

30 September 2025

Card Factory plc ("cardfactory" or the "Group")
Interim results for the six months ended 31 July 2025

Resilient revenue performance with continued strategic progress. Full year expectations unchanged.

cardfactory, the UK's leading specialist retailer of greeting cards, gifts and celebration essentials, announces its interim results for the six months ended 31 July 2025 ('HY26').

Financial summary¹

| Financial Metrics | HY26 | HY25 | Change | FY25 |
|----------------------------------------------|---------|---------|--------|---------|
| Revenue | £247.6m | £233.8m | +5.9% | £542.5m |
| Adjusted EBITDA ² | £44.2m | £45.3m | -2.4% | £128.6m |
| Adjusted PBT ² | £13.2m | £14.5m | -9.0% | £66.0m |
| Adjusted EPS | 2.8p | 3.1p | -0.3p | 14.3p |
| Dividend per share | 1.3p | 1.2p | +0.1p | 4.8p |
| Net Debt (exc. Leases) | £78.9m | £74.9m | +5.3% | £58.9m |
| Adjusted Leverage (exc. Leases) ³ | 1.0x | 0.9x | +0.1x | 0.7x |
| Cash from operations | £30.5m | £17.5m | +74.3% | £105.6m |
| EBITDA | £39.1m | £45.3m | -13.7% | £127.5m |
| Profit Before Tax (PBT) | £7.5m | £14.0m | -46.4% | £64.1m |
| Basic EPS | 1.6p | 3.0p | -46.7% | 13.8p |

¹ For further information and definitions of Like-for-like (LFL) and other alternative performance measures, see "Alternative Performance Measures" ("APMs") in the appendix.

² Adjusted measures for HY26 exclude the impact of one-off items totalling £5.7 million. This includes amortisation of acquisition intangibles, revaluation of foreign exchange derivative instruments and one-off acquisition costs relating to the post balance sheet acquisition of Funky Pigeon (HY25: £0.5 million gain on one-off financing costs). See the appendix to this interim report for full reconciliation of Adjusted Performance Measures.

³ Adjusted Leverage is the ratio of Net Debt (excluding lease liabilities) to EBITDA less lease related charges which is consistent with our RCF facility covenant reporting.

Darcy Willson-Rymer, Chief Executive Officer, commented:

"Our resilient first half performance against a challenging retail backdrop demonstrates the effective execution of our growth strategy and our ability to navigate inflationary pressures.

"Our core stores business performed positively during the period, supported by new store openings, while our ongoing range development resonated strongly with customers, driving successful Spring seasons. At the same time, we continued to advance our growth priorities, expanding partnerships and accelerating our digital strategy through the acquisition of Funky Pigeon.

"With the peak festive season ahead, we are well prepared for our most important trading period. Building on the success of our H1 seasonal performance, we have strong plans in place for H2 to deliver on our quality and value proposition including new Christmas ranges and a significantly expanded Halloween range. These plans, combined with our ongoing productivity and efficiency programme, mean our expectations for the full year remain unchanged."

Business highlights

- Group revenue of £247.6 million in HY26, up by +5.9% compared to HY25, reflects positive performance in core stores business and continued execution of our strategy:
 - Total store revenue growth of +2.9%, including the contribution of +30 net new stores year-on-year, of which 13 were opened in HY26.
 - Like-for-like (LFL) store revenue grew by +1.5%, in line with the non-food retail sector⁴ and against a backdrop of softer summer high street footfall⁵ due to the hot weather.
 - Good momentum continued across our HY26 Spring seasons, particularly Valentine's Day and Mother's Day, with card range development and new gift and celebration essentials resonating strongly with customers.
 - Strong organic partnership performance delivered double-digit revenue growth, supported by expanded offerings.
 - Encouraging performance from recently acquired businesses in North America and Republic of Ireland, in line with management expectations.
 - Total partnerships revenue in the period of £16.5 million, (HY25: £6.6 million) newly acquired business performed well and contributed positively.
 - LFL sales at cardfactory.co.uk were down (11.3%) as we continue to evolve our offer to focus on higher margin sales.
- A decision to bring forward efficiency-focused investments, including upgrade to point of sale till system, contributed to Adjusted PBT for the first half being down £1.3 million to £13.2 million.
- Our structured, multi-year, 'Simplify and Scale' productivity and efficiency programme, largely mitigated the significant impact from rises in National Minimum Wage and employer National Insurance contributions, as well as wider inflationary pressures.
- A significant improvement in Free Cash Flow due to improved working capital, from an outflow of -£24.9 million in HY25 to -£7.5 million in HY26.
- Interim dividend of 1.3 pence compared to 1.2 pence in HY25, an increase of 4.9%, demonstrates our

