 31 January 2025	316.2

The Company evaluates its investments in subsidiary undertakings annually for any indicators of impairment. Management have considered that there are no indicators of impairment linked to the Company investment in subsidiaries. The Directors are satisfied that there is no impairment of the investment in subsidiaries.

Subsidiary undertakings

At 31 January 2025 the Company controlled 100% of the issued ordinary share capital of the following subsidiaries, all of which are included in the consolidated financial statements. All subsidiaries are registered in England and Wales with the exception of those subsidiaries listed with a different registered address as below. The registered office of the Company is Century House, Brunel Road, Wakefield 41 Industrial Estate, Wakefield, West Yorkshire, WF2 0XG.

Subsidiary undertaking	Nature of business	Registered office
CF Bidco Limited*	Intermediate holding company	Same as the Company
Sportswift Limited	Sale of greeting cards and gifts	Same as the Company
Printcraft Limited	Printers	Same as the Company
Getting Personal Limited	Online sale of personalised products and gifts	Same as the Company
Card Factory Ireland Limited	Sale of greeting cards and gifts	**
CF SA Holdings (Pty) Limited	Intermediate holding company	***
SA Greetings Corporation (Pty) Ltd	Intermediate holding company	***
SA Greetings (Pty) Limited	Sale of greeting cards	***
CNA Properties (Baragwanath) (Pty) Limited	Property Company	***
Funny Paper (Pty) Limited	Dormant	***
Cardfactory US Holdings Inc.	Intermediate holding company	****
Cardfactory US Holdings LLC	Sale of greeting cards and gifts	****
Garlanna Holdings Limited	Intermediate holding company	*****
Garlanna Limited	Sale of greeting cards and gifts	*****
Garlanna (UK) Limited	Sale of greeting cards and gifts	Same as the Company
Garven Holding, LLC	Intermediate holding company	****
Garven LLC	Sale of gift bags, tags, wrapping and gifts	*****
Cadence Packaging Group LLC	Sale of gifts bags and packaging	*****

* Shares held directly. All other subsidiaries shares are held indirectly through subsidiary undertakings.

** 6th Floor, 2 Grand Canal Square, Dublin 2, Dublin, Republic of Ireland.

*** 2 Aeroton Road, Aeroton, Johannesburg 2013.

**** Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801

***** Greeting Card House, Rathnew Business Park, Rathnew, Co Wicklow, Ireland, A67Y017

***** 1450 Northland Drive, Mendota Heights, MN 55120

***** Suite 200 4530 West 77th Street, Edina, MN 55435-5161

4 Investments in subsidiaries *continued*

Subsidiary undertakings *continued*

The entities listed below were formerly subsidiaries of the Company but have been dissolved during the year to 31 January 2025.

Subsidiary undertaking	Nature of business	Registered office
Heavy Distance Limited ⁺	Dormant	Same as the Company
CF Topco Limited ⁺⁺	Dormant	Same as the Company
CF Interco Limited ⁺⁺	Dormant	Same as the Company
Short Rhyme Limited ⁺⁺	Dormant	Same as the Company
Getting Personal Group Limited ⁺⁺	Dormant	Same as the Company
Getting Personal (UK) Limited ⁺⁺	Dormant	Same as the Company
Lupfaw 221 Limited ⁺⁺	Dormant	Same as the Company
Sportswift Properties Limited ⁺⁺	Dormant	Same as the Company
CF Midco Limited ⁺⁺	Dormant	Same as the Company

⁺ This dormant legal entity was dissolved after the reporting date on 4 March 2025

⁺⁺ These dormant legal entities were dissolved on 12 November 2024

5 Trade and other receivables

	2025 £m	2024 £m
Amounts owed by Group undertakings	6.3	3.2
VAT recoverable	–	–
Prepayments and other debtors	0.2	0.1
	6.5	3.3

Trade and other receivables of the Company principally relate to balances due on demand from subsidiary undertakings. The Company has assessed the expected credit loss as very low and has made no provision for impairment.

6 Trade and other payables

	2025 £m	2024 £m
Amounts owed to Group undertakings	–	–
Trade payables	2.2	2.2
Accruals	1.1	0.6
	3.3	2.8

7 Share capital and share premium

	2025 (Number)	2024 (Number)
Share capital		
Allotted, called up and fully paid ordinary shares of one pence:		
At the start of the period	345,576,361	342,636,090
Shares issued in the year	2,428,355	2,940,271
At the end of the period	348,004,716	345,576,361

	2025 £m	2024 £m
Share capital		
At the start of the period	3.5	3.4
Shares Issued in the year	–	0.1
At the end of the period	3.5	3.5

	2025 £m	2024 £m
Share premium		
At the start of the period	202.7	202.2
Shares issued in the year	0.5	0.5
At the end of the period	203.2	202.7

The company has only one class of shares, which are ordinary shares of 1 pence each, carrying no right to a fixed income. No shareholders have waived their rights to dividends.

