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Card Factory PLC
30 April 2024

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

Preliminary results for the year ended 31 January 2024

Strong growth across the business and continued strategic delivery, underpinned by a strengthened balance sheet, allows for the resumption of dividends.

cardfactory, the UK's leading specialist retailer of greeting cards, gifts and celebration essentials, announces its preliminary results for the year ended 31 January 2024 ("FY24").

Financial summary[1]

Financial Metrics	FY24	FY23	Change £	Change %
Revenue	£510.9m	£463.4m	£47.5m	+10.3%
EBITDA	£122.6m	£112.0m	£10.6m	+9.5%
Profit Before Tax (PBT)	£65.6m	£52.4m	£13.2m	+25.2%
Adjusted PBT[2]	£62.1m	£48.9m	£13.2m	+27.0%
Adjusted Leverage (exc. Leases)	0.4x	0.8x	(0.4x)	-
Net Debt (exc. Leases)	£34.4m	£57.2m	£(22.8)m	-39.9%
Cash from operations	£118.7m	£107.8m	£10.9m	+10.1%
Basic EPS	14.4p	12.9p	1.5p	+11.6%
Adjusted EPS[3]	13.5p	12.1p	1.4p	+11.6%
Dividend per share	4.5p	-	4.5p	-

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

[2] Adjusted PBT excludes one-off gains of £2.6 million gain on SA Greetings acquisition, £2.0 million gain on release of Covid provisions, partly offset by £1.1 million impairment charge.

[3] Adjusted EPS excludes the post-tax effect of one-off transactions.

Key highlights:

- Group revenue of £510.9 million in FY24, +10.3% compared to FY23, reflecting continued positive momentum across the business and effective execution of our strategy:
  - Total store revenue grew +8.7%, including contribution from 26 net new store openings during the period.
  - cardfactory's LFL[4] revenue grew +7.6%, driven by a strong store performance, with growth in card, gifts and celebration essentials, combined with positive traction in online.
  - Store revenue grew +7.7% on a LFL basis reflecting development of our store layout, customer experience and ranges, as well as annualisation of targeted price increases.
  - cardfactory.co.uk sales grew +0.4% on an LFL basis with a particularly strong performance in the second half, reflecting the impact of ongoing investment in capabilities.
  - Partnerships revenue of £17.0 million includes SA Greetings, acquired in April 2023, contributing £10.4 million of revenue in line with expectations.
- EBITDA for the full year grew to £122.6 million (FY23: £112.0m) which includes £2.0 million one-off release of Covid grant provisions and ongoing investment in capability and capacity to deliver future growth.
- Adjusted PBT growth of £13.2 million (+27.0%), excluding one-off gains, to £62.1 million (FY23: £48.9 million) driven by revenue growth and improved margin with inflationary pressures managed through a combination of efficiency measures and the annualisation of targeted price increases.
- Operating cash conversion was 96.8% for the full year (FY23: 96.3%) with cash from operations of £118.7 million.
- Successful completion of refinancing with £125 million RCF with four-year fixed term and option to extend at a lower margin than current facilities.
- Capex investment in FY24 of £27.8 million (FY23: £18.2 million) continued to drive positive progress on strategic delivery, including the completion of Phase 2 ERP implementation, our store evolution programme, and online platform development.
- Our balance sheet continued to strengthen with a reduction in net debt (excluding lease liabilities) to £34.4 million at the end of January (FY23: £57.2 million) as a result of operating cash generation and careful management of working capital.
- Recommencement of dividends, with a recommended dividend of at 4.5p per share for FY24, in line with our updated Capital Allocation Policy.

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

Consistent delivery against our strategic priorities:

- **Stores**
  - Strong store performance reflecting efficient management of profitable portfolio, investing in service experience and our focus on unlocking the opportunity of our omnichannel strategy.

- Total store revenue grew +8.7% compared to prior year with 26 net new store openings during the period, growing our total UK & Ireland estate to 1,058 stores at year end. Similar number of store openings expected in FY25, as we remain on track to deliver our FY27 store expansion target.
- Positive impact of our store evolution programme enabled the optimisation of space and balance between card, gifts and celebration essentials and contributed to strong LFL growth in gifts and celebration essentials of +9.8%.
- Targeted price increases delivered approximately one-third of the LFL store growth with our value and quality proposition continuing to resonate with customers.
- Average basket value (ABV) increased +8.1% LFL and transaction volumes remained stable, reflecting our strategic focus to further grow share of gifts and celebration essentials categories.
- Strong seasonal performance across the year, in particular our festive offer across cards and our expanded gifting offer.

- **Leadership in card**
  - Innovation and range development to broaden customer appeal and price points contributed to +4.8% LFL growth in card. Continuing to tailor offering for different regions and demographics to further grow card market authority.
  - Successful implementation of card pricing architecture maintained our long-standing value-for-money credentials and low entry price points by ensuring the right balance of targeted price increases and rotating promotional offers.

- **Gifts & celebration essentials**
  - As we continue to focus on growing our UK market share of the circa. £12 billion gifts and celebration essentials market, we expanded our ranges further in FY24, including own-label ranges, a new stationery range and the introduction of key licensed ranges. Particularly strong LFL growth in soft toys +42%, stationery +63% and pocket money toys +44%.
  - FY25 will see further expansion including baby gifting and stationery, alongside further space optimisation for growth ranges such as pet gifting.

- **Online including omnichannel**
  - Click & Collect nationwide rollout completed in April 2023, with customers opting for 7.8% of all online orders to be collected in store as we build our omnichannel proposition.
  - Performance at cardfactory.co.uk gained traction in FY24 with LFL sales growth of +0.4%. Encouraging H2 performance with +11.4% LFL sales growth, reflecting the impact of ongoing investment in online capability, platform performance and customer experience. This positive traction has continued into FY25 resulting in five consecutive months of sales growth.
  - gettingpersonal.co.uk LFL sales in the period fell -26.1% (FY23: -34.7%), as anticipated, following strategic focus on cardfactory.co.uk in FY24 and work now underway to scope future proposition for Getting Personal.

- **Partnerships**
  - Good progress on new and existing retail partnerships plus acquisition of SA Greetings drove revenue growth of +£12.0 million to £17.0 million, up 240.0%, including positive contribution in FY24 from our new partnership with Liwa Trading Enterprises in the Middle East and from expanding our partnership with Matalan in the UK.
  - Acquisition of SA Greetings has provided a leading presence in the South Africa market through 27 Cardies stores, an online store, and 6,500 partnership distribution points, while opening up strategic wholesale growth and synergy opportunities.
  - Remain focused on building the right infrastructure that will allow us to expand across identified markets.

- **ESG**
  - Launched our 'Delivering a Sustainable Future' plan outlining an updated and expanded sustainability plan to the end of 2028, with clear and transparent commitments and established a 'Net-Zero by 2050' goal with near-term, science based targets to help deliver this.
  - The strategy is built around five important areas for our business, both now and in the future: (1) Climate; (2) Waste and Circularity; (3) Protecting Nature; (4) People & Equity and (5) Governance; each aligned with the relevant UN Sustainable Development Goals (SDGs).

Capital allocation policy & refinancing

- Following the repayment of CLBILS and Term Loan A under our 2022 facilities, we are no longer restricted from paying dividends.
- New four-year £125 million revolving credit facilities in place, subject to extension options.
  - The Board has approved an updated capital allocation policy which reflects our commitment to balancing investment in driving the growth of the business and delivering cash returns to shareholders, which together should drive shareholder value.
  - Dividend reinstated with the Board recommending 4.5p per share for FY24, which includes an amount to reflect the fact that it was not able to pay an interim dividend in the year.
  - Pending shareholder approval, the dividend will be paid on 28 June 2024 with a record date of 31 May 2024.
  - Progressive dividend policy, targeting a dividend cover of between 2x and 3x Adjusted EPS.
  - Target Adjusted Leverage (exc. Leases) below 1.5x throughout the financial year.

Current trading

- Trading since the start of the new financial year has been in line with the Board's expectations, with continued positive momentum across card, gifts and celebration essentials for the FY25 spring seasons of Valentine's Day and Mother's Day, with a record trading day reported on the Saturday before Mother's Day.

Outlook

- The Board remains confident in the long-term compelling growth opportunity for cardfactory, and in its ability to deliver on the medium-term ambitions of £650 million of sales, Profit Before Tax margins of 14% and 90 net new stores by the end of FY27.
- We expect to continue to make strategic progress toward these ambitions in FY25, and are encouraged by the start that we have made to the year
- As anticipated, PBT growth in FY25 is expected to be weighted toward the second half of the year due to the phasing of planned investment and inflationary recovery actions.
- Through the course of the year we expect to manage the overall inflationary environment through the ongoing improvements in efficiencies and productivity and leveraging the benefits of our vertically integrate business model.
- Consequently, expectations for FY25 remain unchanged.

Darcy Willson-Rymer, Chief Executive Officer, commented:

"I am delighted with the progress we have made through the year which would not have been achieved without the commitment and efforts of our colleagues.

"Now, three years into our 'Opening our New Future Strategy', cardfactory is financially and operationally a much stronger business. This means that we are able to both reinstate the dividend and invest in the future, while effectively navigating the ongoing economic environment. We have confidence in our strong value and quality customer proposition, and remain on track for both this financial year and for achieving our FY27 targets outlined at our Capital Markets Day in May last year."

Preliminary results webcast

There will be a meeting for analysts and investors today at 10:00am in central London. We will also provide a live video webcast of the presentation, available by registering via the following link:

https://storm-virtual-uk.zoom.us/webinar/register/WN_jrHCkBGbTN-TdCwKK5SWXw

Those analysts who wish to join in person are requested to contact Teneo by emailing: cardfactory@teneo.com to receive full attendance details.

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

Enquiries:

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

Preliminary results for the year-ended 31 January 2024

CHAIR'S STATEMENT

Introduction

The strong revenue growth we saw in the year demonstrates the strength of our customer proposition and the benefits of the 'Opening Our New Future' strategy. There is continued good momentum within the business with our offer is resonating well with our customers.

Our value offer remains crucial to our success, particularly during the ongoing cost-of-living challenge that dominated consumer spending decisions through 2023. Range development and innovation to broaden customer appeal ensured we remained relevant for customers to support growth.

Investments made in support of our strategy are now delivering positive outcomes across all growth areas with the store evolution programme, Click & Collect and new partnerships being particular highlights. This success can substantially be attributed to the cultural journey cardfactory has been on over the past three years which has transformed our ability to understand the needs of our customers and execute at pace, thanks to the hard work and dedication of colleagues. In FY24, it was clear that as cardfactory transforms itself into a truly customer-centric business, we have been able to more effectively respond to the needs of our customers.

Year in review

Our store estate remains our greatest asset, with the revenue performance reflecting the strength of our value and quality proposition, combined with the positive contribution we saw from the store evolution programme. The market leading performance of our stores underlines the importance of this customer channel with further opportunities for growth, driven by product and range development, whilst providing a competitive advantage in helping deliver our omnichannel strategic ambition.

Stable transaction volumes, and an increase in average basket value, resulted in good levels of growth which reflects our strategic focus to increase our share of the gifts and celebration essentials categories; they now represent over half of sales. At the same time, we continued to enjoy good levels of Like-for-like card sales growth. We also saw strong seasonal performance across the year, especially during the Christmas season, as customers responded well to our festive offer across cards and the expanded gifting range.

We were encouraged by the performance in cardfactory.co.uk, which gained traction in the year as a direct consequence of ongoing investment in online infrastructure and the customer experience. Notably, the successful launch of our Click & Collect service has reinforced our belief in the potential for omnichannel.