Interim dividend of 1.0 pence compared to 1.2 pence in FY25, an increase of 20%, demonstrates our commitment to delivering sustainable, progressive returns to shareholders.

- The Board has approved a plan to purchase shares, initially, to satisfy employee share scheme awards to avoid equity dilution.

4 BRC-KPMG Retail sales monitor February 2025 - July 2025

5 BRC-SENSORMATIC Footfall Monitor May 2025 - August 2025

Post-period activity: Completion of Funky Pigeon to accelerate digital strategy

- Acquisition of Funky Pigeon was completed in August 2025 for a consideration of £24.1 million and saw us become the second largest online card and attached gifting retailer in the UK market.
- The acquisition will accelerate our existing digital strategy, providing a platform for online growth, particularly in the direct-to-recipient card and attached gifting market.
- The Group expects the acquisition to be earnings enhancing in the financial year ended 31 January 2027, the first full year post-completion.
- Work is now underway to unlock annual synergy benefits of more than £5 million, which will be achieved by the end of FY27 through optimising manufacturing, fulfilment, technology platforms and ranging.

Outlook

- Despite the challenging consumer environment, our H2 expectations remain unchanged as we deliver on our expanded celebrations offer and strong value proposition, particularly across Halloween and the important Christmas season.
- As previously highlighted, PBT will follow a similar second-half weighting profile to FY25, reflecting seasonality of sales, timing of investments and realisation of inflation mitigation actions.
- Whilst we are yet to trade through the festive period, our expectations of mid-to-high single-digit percentage growth in Adjusted PBT in FY26 are unchanged, reflecting our resilient revenue performance, strong H2 trading plans, and the benefits of our 'Simplify and Scale' programme.

Interim results webcast

There will be a virtual presentation and Q&A session for analysts and investors at 10am this morning. Please register for the event via the following link:

https://storm-virtual-uk.zoom.us/webinar/register/WN_rDlqV4MQQeJhSxSczKwuw

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

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BUSINESS UPDATE

Performance in the period

HY26 saw further operational and strategic progress as we continued to execute our 'Opening Our New Future' growth strategy.

Total store revenue was up +2.9% in HY26, which included contribution from 30 net new stores year-on-year, of which 13 were opened in HY26, as we continue to reach more customers, in more locations.

LFL store revenue growth of +1.5% was in line with the wider non-food retail sector, despite the backdrop of softer summer high street footfall, primarily due to the unusually hot weather. Ongoing development of our stores and range innovation as well as the continued momentum across our HY26 Spring seasons, particularly Valentine's Day and Mother's Day, drive Like-for-like growth.

We have continued to develop and evolve our card, gift and celebration essentials ranges as we work to grow share of the celebration occasions market. Highlights in H1 include a new, in-house designed premium card range which is allowing us to broaden our appeal to a more affluent demographic. By doing so, we are realising a higher average selling price, while continuing to deliver superior value compared to competitors. Stronger alignment of how we optimise our store space and develop our gift and celebration essentials ranges has also contributed positively to store and category growth through the period. In H1 this approach saw a condensed but updated milestone age gift range introduced which freed up additional space for new stationery ranges. Together, this contributed to a +20% LFL increase in stationery sales in HY26 and +7% year-on-year uplift in our milestone age range, despite the lower space allocation.

LFL sales at cardfactory.co.uk were down (11.3%) as we continued to evolve our offer to focus on higher margin sales. Ahead of the acquisition of Funky Pigeon, we continued to develop our omnichannel propositions, including roll out of a balloon appointment trial to 60 stores in Q1, enabling customers to pre-order inflated balloon arrangements online to collect in store. Initial customer feedback has been positive and we continue to test and evaluate.