During the 2025 financial year, 2,428,355 shares (2024: 2,940,271 shares) were issued in satisfaction of options vesting in accordance with the rules of the Group's employee share schemes. Full details in respect of the Group's employee share schemes, including remaining options outstanding, are included in note 25 to the consolidated financial statements.

8 Financial risk management

The financial risk management strategy of the Company is consistent with the Group strategy detailed in note 23 of the consolidated financial statements. Company exposure to liquidity, interest rate, foreign exchange and credit risk are principally to the extent they impact the trade of its subsidiary investments. Trade and other receivables of the Company principally comprise amounts due from Group undertakings.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

9 Financial instruments

Classification of financial instruments.

Financial assets have all been classified as financial assets at amortised cost. Financial liabilities have all been classified as other financial liabilities.

Maturity analysis

All financial instrument assets and liabilities fall due in less than one year.

Fair values

The fair values of financial instruments have been assessed as approximating to their carrying values.

10 Notes to the cash flow statement

	2025 £m	2024 £m
Profit/(Loss) before tax (excluding dividends received)	0.5	(1.3)
Dividends received	19.8	-
Operating profit/(loss)	20.3	(1.3)
Adjusted for:		
Share-based payment charge	2.3	1.3
Operating cash flows before changes in working capital	22.6	-
(Increase)/decrease in receivables	(3.3)	0.4
Increase/(decrease) in payables	-	(1.0)
Cash inflow/(outflow) from operating activities	19.3	(0.6)

The increase in payables stated above is adjusted to reflect amounts analysed elsewhere in the cash flow statement, which are included within amounts owed to group undertakings in the statement of financial position.

11 Related party transactions

Amounts due to and from Group undertakings are set out in notes 5 and 6 of the financial statements. Transactions between the Company and its subsidiaries were as follows:

	2025 £m	2024 £m
Management services	2.0	2.1
Dividends received from Group undertakings	19.8	-
Inter-company working capital cash flows from Group undertakings	3.1	2.1

Transactions with key management personnel

The key management personnel of the Company comprise the Card Factory plc Board of Directors. Disclosures relating to Directors' remuneration are set out in the Remuneration Report on pages 94 to 107. Directors of the Company control 0.02% of the ordinary shares of the Company.

GLOSSARY

Alternative Performance Measures (APMs) and other explanatory information

In the reporting of the consolidated financial statements, the Directors have adopted various Alternative Performance Measures (APMs) of financial performance, position or cash flows other than those defined or specified under International Accounting Standards (IFRS).

These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry or that appear to have similar titles or labels. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

The Directors believe that these APMs provide additional useful information on the performance and position of the Group and are intended to aid the user in understanding the Group's results.

The APMs presented are consistent with measures used internally by the Board and management for performance analysis, planning, reporting and incentive setting purposes. In FY25 we have broadened our adjustments to the P&L and cash flow to aid clarity and consistency in understanding measures that are relevant to our capital allocation policy.

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

Following the approval of the Group's updated capital allocation policy, Adjusted Leverage and Adjusted EPS have been included in this report for the first time. These measures play an important role in the Group's capital allocation decisions.

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 FY25 to FY24, 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.
- 'Online': Like-for-like sales for cardfactory.co.uk and gettingpersonal.co.uk combined.

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	Getting Personal £'m
Reconciliation of Revenue to LFL Sales				
Revenue FY25	506.8	8.8	515.6	4.4
VAT / other	99.0	1.9	100.9	1.0
Adjustment for Stores not open in both periods	(14.5)	–	(14.5)	–
LFL Sales FY25	591.3	10.7	602.0	5.4
Revenue FY24	478.9	8.8	487.7	5.9
VAT / other	93.3	1.9	95.2	1.5
Adjustment for Stores not open in both periods	(0.4)	–	(0.4)	–
LFL Sales FY24	571.8	10.7	582.5	7.4
LFL Sales Growth	+3.4%	+0.1%	+3.3%	–27.4%

Note percentages are calculated based on absolute figures before rounding.

GLOSSARY CONTINUED

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.

<i>Reconciliation of EBITDA to Operating Profit</i>	<i>FY25 £m</i>	<i>FY24 £m</i>
Operating Profit ¹	79.3	76.4
Add back:		
Depreciation	45.0	43.5
Amortisation	3.5	2.8
Losses/(gains) on disposal	0.1	(1.2)
Impairment (reversals)/charges	(0.4)	1.1
EBITDA	127.5	122.6
Deduct unrealised gains on derivative contracts	(1.5)	-
Add back one-off restructuring costs	1.9	-
Add back acquisition related transaction costs	0.7	-
Deduct Covid provision release	-	(2.0)
Adjusted EBITDA	128.6	120.6

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 FY25 the Directors have identified the following items that they believe to meet the definition of 'one-off/non-underlying' for this purpose:

- 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.

The following items are taken into account in arriving at Adjusted PBT for the equivalent period last year (FY24):

- The gain on bargain purchase related to the acquisition of SA Greetings of £2.6 million.
- A gain relating to the release of Covid-related provisions of £2.0 million.
- An impairment charge relating to Getting Personal of £1.1 million.