Progress in building our partnerships channel was evidenced by signing our Middle East partnership and the expansion of our Matalan trial to a full UK rollout across 223 stores.

In April 2023 we were pleased to complete the acquisition of SA Greetings. Performance has been in line with expectations and we remain positive about the wholesale opportunity that this acquisition provides.

Outlook and macro environment

We continue to operate within a resilient market which demonstrates a continuing shift in card purchases back to physical stores. We remain focused on developing our core value and quality proposition and maintaining low price points as customers continue to seek value for money.

The Board is encouraged by trading since the start of the new financial year which has been in line with expectations. We saw positive momentum continue across our FY25 spring seasons of Valentine's Day and Mother's Day, with good growth across all product categories.

The planned capital expenditure of £25 million in FY25 will ensure that we are able to deliver further strategic progress including investment in stores, technology infrastructure and the next phase of the ERP implementation to support operational efficiency and effectiveness improvements.

Our clear focus on increased efficiencies and productivity, alongside targeted pricing action, will enable us to navigate the inflationary environment.

ESG strategy

In FY24 we launched our 'Delivering a Sustainable Future' plan outlining an updated and expanded sustainability plan to the end of 2028, with clear and transparent commitments and goals. The strategy is built around five important areas for our business, both now and in the future: (1) Climate; (2) Waste and Circularity; (3) Protecting Nature; (4) People & Equity; and (5) Governance; each aligned with the relevant UN Sustainable Development Goals (SDGs).

This ambitious plan is aligned to the outcomes of a materiality assessment refresh completed in FY24 and includes significant focus on reducing our scope 1, 2 and 3 emissions; waste generated across our operations; understanding and addressing our impact on nature and biodiversity; and ensuring we continue to provide the right level of pay, benefits and support for colleagues across cardfactory.

Board appointments

In May 2023, the Board welcomed Matthias Seeger as Chief Financial Officer. Matthias brings extensive financial experience to the business with the expertise and values that will support cardfactory's strategic projects and significant change programme over the next few years.

Capital allocation policy

The Board is pleased to confirm that, following the repayment of CLBILs in September 2023 and Term Loan A at the end of January 2024, we are no longer restricted from paying dividends. Therefore, the Board has approved an updated capital allocation policy which reflects our commitment to balancing investment in driving the growth of the business and delivering cash returns to shareholders, which together should drive shareholder value.

At the AGM on 20 June 2024, the Board will recommend reinstating an ordinary dividend of 4.5p per share for FY24, which includes an amount to reflect the fact that it was not able to pay an interim dividend in the year. Pending shareholder approval, the dividend will be paid on 28 June 2024 with a record date of 31 May 2024. This is a progressive dividend policy, targeting a dividend cover of between 2x and 3x Adjusted EPS with a target Adjusted Leverage (exc. Leases) of below 1.5x throughout the financial year.

Summary

With continued positive momentum across the business, the Board remains confident in the compelling growth opportunity for the Group and in the delivery of the FY27 targets outlined at the Capital Markets Strategy Update in May 2023.

Paul Moody
Chair
30 April 2024

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

Three years into cardfactory's transformation journey, we are seeing the positive impact of the changes that have been made across the business. The strong revenue growth we delivered in FY24 is testament to the successful delivery of our change programme and the hard work of colleagues throughout cardfactory.

By putting the customer first in our decision-making, we have continued to innovate and expand our offer while remaining true to our value for money credentials. As we broaden our appeal by extending our range across the celebrations occasions market, we are seeing positive responses from customers as they choose to pair their card purchases with gifts and celebration essentials products.

As we continue to invest in our 'Opening Our New Future' strategy, we are delivering on the key initiatives at pace and ensuring that we are maximising our growth opportunities in store, across our digital channels, and through our expanding partnership programme. Progress on our strategy delivery is ensuring we are on track to meet our growth targets over the five years of the plan.

FY24 performance

In FY24, revenue grew by +10.3% to £510.9 million with store revenue, which represented 93.7% of total group revenue, growing by +8.7% compared to the prior year. On a Like-for-like basis store revenue grew +7.7%, with development of our store layout, experience and ranges driving growth, alongside the annualisation of FY23 targeted price increases.

Transaction volumes remained stable and, combined with an increase in average basket value of +8.1% LFL, demonstrated the importance of focusing on growing our share of the gifts and celebration essentials categories. As we continued to respond to changing customer needs through ongoing range enhancements, we have increased our average card selling price from £1.09 to £1.21. We saw card growth continue at +4.8% while still protecting our value for money proposition.

The positive impact of our store evolution programme enabled the optimisation of space within stores and balance between card, gifts and celebration essentials. This contributed to strong LFL growth in gifts +15.8% and celebration essentials +6.7%.

We continued to see strong seasonal performance across the year with our Christmas offer performing particularly well, leading to year-on-year increases in transactions and average basket value. Customer research is driving our greeting cards designs in response to consumer trends, leading to a wider breadth of celebratory captions with examples including cards from pets as well as broader diversity and inclusion.

Investment in our online capability, platform performance, and customer experience improvements, as well as further range expansion, led to improved performance in cardfactory.co.uk with LFL sales growth of +0.4%. This traction led to an encouraging performance in the second half of the year with +11.4% LFL sales growth with this positive performance continuing into FY25. There was good progress on our partnership strategy with both new and existing retail partnerships, plus the acquisition of SA Greetings, driving revenue growth of £12.0 million to £17.0 million. This included positive contribution in FY24 from our new partnership with Liwa Trading Enterprises in the Middle East and from expanding our partnership with Matalan in the UK.

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Strategy delivery

FY24 was a year of delivery for our 'Opening Our New Future' growth strategy. We are on track to meet our growth ambition of revenue of £650 million in FY27, as outlined at our Capital Markets Strategy Update in May 2023.

Growth within our core business continued with 26 net new stores in FY24, ensuring we remain on track to deliver 90 new stores over the course of the five-year plan to FY27. Our agile store optimisation programme ensures we continue to maintain an exceptional record on store profitability. Within our store evolution programme, we completed our space realignment project in 729 stores which saw everyday card space reduced by 7%. There was no negative impact seen, while gifts and celebration essentials were given additional space resulting in sales uplift.

The successful rollout of 'The cardfactory Way' customer service excellence programme for all store colleagues led to increased customer interaction on the shop floor, enabling tailored customer service, product recommendations and improved basket value.

Range improvements and expansion continued for card, gifts and celebration essentials, with new own-label ranges, a new stationery range and the introduction of key licensed ranges.

Our omnichannel programme saw the successful nationwide rollout of our new Click & Collect service with customers opting for 7.8% of online orders to be collected in-store and 50% of these Click & Collect transactions were from customers new to cardfactory.co.uk. We have already reduced customer order to collection lead times from 3-5 days at rollout, to 1-2 days on average by September 2023. Wider digital investment saw the completion of the replatforming project for cardfactory.co.uk and gettingpersonal.co.uk, enabling benefits of using consistent systems, tools and processes.

Our partnership programme in the UK continued to expand with the rollout across all 223 Matalan stores by December 2023. Internationally, the first four franchised stores were opened in the Middle East with up to 36 stores planned over the next four years. Response from customers in the Middle East has been positive and as expected, gifts and celebration essential ranges have performed well given the strong gifting culture in this market, with stationery, soft toys, balloons and gift bags contributing to almost 50% of total sales.

The acquisition of SA Greetings has provided a leading presence in the South African market through 27 Cardies stores, an online store, and 6,500 partnership distribution points (operated by wholesale partners), while opening up strategic wholesale growth opportunities.

People & culture

cardfactory has been on a transformative cultural journey over the past three years and the growth we are seeing as a business can be linked to the cultural progress we have made.

Today, our focus is on customer, community and purpose. By building a deep understanding of the celebratory needs of our customers, both in the UK and internationally, we are able to adapt and change so that we continue to lead the market. We are also building an inclusive community within cardfactory and one that is dedicated to giving something back to the communities we work within. Putting our purpose first in everything we do ensures we have a collective and collaborative approach to decision-making.

The cultural progress we have made has been considerable. This has been recognised through our externally facilitated Best Companies 'b-Heard' colleague survey, where we received a two-star 'Outstanding' to work for accreditation in September 2023 and were also recognised as the '5th Best Big Company to Work For'.

ESG progress

Following the launch of our 'Delivering a Sustainable Future' plan, we made good progress across all areas of focus within the strategy. One highlight was seeing the results of our waste reduction efforts coming through with the elimination of non-essential single use plastic in our own-label products and packaging, increasing recyclability and engaging with suppliers to reduce waste in products and packaging.

In FY25 we will take our plans further by publishing science based, near-term targets to help deliver our goal of 'Net Zero by 2050' in our FY24 Annual Report. We are embedding sustainability into business planning and decision-making to ensure our commitments are at the forefront of how we work and the decisions we make every day. More detail on ESG and our sustainability plans will be available in our FY24 Annual Report.

Summary

With strong operating cash generation, a continually strengthening balance sheet, ongoing reductions in net debt and our updated capital allocation policy in place, we can continue to invest with confidence in the building blocks of growth. In addition, we continue to proactively manage risks from inflationary headwinds.

Having made significant progress on our strategy delivery in FY24, we are confident that we will continue to make strategic and cultural progress in FY25 and meet our FY27 growth targets.

Darcy Willson-Rymer
Chief Executive Officer
30 April 2024

CHIEF FINANCIAL OFFICER'S REVIEW

Financial highlights

The Group delivered a strong performance and made good progress towards our strategic ambition to deliver £650 million sales, 14% PBT margin and 90 net new stores by FY27.

- Across our stores, we continued to grow with both higher revenues and positive LFL sales compared to last year, providing a strong platform for our strategic growth plans and omnichannel ambitions.
- We continued to strengthen our balance sheet, with a reduction in closing net debt of £22.8 million, year on year, and the repayment of CLBILs in September 2023 and Term Loan A at the end of January 2024 resulting in the lifting of dividend restrictions.
- Total sales of £510.9 million increased +10.3% from prior year, underpinned by LFL sales of +7.7% in cardfactory stores.
- Adjusted PBT of £62.1 million, up £13.2 million, reflecting a margin of 12.2%, up from 10.5% in

FY23.

- Store portfolio stands at 1,058 stores at 31 January 2024, up 26 from 31 January 2023.
- Acquisition of SA Greetings for £2.5 million fixed cash consideration, which is performing in line with expectations.
- Strong end to the year for online sales and a positive LFL for cardfactory.co.uk for the year of +0.4%.
- Recommencement of dividend - proposed ordinary dividend for FY24 of 4.5 pence per share.

	FY24	**FY23**
Revenue	£510.9m	£463.4m
EBITDA	£122.6m	£112.0m
Profit Before Tax	£65.6m	£52.4m
Adjusted Profit Before Tax	£62.1m	£48.9m
Basic earnings per share	14.4 pence	12.9 pence
Adjusted earnings per share	13.5 pence	12.1 pence
Dividend per share	4.5 pence	0.0 pence
Net debt	£34.4m	£57.2m
Cash from operations	£118.7m	£107.8m
Adjusted Leverage (exc. Leases)	0.4x	0.8x

Adjusted PBT excludes one-off transactions, which in FY24 include a one-off gain arising on the acquisition of SA Greetings (£2.6 million), a gain resulting from the release of provisions related to the Group's covid grants position (£2.0 million), and a charge relating to impairment of assets in Getting Personal (£1.1 million), a net gain of £3.5 million.

Following the cessation of capital expenditure and dividend restrictions from 31 January 2024, we have reviewed and updated our capital allocation policy. The Board is committed to balancing delivery of sustainable long-term growth in shareholder value with progressive cash returns, whilst being cognisant of the needs of its other stakeholders.

On 26 April 2024, the Group successfully refinanced its debt facilities, agreeing a new £125 million revolving credit facility with a syndicate of banks, with an initial four-year term to April 2028.

Financial performance

Sales

	Total Sales		
	FY24 £m	**FY23 £m**	**Change %**
Stores	478.9	440.4	+8.7%
cardfactory online	8.8	8.8	-
Getting Personal	5.9	8.5	-30.6%
Partnerships	17.0	5.0	+240.0%
Other	0.3	0.7	-57.1%
Group	**510.9**	**463.4**	**+10.3%**

Partnerships includes £10.4 million of sales from SA Greetings post-acquisition (FY23: £nil).

	LFL Sales		
	FY24	**FY23**	**Change %**
cardfactory stores	+7.7%	+7.6%	+0.1 ppts
cardfactory Online	+0.4%	-18.8%	+19.2 ppts
cardfactory LFL	**+7.6%**	**+6.7%**	**+0.9 ppts**
Getting Personal	-26.1%	-34.7%	+8.6 ppts

Total Group sales for FY24 were £510.9 million, an increase of £47.5 million or +10.3% when compared to the previous year.

This represents good progress on our strategic ambition to add £190 million of sales from the FY23 base by FY27. We are ahead of the compound annual growth rate required of +8.85%. The sales growth in FY24 was underpinned by LFL sales in cardfactory stores of +7.7% and a £10.4 million contribution from SA Greetings which we acquired in the year.

Store sales across the UK & Ireland of £478.9 million increased by £38.5 million or +8.7% compared to the prior year, with LFL sales of +7.7%. Everyday ranges performed well, with gifts and celebration essentials showing strong momentum with LFL sales of +9.8%, supported by positive LFL growth in both everyday and seasonal card. Approximately a third of the total LFL growth was delivered through annualisation of targeted price increases implemented in the second half of FY23.

Transactions remained stable in the UK and increased +3.0% in the Republic of Ireland on an LFL basis. Average basket values increased by +8.1%. 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 gifts and celebration essentials. Our range development has clearly resonated with customers, as party and gifting both delivered higher sales volumes than in FY23.

We continue to optimise our store portfolio and during FY24 opened 39 new stores and closed 13, including three relocations. As a result, the total store portfolio increased by 26 stores to 1,058. This reflects good progress in delivering our target of 90 net new stores by FY27. 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 on B2B sales, delivered total sales of £17.0 million in FY24, compared to £5.0 million in FY23. This included a £10.4 million contribution from SA Greetings since acquisition in April 2023. Other partnerships delivered total sales of £6.6 million, including increased contributions from the rollout of our offer across the Matalan store estate in the UK and the new franchise stores opened in the Middle East with our partner in the region, Liwa Trading Enterprises.

In online, we are beginning to see positive traction from the investments made over recent years, with cardfactory.co.uk delivering positive sales growth towards the end of the year resulting in an LFL for the full year of +0.4%. Sales at Getting Personal fell year-on-year, but remain an important factor in online volume and contribute to shared fulfilment costs. The cardfactory platform remains our strategic investment focus, with an increasing proportion of our total online range offered via cardfactory.co.uk.

Click & Collect is a key component of our omnichannel offer, differentiating cardfactory from pure play online and bricks and mortar retailers. The rollout was completed across all UK stores in April 2023, and we have seen customers opting for 7.8% of all orders from cardfactoryco.uk to be collected in store. Average basket values for Click & Collect were more than double the average basket value of an online order.

Gross profit

	FY24 £m	FY24 % Sales	FY23 £m	FY23 % Sales
Group sales	**510.9**		**463.4**	
COGs	(155.9)	(30.5%)	(146.8)	(31.7%)
Product margin - constant currency	**355.0**	**69.5%**	**316.6**	**68.3%**
FX gains	0.6	0.1%	1.5	0.3%
Product margin	**355.6**	**69.6%**	**318.1**	**68.6%**
Store & warehouse wages	(124.0)	(24.3%)	(109.6)	(23.7%)
Property costs	(24.7)	(4.8%)	(26.3)	(5.7%)
Other direct costs	(22.0)	(4.3%)	(21.5)	(4.7%)
Gross Profit	**184.9**	**36.2%**	**160.7**	**34.7%**

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

Overall gross profit for the Group increased by £24.2 million, or +15.1%, to £184.9 million.

Product margin, when calculated using a constant GBPUSD exchange rate year-on-year, improved by +1.2ppts to 69.5%. This improvement includes a normalisation in international freight rates when compared to the prior year. This saving helped to offset price inflation in material costs and the effect of a slight shift towards lower-margin non-card products in sales mix.

The Group purchases approximately half of its goods for resale in US dollars from suppliers in the Far East. Currency gains associated with this activity of £0.6 million were lower than in the prior year. Our well-established currency hedging policy continues to protect us against volatility in GBPUSD exchange rates. Our average USD delivered rate in FY24 of 1.3121 was lower than the prior year (1.3241), but ahead of the average spot exchange rate for the period.

Store and warehouse wages increased by £14.4 million (13.1%), which included the impact of the national living wage increasing by +9.7% from April 2023, as well as expanding the store portfolio. 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) reduced by £1.6 million including a net saving in business rates costs following the most recent revaluation exercise effective from April 2023.

Other direct expenses include warehouse costs, store opening costs, utilities, maintenance, point of sale and pay-per-click expenditure. A large proportion of costs in this category are variable in relation only to the size of the store portfolio, meaning whilst overall costs increased slightly in line with the increase in number of stores in the period, they fell as a percentage of sales given the improved trading performance in the year. The Group has continued to benefit from its long-term energy hedge in FY24, which fixed commodity unit costs at FY22 levels. All of the Group's UK energy costs will continue to benefit from this hedge until September 2024.

EBITDA & operating profit

	FY24 £m	FY24 % Sales	FY23 £m	FY23 % Sales
Group sales	**510.9**		**463.4**	
Gross profit	**184.9**	**36.2%**	**160.7**	**34.7%**
Other operating income	2.0	0.4%	-	-
Operating expenses	(64.3)	(12.6%)	(48.7)	(10.5%)
EBITDA	**122.6**	**24.0%**	**112.0**	**24.2%**
Depreciation & amortisation	(10.4)	(2.0%)	(10.3)	(2.2 %)
Right-of-use asset depreciation	(34.7)	(6.8%)	(35.1)	(7.5%)
Impairment charges	(1.1)	(0.2%)	(2.8)	(0.6%)
Operating profit	**76.4**	**15.0%**	**63.8**	**13.8%**

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 £15.6 million compared to the prior year, which reflects up-front investment in capability, capacity, systems and processes to enable us to deliver the strategy. These investments are principally in central staff costs, supporting major IT projects and in marketing where spend has historically been very low. This increase also includes a contribution of £2.6 million due to the acquisition of SA Greetings.

As a result, driven primarily by the improved trading performance, EBITDA improved to £122.6 million (FY23: £112.0 million); however the investment for future growth means EBITDA margin fell slightly from 24.2% to 24.0%. Excluding the one-off impact of other income from the release of provisions related to government support received during the pandemic, EBITDA margin would have been 23.4%.

It should be noted that that EBITDA does not include any benefit from reduced store rental costs as these are reflected in depreciation and interest costs under IFRS accounting.

Right of use asset depreciation continues to fall reflecting our flexible approach to managing the store portfolio. We maintain an average lease term of five years, with a break clause at three years. On average 20% of the lease portfolio renews each year enabling us to capture reductions in market rents where available. During FY24, we achieved rent reductions on renewal of up to 20% which will flow through depreciation charges in future years.

EBITDA, after deducting depreciation and interest charges relating to store leases, was £81.8 million (a margin of 16.0%) in FY24 compared to £71.1 million in FY23 (a margin of 15.4%).

Depreciation and amortisation, at £10.4 million, remained broadly in line with the prior year.

Impairment charges reflect a write down in respect of Getting Personal assets, following a further period of reduced sales

sales.

Profit Before Tax

	FY24 £m	FY24 % Sales	FY23 £m	FY23 % Sales
Group sales	**510.9**		**463.4**	
Operating profit	**76.4**	**15.0%**	**63.8**	**13.8%**
Gain on acquisition	2.6	0.5%	-	-
Finance costs	(13.4)	(2.6%)	(11.4)	(2.5%)
Profit Before Tax	**65.6**	**12.8%**	**52.4**	**11.3%**
One-off transactions	(3.5)	(0.6%)	(3.5)	(0.8%)
Adjusted Profit Before Tax	**62.1**	**12.2%**	**48.9**	**10.5%**

The total reported result for the year includes an acquisition gain in respect of SA Greetings of £2.6 million, and a further £2.0 million gain as a result of releasing provisions no longer considered to be required in respect of Covid business support grants received subject to subsidy control. These items, along with the impairment charge in respect of Getting Personal of £1.1 million, are considered to be one-off in nature and have been excluded from Adjusted PBT. (FY23: One-off gains in relation to CJRS settlement and refinancing excluded totalling £3.5 million from Adjusted PBT).

Total finance costs increased by £2.0 million to £13.4 million.

The composition of our finance costs is set out in the table below. The increase in both interest payable on loans and interest in respect of leases reflects the increase in SONIA interest rates during the period, from 3.4% at 31 January 2023 to 5.2% at 31 January 2024.

	FY24 £m	FY23 £m
Interest on loans	6.5	6.0
Loan issue cost amortisation	0.6	0.9
IFRS 16 Leases interest	6.3	4.5
Total finance expenses	**13.4**	**11.4**

	FY24 £m	FY23 £m
IFRS 16 depreciation	34.5	36.3
IFRS 16 leases interest	6.3	4.5
Total IFRS 16 expenses	**40.8**	**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 7.4% (FY23: 5.7%). The impact of this increase on our overall debt service cost was mitigated by the Group continuing to deleverage and lower levels of gross debt drawn when compared to FY23.

As a result, Profit Before Tax for the year was £65.6 million, up £13.2 million from £52.4 million for the previous year.

Adjusted PBT, which excludes the impact of one-off transactions in the period that are not reflective of the Group's underlying trading performance, was £62.1 million compared to £48.9 million in FY23.

Taxation

In March 2023 the results of our latest business risk review were confirmed with HMRC, at which we achieved a 'Low' risk rating in all of the categories assessed.

The tax charge for FY24 of £16.1 million reflects an effective tax rate of 24.5% and has increased £7.9 million compared to FY23.

The effective rate of tax for the year is higher than the equivalent rate applied for the same period last year (15.6%) largely due to increases in corporation tax rates effective from 1 April 2023 and the impact of prior year adjustments that reduced the FY23 charge. The rate is slightly higher than the standard rate applicable to the current financial year (24.0%).

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 FY24 totalled £13.5 million (FY23: £7.9 million).

Earnings per share

The net result for the year was a Profit After Tax of £49.5 million, increased from £44.2 million in FY23. As a result, basic earnings per share (EPS) for the year was 14.4 pence, with diluted EPS of 14.3 pence.

	FY24	FY23
Profit after tax (£m)	49.5	44.2
Basic EPS (pence)	14.4 pence	12.9 pence
Diluted EPS (pence)	14.3 pence	12.8 pence

Adjusted EPS, which excludes the post-tax effect of one-off transactions in the period, was 13.5 pence compared to 12.1 pence in FY23. A reconciliation of all Alternative Performance Measures is set out in the appendix below.