<i>Reconciliation of Adjusted PBT to Profit Before Tax</i>	<i>FY25 £m</i>	<i>FY24 £m</i>
Profit Before Tax	64.1	65.6
Add back/(deduct):		
Non-recurring refinancing charges	0.5	-
Acquisition-related transaction costs	0.7	-
Amortisation of acquired intangibles	0.3	-
One-off restructuring costs	1.9	-
Unrealised gains on derivative contracts	(1.5)	-
Acquisition gain	-	(2.6)
Covid provision release	-	(2.0)
GP intangible impairment	-	1.1
Adjusted PBT	66.0	62.1

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

<i>Reconciliation of Adjusting items on the income statement</i>	<i>FY25 £m</i>	<i>FY24 £m</i>
Gross profit	193.8	184.9
Add back one-off restructuring costs	0.6	-
Deduct unrealised gains on derivative contracts	(1.5)	-
Adjusted Gross Profit	192.9	184.9
Operating expenses	(114.5)	(110.5)
Other operating income	-	2.0
Add back acquisition-related transaction costs	0.7	-
Add back one-off restructuring costs	1.3	-
Add back amortisation of acquired intangibles	0.3	-
Add back GP Intangible impairment	-	1.1
Deduct Covid provision release	-	(2.0)
Adjusted operating profit	80.7	75.5
Finance costs	(15.2)	(13.4)
Gain on bargain purchase	-	2.6
Add back non-recurring refinancing charges	0.5	-
Deduct acquisition gain	-	(2.6)
Adjusted Profit Before Tax	66.0	62.1

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.

<i>Calculation of Adjusted EPS</i>	<i>FY25 £m</i>	<i>FY24 £m</i>
Adjusted PBT	66.0	62.1
Tax charge	(16.3)	(16.1)
Tax impact of non-underlying items	(0.2)	0.5
Adjusted PAT	49.5	46.5
Weighted average number of shares	346,910,019	343,339,468
Adjusted EPS	14.3p	13.5p

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.

<i>Calculation of Net Debt</i>	<i>FY25 £m</i>	<i>FY24 £m</i>
Current Borrowings	0.1	7.1
Non-Current Borrowings	73.9	37.9
Add back Debt Issue Costs	1.4	0.7
Gross Borrowings	75.4	45.7
Less cash	(16.5)	(11.3)
Net Debt (exc. Leases)	58.9	34.4
Add back Lease Liabilities	110.4	100.8
Net Debt (inc. Leases)	169.3	135.2

GLOSSARY CONTINUED

Leverage and 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 2025. 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.

Calculation of Leverage	FY25 £m	FY24 £m
Net debt (as calculated above) (A)	58.9	34.4
EBITDA (as calculated above) (B)	127.5	122.6
IFRS 16 depreciation	(36.3)	(35.9)
IFRS 16 impairment reversal	0.4	0.2
Gains on modification/disposal	(0.1)	1.2
IFRS 16 interest	(8.0)	(6.3)
EBITDA less rent costs (C)	83.5	81.8
Leverage (A/B)	0.5x	0.3x
Adjusted Leverage (A/C)	0.7x	0.4x

Cash flow APMs

Operating cash conversion

Closest IFRS Equivalent: No equivalent; however it is calculated with reference to Cash from Operating Activities (an IFRS measure) and EBITDA, which is reconciled to Operating Profit in this section

Operating cash conversion is Cash from operations (calculated as cash from operating activities before corporation tax payments) per the cash flow statement prepared in accordance with IFRS divided by EBITDA and expressed as a percentage.

Calculation of Operating Cash Conversion	FY25 £m	FY24 £m
Cash from Operations	105.6	118.7
EBITDA	127.5	122.6
Operating Cash conversion	82.9%	96.8%

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 and adding back proceeds from disposal of fixed assets.

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, £0.7 million of and £3.3 million related to repayment of Covid Grant funds.

Calculation of Free Cash Flow	FY25 £m	FY24 £m
Net cash inflow from operating activities	88.9	105.2
Less:		
Capital expenditure	(18.4)	(27.8)
Lease payments (inc. Interest)	(45.6)	(43.8)
Net finance costs	(7.8)	(6.5)
Proceeds from disposal of fixed assets	0.2	-
Free Cash Flow	17.3	27.1
Adjusted Free Cash Flow	29.0	27.1

Net finance costs including interest received on bank deposits, interest paid on bank borrowings and other financing costs paid.

Other financial calculation information

Unless otherwise stated, amounts in this report are presented in Pound Sterling (GBP), and have been rounded to the nearest £0.1 million.

Information in tables or charts may not add down or across, or calculate precisely, due to rounding. Percentage movements, where provided, are based on amounts before they were rounded to the nearest £0.1 million.

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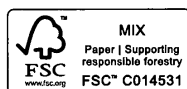
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