Cash flows

	FY24 £m	FY23 £m
Cash from Operating Activities (after tax)	105.2	99.9
Cash used in Investing Activities	(30.0)	(18.2)
Cash used in Financing Activities	(73.2)	(110.1)
Impact of foreign currency exchange rates	(0.8)	-
Net Cash Flow for Year	**1.2**	**(28.4)**
Operating cash flows less lease repayments	**61.5**	**42.9**

Operating cash conversion (%)	**96.8%**	**96.3%**
Free Cash Flow	**27.1**	**16.7**

The Group continued to deliver strong cash performance in FY24, with cash from operations (before corporation tax payments) of £118.7 million increased from £107.8 million in the prior year, reflecting the improved trading performance described above. There was a small decrease in working capital outflow, with deployment of working capital normalised following the impact of the pandemic. FY23 also included a one-off cash benefit from the alignment of VAT payments with our financial year end that did not recur in FY24.

Operating cash conversion, which is the ratio of Cash from Operations to EBITDA, improved slightly as a result to 96.8% (FY23: 96.3%).

Capital expenditure increased to £27.8 million in the year, as we invested 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 £27.1 million. We invested £2.5 million in the acquisition of SA Greetings (see below) and made net debt repayments of £23.6 million. The increase in free cash flow supports the recommencement of dividend payments, as described in further detail below.

Balance sheet

Acquisition of SA Greetings

As reported in the FY23 preliminary results, on 25 April 2023 the Group acquired 100% of the issued equity of SA Greetings Corporation (Pty) Ltd ("SA Greetings") for fixed cash consideration of £2.5 million, funded from existing cash reserves.

SA Greetings is the leading wholesaler of greetings cards and gift packaging in South Africa. It also operates 27 'Cardies' retail stores including four stores operated by franchisees, an online store, 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.

The acquisition gives the Group immediate access to the South African market via an established, successful business and expands cardfactory's global presence in line with our strategy.

SA Greetings delivered sales of £10.4 million during the period from acquisition to the end of the year and made a small positive contribution to Profit Before Tax. We look forward to exploring the full range of opportunities to support the development of the SA Greetings business and enhance the Group's production, wholesale and retail offer in both South Africa and the UK.

The Group has concluded the accounting for the acquisition and recognised a gain on acquisition of £2.6 million. See note 30 to the consolidated financial statements for more information.

Capital expenditure

Total capital investments to grow the business and deliver the strategy were £27.8 million in FY24, increased from £18.2 million in FY23 and slightly ahead of our capital markets update guidance as we accelerated certain investment plans and including the impact of capital expenditure in SA Greetings.

Key investments included the continued delivery of our long-term project to upgrade our business support systems, with extended ERP functionality in relation to inventory management, developing our network infrastructure in stores, enhancing platform functionality in cardfactory.co.uk, and expanding our online fulfilment capacity in Printcraft.

In addition, we continue to invest in opening new stores and refreshing the store estate, including delivery of our space realignment programme which as part of our store evolution programme, has expanded the amount of space in store available for gifts and celebration essentials without negatively impacting card LFLs.

Looking forward, in line with the guidance given at our Capital Markets Strategy Update in May 2023, we expect annual capital expenditure to remain around the £25 million mark. FY25 priorities include a point of sale (POS) upgrade in stores and other infrastructure projects to enable us to deliver online and partnerships growth.

Net debt

	FY24 £m	**FY24 Leverage**	**FY23 £m**	**FY23 Leverage**
Current borrowings	7.1		27.1	
Non-current borrowings	37.9		40.4	
Total Borrowings	**45.0**		**67.5**	
Add back capitalised debt costs	0.7		1.4	
Gross Bank Debt	45.7		68.9	
Less cash	(11.3)		(11.7)	
Net Debt (exc. Leases)	**34.4**		**57.2**	
Leverage (exc. Leases)		**0.3x**		**0.5x**
Adjusted Leverage (exc. Leases)		**0.4x**		**0.8x**
Lease Liabilities	100.8		105.4	
Net Debt (inc. Leases)	**135.2**		**162.6**	
Leverage (inc. Leases)		**1.2x**		**1.4x**

We continued to strengthen our balance sheet in FY24, with a further reduction in net debt at 31 January 2024 of £22.8 million supported by strong operating cash flow combined with careful allocation of capital to invest and deliver future growth.

The Group focuses on net debt excluding lease liabilities, this reflects the way the Group's covenants are calculated in its financing facilities. Leverage compares the ratio of net debt to EBITDA as calculated above, Adjusted Leverage reflects adjustments in the Group's bank facilities to deduct lease-related charges from EBITDA. A full description, calculation and reconciliation of Alternative Performance Measures is provided in the appendix below.

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

Facility	**31 January 2024 £m**	**31 January 2023 £m**
£11.25m Term Loan 'A'	-	9.0
£18.75m Term Loan 'B'	18.8	18.8
£20m CLBILs	-	16.1
£100m Revolving Credit Facility	26.0	23.0
Overdraft facilities	0.2	1.8

Overdraft facilities	0.2	1.8
Property mortgage	0.6	-
Accrued interest	0.1	0.2
Gross Bank Debt	**45.7**	**68.9**

During FY24, we made repayments of £16.1 million in respect of the CLBILs facilities and £9.0 million in respect of term loans. At 31 January 2024 the Group had undrawn committed facilities of £74.0 million (FY23: £75.2 million)

The CLBILs facilities were fully extinguished on 25 September 2023 and Term Loan 'A' fully extinguished on 31 January 2024. Following these repayments, restrictions in the Group's financing facilities relating to capital expenditure and distributions were released.

Subsequent to the year end, 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 existing 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.

The new facilities are on what we consider to be market standard terms, marking an end to the more restrictive conditions applied during the pandemic years and providing a firm platform from which we can execute our strategy. Notably, dividend and capital expenditure limitations are now removed.

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. During FY24, Adjusted Leverage at the intra-year peak was approximately 1.2x.

Capital structure & distributions

The Group has reviewed and updated its capital allocation policy (as outlined below). The Board is focused on delivering attractive, progressive, sustainable returns to shareholders, whilst continuing to drive the growth of the business.

The Board confirms that it has decided to recommend the payment of an ordinary dividend. Whilst any dividend will be dependent on, inter alia, the performance and prospects of the Group, the Board will target a progressive dividend policy, which it expects to deliver a dividend cover over time of between 2x and 3x Adjusted EPS.

The ordinary dividend will comprise interim and final dividends; the Board currently expects the interim dividend to be around one quarter of the total dividend for the previous year, each year.

For the financial year ending 31 January 2024, the Board is cognisant of the fact that it was not able to pay an interim dividend in the year. The Board is therefore recommending a dividend of 4.5p per share, an amount which would have been split between interim and final dividends if the Board had been able to pay an interim dividend. This dividend is covered by Adjusted EPS to 31 January 2024 by 3x.

At the Annual General Meeting on 20 June 2024, the Board will recommend to shareholders a resolution to pay the dividend for the year. If approved, the dividend will be paid on 28 June 2024 with a record date of 31 May 2023.

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.

The Board is committed to funding ordinary and additional shareholder returns from the free cash generation of the Group, and will target maintaining an Adjusted Leverage (exc. Leases) ratio below 1.5x throughout the financial year.

Outlook

The Board remains confident in the compelling growth opportunity for our business, and our medium-term ambitions to deliver £650 million of sales, PBT margins of 14% and 90 net new stores by the end of FY27.

We expect to see continued top line growth in FY25, driven largely by same store sales and the continued growth of our store portfolio.

Whilst the cost-of-living crisis has eased, inflationary challenges remain for retailers, particularly in wages, freight and energy. We are well placed to manage these challenges and remain confident in offsetting cost inflation over the course of the year through ongoing improvements in efficiencies & productivity and leveraging our vertically integrated business model. PBT growth in FY25 is expected to be weighted to the second half of the year, reflecting phasing of planned investments and inflation recovery actions.

Matthias Seeger
Chief Financial Officer
30 April 2024

Capital Allocation Policy

cardfactory aims to balance delivery of sustainable, long-term growth in shareholder value against cash returns to shareholders and the needs of its 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.

Business expenditures and investment opportunities will change over time. 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 in line with the below principles and taking into account prevailing wider macro-economic factors.

- **Maintain a strong balance sheet**: Retain sufficient cash and committed facilities to ensure liquidity headroom throughout the annual operating cycle; maintain Adjusted Leverage below 1.5x throughout the year.
- **Invest to deliver the strategy**: Capital will be invested each year to ensure the group complies with obligations and delivers its business plans; investments to accelerate business progress need to deliver attractive returns in excess of cost of capital.
- **Regular, progressive returns to shareholders**: The Board anticipates an ordinary dividend, targeting dividend cover between 2-3x Adjusted EPS, paid as interim (c.25%) and final (c.75%) dividends. The Board will consider, from time to time, share purchases to offset dilution from employee share schemes.
- **Disciplined use of surplus cash**: Total returns will not exceed free cash generated.

Any dividend will depend on, inter-alia, the performance and prospects of the Group. Adjusted Leverage is defined under Alternative Performance Measures, below.

Condensed consolidated financial statements

Consolidated income statement for the year ended 31 January 2024

	Note	**2024** **£'m**	2023 £'m
Revenue	**4**	**510.9**	**463.4**
Cost of sales		(326.0)	(302.7)
Gross profit		**184.9**	**160.7**
Other operating income	20	2.0	-
Operating expenses	5	(110.5)	(96.9)
Operating profit	5	**76.4**	**63.8**
Gain on bargain purchase	23	2.6	-
Finance expense	8	(13.4)	(11.4)
Profit before tax		**65.6**	**52.4**
Taxation	9	(16.1)	(8.2)
Profit for the year		**49.5**	**44.2**
Earnings per share		**Pence**	**pence**
- Basic	11	14.4	12.9
- Diluted	11	14.3	12.8

All activities relate to continuing operations.

Consolidated statement of comprehensive income
For the year ended 31 January 2024

	2024 **£'m**	2023 £'m
Profit for the year	**49.5**	**44.2**

Items that may be recycled subsequently into profit or loss:			
Exchange differences on translation of foreign operations		(0.5)	(0.2)
Cash flow hedges - changes in fair value		(2.9)	8.2
Cost of hedging reserve - changes in fair value		0.1	(0.2)
Tax relating to components of other comprehensive income	9	0.7	(1.2)
Other comprehensive income for the period, net of income tax		**(2.6)**	**6.6**
Total comprehensive income for the period attributable to equity shareholders of the parent		**46.9**	**50.8**

Consolidated statement of financial position
As at 31 January 2024

	Note	**2024 £'m**	2023 £'m
Non-current assets			
Intangible assets	12	331.4	326.3
Property, plant and equipment	13	45.9	32.2
Right of use assets	14	99.2	100.5
Deferred tax assets		1.2	2.1
Derivative financial instruments		0.6	0.5
		478.3	**461.6**
Current assets			
Inventories	15	50.0	45.3
Trade and other receivables		11.6	13.3
Derivative financial instruments		0.9	5.3
Cash at bank and in hand	16	11.3	11.7
		73.8	**75.6**
Total assets		**552.1**	**537.2**
Current liabilities			
Borrowings	17	(7.1)	(27.1)
Lease liabilities	14	(25.3)	(27.3)
Trade and other payables		(80.1)	(84.7)
Provisions	20	(7.5)	(9.5)
Tax payable		(0.4)	-
Derivative financial instruments		(1.7)	(1.4)
		(122.1)	**(150.0)**
Non-current liabilities			
Borrowings	17	(37.9)	(40.4)
Lease liabilities	14	(75.5)	(78.1)
Derivative financial instruments		(0.8)	(0.5)
		(114.2)	**(119.0)**
Total liabilities		**(236.3)**	**(269.0)**
Net assets		**315.8**	**268.2**
Equity			
Share capital		3.5	3.4
Share premium		202.7	202.2
Hedging reserve		(0.6)	3.5
Cost of hedging reserve		-	(0.1)
Reverse acquisition reserve		(0.5)	(0.5)
Merger reserve		2.7	2.7
Retained earnings		108.0	57.0
Equity attributable to equity holders of the parent		**315.8**	**268.2**

Consolidated statement of changes in equity
For the year ended 31 January 2024

	Share capital £'m	Share premium £'m	Hedging reserve £'m	Cost of hedging reserve £'m	Reverse acquisition reserve £'m	Merger reserve £'m	Retained earnings £'m	Total equity £'m
At 31 January 2022	**3.4**	**202.2**	**1.3**	**-**	**(0.5)**	**2.7**	**10.5**	**219.6**
Total comprehensive income for the period								
Profit or loss	-	-	-	-	-	-	44.2	44.2
Other comprehensive income	-	-	6.1	(0.1)	-	-	0.6	6.6
	-	**-**	**6.1**	**(0.1)**	**-**	**-**	**44.8**	**50.8**

Hedging gains/(losses) and costs of hedging transferred to the cost of inventory	-	-	(5.2)	–	–	–	–	(5.2)
Deferred tax on transfers to inventory	-	-	1.3	-	-	-	-	1.3
Transactions with owners, recorded directly in equity								
Share-based payment charges	-	-	-	-	-	-	1.7	1.7
Dividends (note 10)	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	1.7	1.7
At 31 January 2023	**3.4**	**202.2**	**3.5**	**(0.1)**	**(0.5)**	**2.7**	**57.0**	**268.2**
Total comprehensive income for the period								
Profit or loss	-	-	-	-	-	-	49.5	49.5
Other comprehensive income	-	-	(2.2)	0.1	-	-	(0.4)	(2.5)
	-	**-**	**(2.2)**	**0.1**	**-**	**-**	**49.1**	**47.0**
Hedging gains/(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	0.1	0.5	-	-	-	-	-	0.6
Share-based payment charges	-	-	-	-	-	-	2.1	2.1
Dividends (note 10)	-	-	-	-	-	-	-	-
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**	**108.0**	**315.8**

Consolidated cash flow statement
For the year ended 31 January 2024

	Note	**2024 £'m**	2023 £'m
Cash from operations	18	118.7	107.8
Corporation tax paid		(13.5)	(7.9)
Net cash inflow from operating activities		105.2	99.9
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(18.8)	(8.8)
Purchase of intangible assets	12	(9.0)	(9.4)
Acquisition of SA Greetings net of cash acquired	23	(2.2)	-
Net cash outflow from investing activities		(30.0)	(18.2)
Cash flows from financing activities			
Interest paid on bank borrowings	8	(6.5)	(6.2)
Proceeds from bank borrowings	19	167.0	27.8
Repayment of bank borrowings	19	(190.6)	(72.9)
Other financing costs paid	8	-	(1.8)
Shares issued under employee share schemes		0.6	-
Payment of lease liabilities	19	(37.5)	(52.5)
Interest paid in respect of lease liabilities	19	(6.2)	(4.5)
Net cash outflow from financing activities		(73.2)	(110.1)
Impact of changes in foreign exchange rates		(0.8)	-
Net increase/(decrease) in cash and cash equivalents		1.2	(28.4)
Cash and cash equivalents at the beginning of the year		9.9	38.3
Closing cash and cash equivalents	16	11.1	9.9

Notes to the condensed consolidated financial statements

1 General information

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

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

2 Basis of preparation

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

It does not include all the information required for full annual accounts. The financial information contained in this preliminary announcement does not constitute the company's statutory accounts for the years ended 31 January 2024 ('FY24') or 31 January 2023 ('FY23') but is derived from these accounts.

Statutory accounts for the year ended 31 January 2023 have been delivered to the registrar of companies, and those for the year ended 31 January 2024 will be delivered to the registrar in due course. The auditor has reported on those accounts; the audit reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern basis of accounting

The Board continues to have a reasonable expectation that both the Group and the parent company have adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

The Group has delivered a strong financial performance in the current financial year, with encouraging sales momentum in the second full year of trading after two consecutive years that were materially affected by the Covid-19 pandemic. LFL sales have been positive and the Group has delivered robust operating cash flows allowing the Group to reduce net debt and leverage year-on-year. 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.

The Group's financing facilities at the balance sheet date (see note 17) extended to September 2025 which covers a period greater than the minimum assessment period of 12 months from the date of approval of the financial statements. Subsequent to the year end, on 26 April 2024, the Group entered into an updated £125 million revolving credit facility with an initial term to April 2028 (see note 17). The Board believes that the updated facilities provide adequate headroom for the Group to execute its strategic plan. At 31 January 2024, net debt (excluding lease liabilities) was £34.4 million and the Group had £74.0 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 the updated 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 substantial liquidity headroom against facility limits and meet 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 both a permanent basis of circa 10%, or a significant one-off event affecting the Christmas period and reducing sales by 25%, indicated that the Group would maintain liquidity headroom and covenant compliance throughout the 12 month period. The analysis did not consider any potential upside from mitigating actions that could be taken to reduce discretionary costs and provide further headroom.

In addition, 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 stock for Christmas, means liquidity headroom is at its lowest in September and October ahead of the Christmas season. Conversely, covenant compliance is most sensitive early in the year.

The reverse stress test analysis demonstrated that the level of sales loss or cost increase required

The reverse stress test analysis demonstrated that the level of sales loss or cost increase required (either on a sustained basis or as a significant one-off downside event) to result in either a covenant breach or exhausting liquidity would require circumstances akin to a pandemic lockdown for a period of several weeks, or other events with a similar quantum of effect that would be unprecedented in nature. Accordingly, such scenarios are not considered to be reasonably likely to occur.

Such scenarios, in excess of the scenarios considered above, are not considered reasonably plausible and the analysis did not consider any potential upside from mitigating actions that could be taken to reduce discretionary costs and provide further headroom or the increased headroom afforded by the new facilities agreed.

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.

Subsequent to the year end, 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 existing 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 Group expects to operate comfortably within these covenant levels for the foreseeable future.

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.

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 judgements made in the current period that have had a significant material effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key sources of estimation uncertainty, being those estimates and assumptions that carry the most significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next financial year, are set out below.

Inventory provisioning

The Group holds significant volumes, and a broad range of inventory. The inventory provision is calculated in accordance with a documented policy, that is based on historical experience and the Group's stock management strategy, which determines the range of product that will be available for sale in-store and online. The Group provides against the carrying value of inventories where it is anticipated the amount realised may be below the cost recognised. Provision is made in full where there are no current plans to trade prior season stock through stores, and partial provision is made against seasonal stock from prior seasons or where certain ranges do not perform as anticipated. The amounts provided for partial provisions are adjusted annually to reflect experience.

In FY24, the Group applied a consistent inventory provisioning policy with that applied in the prior year, making only small amendments to partial provisioning percentages based on the Group's experience of stock sell through rates for partially provided product lines. These changes are not considered to have had a material impact on the overall value of the provision, although reduced the value of the provision compared to the prior year.

At the end of FY24, the total inventory provision was £9.6 million (FY23: £16.1 million), comprised of fully-provided stock lines of £1.3 million and partially provided lines of £8.3 million. The reduction in the value of the provision year-on-year generally reflects the continued normalisation of stock levels following the Covid pandemic as well as the reduction due to changes in provisioning percentages as a result of higher sell through rates in FY24 compared with the prior year. 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 stock 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 2024, and could require a material adjustment to the carrying amount of the provision in the next financial year.

The element of the provision which is most sensitive to estimation is the percentages applied to the various categories of stock in stores and distribution centres. A +/-5% change in the percentages applied to each category would cause a +/-£0.7m movement in the overall value of the provision.

Other sources of estimation uncertainty
Grant income

During the Covid-19 pandemic, the Group received financial assistance under various Government schemes
intended to support businesses affected by local and national restrictions, including CJRS payments, business rates relief and lockdown grant payments. IAS 20 requires that the Group has reasonable assurance that the various conditions attached to Government grants will be complied with before recognising the income in its financial statements. Income received under the lockdown grant schemes is subject to conditions applied by the UK's subsidy control regime, in addition to the rules and conditions attached to each individual grant. The most material of these conditions relate to determining the eligible period for grant receipts and the calculation of the Group's 'uncovered fixed costs' in the eligible period, upon which the value of permitted relief is based. The nature of the grants received, and the unprecedented nature of the pandemic and the support mechanisms available, means the conditions and rules attached to each payment are complex and open to a degree of interpretation at the balance sheet date. Accordingly, the Group had to make certain assumptions regarding which of the payments received it is reasonably certain to have met all of the conditions for, and thus that the grants are unlikely to be repaid in a future period.

After making a provision for amounts the Group does not believe meet the above criteria (see note 20), the Group recognised £8.0 million of other operating income in relation to such grants received during FY22.

In July 2022, following an unprompted disclosure to HMRC and resulting investigation, the Group made a payment of £2.3 million in final settlement of its CJRS position. As a result of this settlement, the Group released a further £2.5 million from the provision that is no longer expected to be required, as the matter is now closed. This release was recognised as a one-off benefit in the income statement in FY23.

Subsequent to the balance sheet date, the Group has reached a proposed settlement with the Department for Business and Trade for a portion of the provision that relates to business support grants received by the Group during FY21 and FY22. The value of the proposed settlement is £3.3 million and, following a review of the residual position, the Group has released a further £2.0 million from the provision which reflects a proportionate reduction in the value of the provision for the amounts still to be settled. This release has been recognised as a one-off benefit in other operating income in the FY24 income statement. The business support grants settlement of £3.3m was paid in April 2024.

The Group continues to hold discussions regarding settlement of the remaining element of the provision and to date has received no new substantive evidence regarding its position in respect of other support received relating to business rates relief. A further provision of £2.2 million is held at the balance sheet date in respect of potential repayment of support received in excess of subsidy control thresholds for business rates relief, consistent with the nature of the provision held in the prior year. The minimum requirement for this element of the provision is expected to be £1.2 million, subject to interpretation of the guidance relating to individual support schemes and subsidy control thresholds. 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.

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 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 FY24, the Group conducted an impairment review in respect of goodwill. The carrying amount of goodwill in the consolidated balance sheet of £313.8 million is allocated in its entirety to the group of CGUs, shared assets and functions that comprise the Group's Stores business and noted no reasonably possible change in assumptions that would lead to a material change in the accounting outcome.

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 FY24.

Intangible assets

Due to the existence of intangible assets that are not yet ready for use, the Group also conducted an impairment test of each of the Card Factory Online and Getting Personal CGUs.

Approach and results

The Group assessed the recoverable amount of these CGUs on a value in use basis, using consistent assumptions across all reviews where applicable, with estimates of future cash flows derived from forecasts included within the Group's approved budget adjusted to exclude cash flows from new stores and initiatives so as to assess the assets in their current state and condition. Where impairment reviews are prepared in respect of assets not yet ready for use, future development costs and revenues are not excluded so as to fairly reflect the value of the assets being developed and costs to complete. The assessment of future cash flows that underpin such impairment reviews inherently require the use of estimates, notably in respect of future revenues, operating costs including material, freight, wage and energy inflation, terminal growth rates, foreign currency exchange rates, and discount rates.

The results of the impairment tests are set out in note 12 (intangible assets) and note 14 (leases) which includes the key assumptions considered. The impairment test in respect of the Stores business and Card Factory 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 nil impairment charge in respect of stores, which is comprised of £2.7 million of impairment charges and £2.7 million of impairment charge reversals. The reversals reflect those stores where an impairment charge made in a prior period has been reversed due to improved trading and outlook. The net impairment charge in the current year included a net reversal to impairment on Right of use assets of £0.2m and a net charge to PPE of £0.2m. 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.

The Group booked an impairment charge in respect of intangible assets of £1.1 million. The charge relates to costs incurred in developing the Online Platform within the Getting Personal CGU that is considered to be impaired as a result of the expected future cash flows expected to be derived from the Getting Personal CGU. Although an impairment has been recorded against the intangible asset carrying value, the Getting Personal platform continues to trade and provides valuable support to the overall strategy of growing online sales across both platforms and makes an important contribution to total online sales volumes. The Group's strategic focus online continues to be the CF Online platform where the Group is investing and is encouraged by recent positive LFL (Like-for-like) sales performance.

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 12 and 13), going concern (note 1, below), and inventory provisions (impact of customer preferences and ESG considerations on potential stock obsolescence, note 15 and above) and concluded in each case that there is no material impact in each area at 31 January 2024.

3 Principal accounting policies

The preliminary announcement has been prepared using accounting policies that are consistent with those published in the Group's accounts for the year-ended 31 January 2022 (available on the Company's website).

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

In the period the Group has 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.

Comparatives for the year ending 31 January 2023 in these financial statements have been restated on the same basis.

The adoption of these amendments has had no other impact on the Group's financial statements.

4 Segmental reporting and revenue

Following investment in the Group's people, systems and infrastructure to support its strategy, the Group is organised into five main business areas which meet the definition of an Operating segment under IFRS, those being cardfactory Stores, cardfactory Online, Getting Personal, 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 principally through an extensive UK store network, with a small number of stores in the Republic of Ireland.
- cardfactory Online retails greetings cards, celebration accessories, and gifts via its online platform.
- Getting Personal is an online retailer of personalised cards and gifts.
- Partnerships sells greetings cards, celebration accessories and gifts via a network of third party retail partners both in the UK and overseas.
- Printcraft is a manufacturer of greetings cards and personalised gifts, and sells the majority of its output intra-group to the Stores and online businesses.

The Group acquired SA Greetings on 25 April 2023 (see note 23). The results of SA Greetings have been included in the Partnerships segment for the year ended 31 January 2024.

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:

	2024	2023
	£'m	£'m
Revenue:		
cardfactory Stores	**478.9**	440.4
cardfactory Online	**8.8**	8.8
Getting Personal	**5.9**	8.5
Partnerships	**17.0**	5.0
Other	**0.3**	0.7
Consolidated Group revenue	**510.9**	463.4
Of which derived from customers in the UK	**484.8**	451.6
Of which derived from customers overseas	**26.1**	11.8
EBITDA[1]:		
cardfactory Stores	**127.4**	116.1
cardfactory Online	**(3.7)**	(2.2)
Getting Personal	**(2.0)**	(1.5)
Partnerships	**1.2**	1.4
Other	**(0.3)**	(1.8)
Consolidated Group EBITDA[1]	**122.6**	112.0
Consolidated Group depreciation, amortisation & impairment	**(47.4)**	(48.7)
Consolidated Group gain on disposal	**1.2**	0.5
Consolidated Group Operating Profit	**76.4**	63.8

[1] *This is an Alternative Performance Measure not defined under IFRS*

The "Other" category principally reflects central overheads, Printcraft sales to third parties and consolidation adjustments not impacting another operating segment.

Group revenue is almost entirely 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 table below sets out a geographical analysis of revenues for the current and prior year:

	2024	2023
	£'m	£'m
Revenue derived from customers in the UK	**484.8**	451.6
Revenue derived from customers overseas	**26.1**	11.8
Consolidated revenue	**510.9**	463.4

Revenue from overseas reflects revenue earned from i) the Group's Stores in the Republic of Ireland (£11.1 million in FY24 and £8.1 million in FY23), ii) the Group's wholesale and retail activities in South Africa (£10.4 million in FY24), and iii) from other retail partners based outside of the UK (£4.6 million in FY24 and £3.7 million in FY23).

Of the Group's non-current assets, £10.0 million (2023: £5.0 million) relates to assets based outside of the UK, principally in relation to the Group's stores in the Republic of Ireland and in South Africa. Non-current assets based in the Republic of Ireland are £4.8 million as at 31 January 2024 (FY23: £5.0 million) and non-current assets based in South Africa are £5.2 million (FY23: nil). The increase compared to the prior year reflects the impact of the acquisition of SA Greetings.

5 Operating profit

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

	2024	2023
	£'m	£'m
Staff costs (note 7)	162.4	138.2

Depreciation expense		
- owned fixed assets (note 13)	7.6	8.0
- right of use assets (note 14)	35.9	35.7
Amortisation expense (note 12)	2.8	2.3
Impairment of right-of-use assets (note 14)	(0.2)	1.3
Impairment of tangible assets (note 13)	0.2	-
Impairment of intangible assets (note 12)	1.1	1.5
Profit on disposal of fixed assets (note 14)	(1.2)	(0.6)
Foreign exchange gain	0.6	1.5

The total fees payable by the Group to Mazars LLP (2023: KPMG LLP) and their associates during the period was as follows:

	2024 £'000	2023 £'000
Audit of the consolidated and Company financial statements	55	30
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	498	620
Audit-related assurance services	85	50
Total fees	638	700

6 EBITDA

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

	2024 £'m	2023 £'m
Operating profit	76.4	63.8
Depreciation, amortisation and impairment	47.4	48.8
Gain on disposal	(1.2)	(0.6)
EBITDA[1]	122.6	112.0

[1] *This is an Alternative Performance Measure not defined under IFRS*

7 Employee numbers and costs

The average number of people employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2024 Number	2023 Number
Management and administration	534	482
Operations	9,797	9,367
	10,331	9,849

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

	2024 £'m	2023 £'m
Employee wages and salaries	143.1	120.5
Equity-settled share-based payment expense	2.0	1.7
Social security costs	9.3	8.2
Defined contribution pension costs	2.1	1.8
Total employee costs	156.5	132.2
Agency labour costs	5.9	6.0
Total staff costs	162.4	138.2

Key management personnel

The key management personnel of the Group comprise the Card Factory plc Board of Directors and the Executive Board. Key management personnel compensation is as follows:

	2024 £'m	2023 £'m
Salaries and short-term benefits	7.4	6.1
Equity-settled share-based payment expense	1.6	1.4
Social security costs	1.0	0.8
Defined contribution pension costs	0.2	0.2
	10.2	8.5

Remuneration of Directors

	2024	2023
	£'m	£'m
Directors' remuneration	1.6	1.9
Amounts receivable under long-term incentive schemes	0.5	0.1
Company contributions to defined contribution pension plans	-	-
	2.1	2.0

The table above includes the remuneration of Directors in each year. Director's remuneration for the prior period includes £40k in respect of compensation for loss of office for Kris Lee following his resignation on 31 January 2023.

Amounts receivable under long-term incentive schemes reflects the value of options exercised during the year.

Further details of the remuneration of the current directors are disclosed in the Directors' Remuneration Report in the final Annual Report. The basis of calculation for certain items described in the Directors' Remuneration Report may differ to that used in this note, reflecting differences in the relevant regulations.

8 Finance expense

	2024	2023
	£'m	£'m
Finance expense		
Interest on bank loans and overdrafts	6.5	6.0
Amortisation of loan issue costs	0.6	0.9
Lease interest	6.3	4.5
	13.4	11.4

9 Taxation

The tax charge includes both current and deferred tax. The tax charge reflects the estimated effective tax on the profit before tax for the Group for the year ended 31 January 2024 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

	2024	2023
	£'m	£'m
Current tax charge/(credit)		
Current year	13.8	8.3
Adjustments in respect of prior periods	0.2	(1.6)
Total current tax charge	14.0	6.7
Deferred tax charge/(credit)		
Origination and reversal of temporary differences	2.1	2.5
Adjustments in respect of prior periods	-	(1.8)
Effect of change in tax rate	-	0.8
Total deferred tax charge	2.1	1.5
Total income tax charge	16.1	8.2

The effective tax rate of 24.5% (2023: 15.6%) on the profit before taxation for the year is slightly higher than (2023: lower than) the average rate of mainstream corporation tax in the UK for the year of 24% (2023: 19%).

The tax charge is reconciled to the standard rate of UK corporation tax as follows:

	2024	2023
	£'m	£'m
Profit before tax	65.6	52.4
Tax at the standard UK corporation tax rate of 25%[1] (2023: 19.0%)	15.8	10.0
Tax effects of:		

Expenses not deductible for tax purposes	0.6	0.7
Income not taxable for tax purposes	(0.6)	-
Adjustments in respect of prior periods	0.3	(3.3)
Effect of change in tax rate	-	0.8
Total income tax charge	16.1	8.2

Total taxation recognised through the income statement, other comprehensive income and through equity are as follows:

	2024			2023		
	Current £'m	**Deferred £'m**	**Total £'m**	Current £'m	Deferred £'m	Total £'m
Income statement	14.0	2.1	16.1	6.7	1.5	8.2
Other comprehensive income	-	(0.7)	(0.7)	-	1.2	1.2
Equity	-	(0.4)	(0.4)	-	(1.3)	(1.3)
Total tax	14.0	1.0	15.0	6.7	1.4	8.1

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.

10 Dividends

There were no dividends paid in either the current or the previous year.

Following the cessation of restrictions in the Group's financing facilities in relation to dividend payments, 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 2024 of 4.5 pence per share (equivalent to approximately £15.5 million) payable on 28 June 2024. The dividend has not been recorded as a liability at 31 January 2024.

The Board is cognisant of the fact it was unable to pay an interim dividend for the year ended 31 January 2024 and therefore the final dividend for the year reflects an amount that would have been split between interim and final dividends, had an interim dividend been able to be paid. The proposed final dividend is therefore also the total dividend payable in respect of the 2024 financial year.

11 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

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.

	2024 (Number)	2023 (Number)
Weighted average number of shares in issue	343,339,468	342,328,622
Weighted average number of dilutive share options	3,940,467	1,604,107
Weighted average number of shares for diluted earnings per share	347,279,935	343,932,729

	£'m	£'m
Profit for the financial period	49.5	44.2

	Pence	pence
Basic earnings per share	14.4	12.9
Diluted earnings per share	14.3	12.8

12 Intangible assets

	Goodwill £'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			

Net book value			
At 31 January 2024	313.8	17.6	331.4
At 31 January 2023	313.8	12.5	326.3

During the year, the Group recognised an impairment charge of £1.1 million in respect of work performed for the online platform for Getting Personal. The charge to the Getting Personal assets reflects the more focussed investment being targeted at the CF Online platform as considered in note 1.

As at 31 January 2024, the Group held £1.9 million of assets under construction within Software.

	Goodwill £'m	Software £'m	Total £'m
Cost			
At 1 February 2022	328.2	17.0	345.2
Additions	-	9.4	9.4
Disposals	-	(0.4)	(0.4)
At 31 January 2023	328.2	26.0	354.2
Amortisation/impairment			
At 1 February 2022	14.4	10.1	24.5
Amortisation in the period	-	2.3	2.3
Impairment in the period	-	1.5	1.5
Amortisation on disposals	-	(0.4)	(0.4)
At 31 January 2023	14.4	13.5	27.9
Net book value			
At 31 January 2023	313.8	12.5	326.3
At 31 January 2022	313.8	6.9	320.7

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 Getting Personal operating segment (see note 4). Goodwill in respect of the Getting Personal CGU was fully written down in 2020.

All remaining 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 2024 was £341.1 million (2023: £315.5 million).

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 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 rates are inherently difficult to benchmark using independent data, the Group's reverse stress-testing of the goodwill impairment model indicated a significant negative terminal decline would be required in order to eliminate the headroom completely.

The forecast cash flows are discounted at a pre-tax rate of 13.0% (2023: 12.0%). 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.

Impairment Testing: Intangible assets not yet available for use

Both the Getting Personal and cardfactory Online CGUs include intangible assets that are not yet available for use. Accordingly, an impairment test in respect of these CGUs was carried out at 31 January 2024.

The total carrying amount of the Getting Personal and cardfactory Online CGUs for impairment testing purposes, inclusive of liabilities that are necessarily considered in determining the recoverable amount, at 31 January 2024 was not material individually. The value of intangible assets not yet available for use included in the carrying amount was £1.1 million for Getting Personal and £2.7 million for CF Online.

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 these CGUs. To ensure the analysis fairly reflected the expected value in use of the assets within each 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 CF Online valuation indicated sufficient headroom such that any reasonably possible change in assumptions would not result in a material impairment charge.

The Group booked an impairment charge in respect of intangible assets in Getting Personal of £1.1 million, reflecting costs incurred in developing a new Online Platform that is considered to be impaired as a result of the outlook for the Getting Personal CGU. The Group's strategic focus online continues to be the CF Online platform where the Group is investing and is encouraged by recent positive LFL sales performance.

13 Property, plant and equipment

	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
Acquisition of SA Greetings (note 23)	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

	Freehold property £'m	Leasehold improvements £'m	Plant, equipment, fixtures & vehicles £'m	Total £'m
Cost				
At 1 February 2022	17.9	40.8	70.3	129.0
Additions	0.9	-	7.9	8.8
Disposals	(0.2)	-	-	(0.2)
At 31 January 2023	18.6	40.8	78.2	137.6
Depreciation				
At 1 February 2022	4.4	37.3	55.7	97.4

Depreciation in the period	0.5	1.7	5.8	8.0
Depreciation on disposals	-	-	-	-
At 31 January 2023	4.9	39.0	61.5	105.4
Net book value				
At 31 January 2023	13.7	1.8	16.7	32.2
At 31 January 2022	13.5	3.5	14.6	31.6

As at 31 January 2024, the Group held assets under construction of £2.2 million within Plant, equipment, fixtures and vehicles.

14 Leases

The Group has lease contracts, within the definition of IFRS 16 leases, in relation to its entire Store lease portfolio, some warehousing locations and motor vehicles. Other contracts, including distribution contracts and IT equipment, are deemed not to be a lease within the definition of IFRS 16 or are subject to the election not to apply the requirements of IFRS 16 to short-term or low value leases.

Right of use assets	**2024 £m**	**2023 £m**
Buildings	98.2	100.2
Motor Vehicles	1.0	0.3
	99.2	100.5

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

	2024 £m	**2023 £m**
At the beginning of the year	100.5	98.5
Acquisition of SA Greetings	1.9	-
Additions:		
Buildings	32.0	39.4
Motor Vehicles	1.2	0.2
Disposals	(0.7)	(0.6)
Depreciation charge:		
Buildings	(35.4)	(35.3)
Motor Vehicles	(0.5)	(0.4)
Net Impairment Reversal / (Charge)	0.2	(1.3)
At the end of the year	99.2	100.5

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 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 2024 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 12, but limited to the term of the current lease as assessed under IFRS 16. As a result, the key assumptions are also considered to be consistent with those described in note 12, in addition to the allocation of central and shared costs to individual stores insofar as such an allocation can be made on a reasonable and consistent basis. Such costs are allocated on the basis of the relative contribution of each individual store.

Application of these assumptions resulted in a net impairment charge of £nil (2023: £1.3 million), comprised of impairment charges of £2.7 million (2023: £3.7 million) and the reversal of previous impairment charges of £2.7 million (2023: £2.4 million). The net impairment charge in the current year impairment charges of £[illegible] million (2023: £[illegible] million). The net impairment charge in the current year included a net reversal to impairment on Right of use assets of £0.2m and a net impairment charge to PPE of £0.2m.

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 impairment charge.

Lease liabilities	**2024 £m**	**2023 £m**
Current lease liabilities	(25.3)	(27.3)
Non-current lease liabilities	(75.5)	(78.1)
Total lease liabilities	(100.8)	(105.4)

Lease expense	**2024 £m**	**2023 £m**
Depreciation expense on right of use assets	35.9	35.7
(Reversal of Impairment) / impairment of right of use assets	(0.2)	1.3
Profit on disposal of right of use assets	(1.2)	(0.5)
Lease interest	6.3	4.5
Expense relating to short-term and low value leases[1]	-	-
Expense relating to variable lease payments[2]	0.6	0.2
Total lease related income statement expense	41.4	41.2

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.

Accounting policies for leases are detailed in note 1. Assets, liabilities and the income statement expense in relation to leases are detailed below.

Disposals and depreciation/impairment on disposals includes fully depreciated right-of-use assets where the lease term has expired, including amounts in respect of leases that have expired but the asset remained in use whilst a new lease was negotiated. Profits on disposal arise where leases that have been exited before the end of the lease term where the asset has been previously impaired. The Group's full accounting policy in respect of leases and right-of-use assets is set out in note 1.

15 Inventories

	2024 £'m	2023 £'m
Finished goods	49.5	44.7
Work in progress	0.5	0.6
	50.0	45.3

Inventories are stated net of provisions totalling £ million (2023: £16.1 million). The cost of inventories recognised as an expense and charged to cost of sales in the year, net of movements in provisions, was £155.8 million (2023: £145.3 million).

16 Cash and cash equivalents

	2024 £'m	2023 £'m
Cash at bank and in hand	11.3	11.7
Cash presented as current assets in the balance sheet	**11.3**	**11.7**
Bank overdraft	(0.2)	(1.8)
Overdraft presented as current liabilities in the balance sheet	**(0.2)**	**(1.8)**
Net cash and cash equivalents	11.1	9.9

The Group manages its liquidity requirements on a Group-wide basis and regularly sweeps and pools cash in order to optimise returns and / or ensure the most efficient deployment of borrowing facilities in order to minimise fees whilst maintaining sufficient short-term liquidity to meet its liabilities as they fall due.

Cash in bank accounts and overdrafts are presented net where the Group has a legal right to offset amounts - such as those with the same banking provider or included in netting arrangements under its financing facilities.

The Group's cash and cash equivalents are denominated in the following currencies:

	2024 £'m	2023 £'m
Sterling	6.8	0.2
Euro	3.3	4.8
US Dollar	1.2	4.9
South African Rand	(0.2)	-
	11.1	9.9

17 Borrowings

	2024 £'m	2023 £'m
Current liabilities		
Bank loans and accrued interest	6.9	25.3
Bank overdraft	0.2	1.8
Total current liabilities	7.1	27.1
Non-current liabilities		
Bank loans	37.9	40.4

Current liabilities includes bank loans where the liability is due to be settled in the next 12 months (such as scheduled repayments in respect of secured term loans and CLBILs). Following early adoption of amendments to IAS 1, the Group has reclassified amounts due under its secured revolving credit facility as non-current on the basis that it has the right to roll over such obligations until September 2025 and is compliant with all relevant covenant requirements at the balance sheet date. Comparatives for the year ended 31 January 2023 in these financial statements have been restated on the same basis. The amount reclassified as non-current liabilities in the comparative period is £23.0m, there would have been no reclassification in FY22 as the balance drawn on the RCF was nil.

Bank loans

Bank borrowings as at 31 January 2024 are summarised as follows:

	Liability £'m	Interest rate %	Interest margin ratchet range %	
31 January 2024				
Secured term loans - Tranche 'A'	-	5.00 + SONIA	-	
Secured term loans - Tranche 'B'	18.8	5.50 +SONIA	-	
Secured CLBILs	-	See note	-	
Secured revolving credit facility	26.0	Margin + SONIA	2.75 - 4.50	Total facility size = £100 million
Accrued interest	0.1			
SA Greetings property mortgage	0.6			
Bank overdraft	0.2			
Debt issue costs	(0.7)			
	45.0			
31 January 2023				
Secured term loans - Tranche 'A'	9.0	5.00 + SONIA	-	
Secured term loans - Tranche 'B'	18.8	5.50 +SONIA	-	
Secured CLBILs	16.1	See note	-	
Secured revolving credit facility	23.0	Margin + SONIA	2.75 - 4.50	Total facility size = £100 million
Accrued interest	0.2			
Bank overdraft	1.8			
Debt issue costs	(1.4)			
	67.5			

The Group's primary financing facilities at the balance sheet date were entered into as part of a refinancing exercise in April 2022. During FY24, the Group made repayments in respect of the revised Term Loan and CLBILS facilities of £25.1 million and as a result the Term Loan 'A' and CLBILs facilities were fully repaid. The term of the remaining Term Loan 'B' and RCF extended to September 2025. The Group had undrawn, committed facilities at 31 January 2024 of £74 million.

As part of the transaction to acquire SA Greetings (see note 23) the Group acquired a property mortgage and overdraft facility, which are denominated in South African Rand. The carrying amount of these facilities at 31 January 2024 was £0.8 million.

At the balance sheet date, the Group remained subject to two financial covenants, tested quarterly, in relation to leverage (ratio of net debt to EBITDA) and interest cover (ratio of interest and rent costs to EBITDA). Covenant thresholds were 2.5x leverage and 1.75x interest cover. In addition, the terms of the facilities prevented the Group from making any distributions to shareholders whilst the CLBILS and Term Loan 'A' remained outstanding and placed a limit on the total value of capital expenditure the Group can make in each financial year to FY25.

Debt issue costs in respect of the April 2022 refinancing totalled £1.8 million and are being amortised to the income statement over the duration of the revised facilities.

Subsequent to the year end, 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 existing revolving credit facility and Term Loan B have been fully repaid and cancelled as part of the refinancing.

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 tested semi-annually. The Group expects to operate comfortably within these covenant levels for the foreseeable future.

18 Notes to the cash flow statement

Reconciliation of operating profit to cash generated from operations:

	2024 £'m	2023 £'m
Profit before tax	65.6	52.4
Gain on bargain purchase	(2.6)	-
Net finance expense	13.4	11.4
Operating profit	76.4	63.8
Adjusted for:		
Depreciation and amortisation	46.3	46.0
Impairment of right-of-use assets	(0.2)	1.3
Impairment of tangible assets	0.2	-
Impairment of intangible assets	1.1	1.5
Gain on disposal of fixed assets	(1.2)	(0.5)
Cash flow hedging foreign currency movements	(0.4)	0.8
Unrealised foreign exchange (gains) / losses	0.5	-
Share-based payments charge	2.1	1.7
Operating cash flows before changes in working capital	124.8	114.6
Decrease/(increase) in receivables	3.6	(5.2)
Decrease/(increase) in inventories	(1.2)	(12.2)
(Decrease)/increase in payables	(6.5)	13.3
Movement in provisions	(2.0)	(2.7)
Cash inflow from operating activities	118.7	107.8

19 Analysis of net debt

	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)

Net debt excluding lease liabilities	[illegible]	[illegible]	[illegible]	[illegible]

	At 1 February 2022 £'m	Cash flow £'m	Non-cash changes £'m	At 31 January 2023 £'m
Secured bank loans and accrued interest (note 17)	(111.0)	51.4	(6.1)	(65.7)
Lease liabilities	(119.8)	57.0	(42.6)	(105.4)
Total debt	(230.8)	108.4	(48.7)	(171.1)
Add: debt costs capitalised	(1.5)	(1.8)	1.9	(1.4)
Add: bank overdraft	-	(1.8)	-	(1.8)
Less: cash and cash equivalents (note 16)	38.3	(26.6)	-	11.7
Net debt	(194.0)	78.2	(46.8)	(162.6)
Lease liabilities	119.8	(57.0)	42.6	105.4
Net debt excluding lease liabilities	(74.2)	21.2	(4.2)	(57.2)

Non-cash changes in respect of lease liabilities reflect changes in the carrying amount of leases arising from additions, disposals and modifications.

20 Provisions

	Covid-19-related support £'m	Property provisions £'m	Total £'m
At 1 February 2022	12.2	-	12.2
Transfer from contract liabilities	-	2.5	2.5
Provisions utilised during the year	(2.3)	(0.9)	(3.2)
Provisions released during the year	(2.5)	(0.9)	(3.4)
Amounts provided during the year	-	1.4	1.4
At 31 January 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

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. Although the actual amount that will be repaid is not certain, events through the year to 31 January 2024 have added a level of comfort that the outstanding provision is materially correct.

In July 2022, following an unprompted disclosure to HMRC and resulting investigation, the Group made a payment of £2.3 million in final settlement of its CJRS position. As a result of this settlement, the Group released a further £2.5 million from the provision that is no longer expected to be required, as the matter is now closed. This release has been recognised as a one-off benefit in the income statement in FY23.

Subsequent to the balance sheet date, the Group have reached a proposed settlement with the Department for Business and Trade for a portion of the provision that relates to regarding business support grants received by the Group during FY21 and FY22. The value of the proposed settlement is £3.3 million and following a review of the residual position, the Group has released £2.0m from the provision which reflects a proportionate reduction in the value of the provision for the amounts to be settled. The business support grants settlement was paid in April 2024 but was unpaid at the year-end and £3.3m remains in the provision held on the balance sheet.

The Group continues to hold discussions regarding settlement of the remaining element of the provision and to date has received no new substantive evidence regarding its position in respect of other support received relating to business rates relief. A further provision of £2.2 million is held at the balance sheet date in respect of potential repayment of support received in excess of subsidy control thresholds for business rates relief, consistent with the nature of the provision held in the prior year. The minimum requirement for this element of the provision is expected to be £1.2 million, subject to interpretation of the guidance relating to individual support schemes and subsidy control thresholds. The Group believes a range of reasonably possible outcomes remains and that the Group's provision reflects a reasonable assessment of the amount that may be repayable. The Group does not believe that any position within the range of reasonably possible outcomes would reflect a material change to the provision held at the balance sheet date and this provision is classified as current as the Group is actively aiming to resolve this settlement in the next 12 months.

The 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.

21 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 2024 the Group donated £1.5 million (FY23: £1.4m) to the Foundation from carrier bag sales and has an outstanding balance owed to the Foundation of £0.5m at 31 January 2024.

22 Subsequent events

Subsequent to the year end, 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 existing revolving credit facility and Term Loan B have been fully repaid and cancelled. See note 17 for further detail.

23 Business combination

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-related costs totalling £0.2 million have been expensed and included within operating expenses in the Consolidated Income Statement.

Acquisition of SA Greetings Corporation (Pty) Ltd

On 25 April 2023, the Group acquired 100% of the share capital of SA Greetings Corporation (Pty) Ltd and its subsidiaries, which trade as SA Greetings.

SA Greetings is a wholesaler and retailer of greeting cards and gift packaging based in South Africa, and the acquisition gives the Group access to the South African cards and gifts market, expanding the international partnerships business, and provides opportunities to grow and develop the business through synergies with the Group's existing range, production and supply chain.

The total cash consideration for the transaction was £2.5M, all of which paid on the acquisition date, with no further contingent or deferred consideration payable.

The purchase price allocation was prepared on a provisional basis in accordance with IFRS 3 with the fair values of the assets and liabilities set out below:

	Fair value £'m
Non-current assets	**4.7**
Intangible assets	-
Property, plant & equipment	2.7
Right-of-use assets	1.9
Deferred tax assets	0.1
Current assets	**5.9**
Inventories	3.8
Trade & other receivables	1.8
Cash at bank and in hand	0.3
Total assets	**10.6**
Current liabilities	**(4.2)**
Borrowings	(1.5)

Lease liabilities	(0.8)
Trade & other payables	(1.8)
Tax payable	-
Contingent liabilities	(0.1)
Non-current liabilities	**(1.3)**
Borrowings	(0.5)
Lease liabilities	(0.8)
Total liabilities	**(5.5)**
Net assets	**5.1**

The gross contractual amounts receivable for trade & other receivables is £2.1 million and, at the acquisition date, the group's best estimate of the contractual cash flows not expected to be collected is £0.3 million.

The adjustments made to the identifiable assets and liabilities in the acquiree's local financial records in arriving at the provisional fair values required by IFRS 3 were:

- Recognising and measuring the acquiree's lease liabilities as defined in IFRS 16, as if the leases were a new lease at the acquisition date (£1.6 million adjustment to right-of-use assets and lease liabilities). No adjustments were required to reflect lease terms that were favourable or unfavourable to market terms.
- Recognising a contingent liability (£0.1 million) in relation to a legal process that remains in progress. A corresponding contingent asset has not been recognised.

The fair value of the assets and liabilities acquired is £5.1M, which is higher than the fair value of the consideration paid of £2.5M, therefore a gain on bargain purchase of £2.6M has been recognised in the Consolidated Income Statement in the period.

SA Greetings Corporation (Pty) Ltd contributed revenue of £10.4 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 SA Greetings Corporation (Pty) Ltd had been completed on the first day of the financial year, Group revenues for the year to 31 January 2024 would have been £513.2 million and Group profit after tax would have been £47.0 million. SA Greetings 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.

Explanatory Notes

Alternative Performance Measures ("APMS") and other explanatory information

In the reporting of the consolidated financial statements, the Directors have adopted various Alternative Performance Measures ('APMs') of financial performance, position or cash flows other than those defined or specified under International Accounting Standards ('IFRS').

These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry or that appear to have similar titles or labels. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

The Directors believe that these APMs provide additional useful information on the performance and position of the Group and are intended to aid the user in understanding the Group's results. The APMs presented are consistent with measures used internally by the Board and management for performance analysis, planning, reporting and incentive setting purposes.

The table below sets out the APMs used in this report, with further information regarding the APM, and a reconciliation to the closest IFRS equivalent measure, below.

Sales APMs	Like-for-like Sales (LFL)
Profitability APMs	EBITDA Adjusted Profit Before Tax (PBT) Adjusted EPS
Financial Position APMs	Net Debt Leverage and Adjusted Leverage
Cash Flow APMS	Operating Cash Conversion

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 FY24 to FY23, 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.

Reconciliation of Revenue to LFL Sales				
	cardfactory Stores £m	**cardfactory Online £m**	**cardfactory LFL £m**	**Getting Personal £m**
Revenue FY24	478.9	8.8	487.7	5.9
VAT / other	89.9	1.9	91.8	1.5
Adjustment for Stores not open in both periods	(7.6)	-	(7.6)	-
LFL Sales FY24	561.2	10.7	571.9	7.4
Revenue FY23	440.4	8.8	449.2	8.5
VAT / other	83.4	1.9	85.3	1.4
Adjustment for Stores not open in both periods	(2.7)	-	(2.7)	-
LFL Sales FY23	521.1	10.7	531.8	9.9
LFL Sales Growth	**7.7%**	**+0.4%**	**7.6%**	**-26.1%**

Note percentages are calculated based on absolute figures before rounding.

<u>**Profitability APMs**</u>

EBITDA

Closest IFRS Equivalent: Operating Profit[1]

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.

Reconciliation of EBITDA to Operating Profit		
	FY24 £m	**FY23 £m**
Operating Profit	76.4	63.8
Add back:		
Depreciation	43.5	43.7
Amortisation	2.8	2.3
Gains on disposal	(1.2)	(0.6)
Impairment charges	1.1	2.8
EBITDA	122.6	112.0

[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 one-off in nature and as such are not expected to recur in future period and could distort the impression of future performance trends based on the current year results. The adjustments are consistent with those made in calculating Adjusted EBITDA, above, and similarly 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 FY24 the Directors have identified the following items that they believe to meet the definition of 'one-off' for this purpose:

- 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

The following items are taken into account in arriving at Adjusted PBT for the equivalent period last year (FY23):

- A £2.5 million benefit arising as a result of releasing provisions no longer required following settlement of the Group's CJRS position with HMRC.
- A £1.0 million benefit arising as a result of the refinancing of the Group's debt facilities in April 2022.

Reconciliation of Adjusted PBT to Profit Before Tax.		
	FY24 £m	**FY23 £m**
Profit Before Tax	65.6	52.4
Add back / (Deduct):		
Acquisition gain	(2.6)	-
COVID provision release	(2.0)	-
GP Intangible impairment	1.1	-
CJRS settlement	-	(2.5)
Refinancing benefit	-	(1.0)
Adjusted PBT	62.1	48.9

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.

Calculation of Adjusted EPS		
	FY24 £m	**FY23 £m**
Adjusted PBT	62.1	48.9
Tax charge	(16.1)	(8.2)
Tax impact of non-underlying items	0.5	0.7
Adjusted PAT	46.5	41.4
Weighted average number of shares	343,339,468	342,328,622
Adjusted EPS	13.5p	12.1p

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.

Calculation of Net Debt		
	FY24 £m	**FY23 £m**
Current Borrowings	7.1	27.1
Non-Current Borrowings	37.9	40.4
Add back Debt Issue Costs	0.7	1.4
Gross Borrowings	45.7	68.9
Cash	(11.3)	(11.7)
Net Debt (exc. Leases)	**34.4**	**57.2**
Lease Liabilities	100.8	105.4
Net Debt (inc. Leases)	**135.2**	**162.6**

Leverage & Adjusted Leverage

Closest IFRS Equivalent: No equivalent; however is calculated with reference to Net Debt and EBITDA, which are reconciled to relevant IFRS measures in this section.

Leverage is the ratio of Net Debt (excluding lease liabilities) to EBITDA for the previous 12 months expressed as a multiple. Adjusted Leverage is calculated in the same way, but deducts lease-related charges from EBITDA. The Group monitors and reports leverage as a key measure of its financing position and as an assessment of the Group's ability to manage and repay its debt position. Adjusted Leverage is consistent with a covenant defined within the Group's financing facilities.

Under its capital allocation policy, the Group targets Adjusted Leverage below 1.5x throughout the financial year. 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		
	FY24 £m	**FY23 £m**
Net debt (as calculated above) [A]	34.4	57.2
EBITDA (as calculated above) [B]	122.6	112.0
IFRS 16 depreciation	(35.9)	(35.7)
IFRS 16 impairment	0.2	(1.3)
Gains on modification/disposal	1.2	0.5
IFRS 16 interest	(6.3)	(4.5)
EBITDA less rent costs [C]	81.8	71.0
Leverage (A/B)	**0.3x**	**0.5x**
Adjusted Leverage (A/C)	**0.4x**	**0.8x**

Cash Flow APMs

Operating Cash Conversion

Closest IFRS Equivalent: No equivalent; however 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		
	FY24 £m	**FY23 £m**
Cash from Operations	118.7	107.8
EBITDA	122.6	112.0
Operating Cash conversion	**96.8%**	**96.3%**

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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