We saw strong performance in our organic partnerships business with double digit revenue growth of +15.7% in H1. This reflects the successful impact of our full-service model and how we are building on this through further range expansions with UK partners.

Recently acquired businesses, Garven in North America and Garlanna in Republic of Ireland, delivered encouraging performance for the period, which was in line with management expectations.

Strategy update

We have continued to make good progress across our strategic building blocks of growth as we focus on becoming a global celebrations group.

Stores: Optimising our highly profitable store estate to grow share of celebration occasions market

- Continued to expand our profitable store estate to reach more customers with our leading quality and value proposition and have now surpassed the milestone of 1,100 stores across the UK and Republic of Ireland.
- Range innovation and development continues to drive category growth with highlights in the first half including

28% growth in our baby gift sales and 23% growth in party tableware.

Digital: Accelerating digital growth through acquisition of Funky Pigeon

- The acquisition of Funky Pigeon provides access to a large established customer base and a high-quality technology platform to accelerate growth in the direct-to-recipient card and attached gifting market.
- Plans in place to enhance data collection from our 24 million unique store customers that can then be leveraged across Funky Pigeon's digital platform and our existing omnichannel offer.

Partnerships: Growth through development of strategic partnerships

- Good progress in establishing the foundations for growing our business in North America. The ongoing trial with a leading US retailer continues to provide valuable insights and demonstrates the strength of our quality and value proposition to US consumers.
- Full-service model driving success in UK partnerships including across full UK and Republic of Ireland Aldi estate, with seasonal card introduced in H1 for Mother's Day and Father's Day.
- Third party logistics partner onboarded in Australia to facilitate H2 rollout of full-service model to The Reject Shop, which has also opened up a new wholesale opportunity in New Zealand.

Preparations for Christmas

Preparations are well advanced as we enter the peak festive trading period and are well positioned to meet customer needs through our quality and value offer.

Roll out of our seasonal offer is underway with a strong, Christmas range, built around our value proposition. Alongside new premium card ranges, over 80% of Christmas gift ranges are new for 2025, including a new Secret Santa range, as well as 95% newness in celebration essentials which feature premium ranges and market leading value offers to drive volume on roll-wrap products.

Operational preparations for the Christmas trading period are also underway with stock build on schedule, an optimised replenishment process in place and a new 'Set to Celebrate' programme rolled out to support in-store customer experience.

Ahead of the peak Christmas season, this year we have introduced a significantly enhanced Halloween range, aligned to consumer trends for this growing celebration occasion. Nationwide marketing campaigns will support both seasonal events.

Outlook

Despite the challenging consumer environment, our expectations for H2 remain unchanged. Building on the success of our H1 seasonal performance, our peak trading plans are in place to deliver on our expanded celebrations offer and strong value proposition, particularly across Halloween and the important Christmas season.

Initiatives identified through our continuous 'Simplify and Scale' productivity and efficiency programme will enable us to mitigate the more than £20 million FY26 cost inflation, which includes significant rises in National Living Wage and employer National Insurance contributions, as well as wider inflationary pressures. H1 actions have included continued efficiencies in store labour, optimisation of warehouse and agency labour and in-sourcing of printing and distribution of our store merchandising materials. Robust plans are in place to mitigate the full impact through H2, including additional store labour productivity and efficiency benefits from the H1 investment in an upgraded till PoS system and range development.

Seasonality of sales, timing of investments and realisation of inflation mitigation actions through our 'Simplify and Scale' programme, means PBT will follow a similar second-half weighting profile as was realised in FY25.

Whilst we are yet to trade through the peak period, given the above, our expectations for mid-to-high single-digit percentage growth in Adjusted PBT in FY26 are unchanged.

Group Financial Review

Financial Highlights

cardfactory delivered a resilient financial performance in the first half of FY26, delivering mid-single digit percentage revenue growth and containing the impact of continued, significant increases in National Living Wage and Employer National Insurance contributions through the benefits of our 'Simplify and Scale' programme.

The highlights of the period are as follows:

- Group revenue growth of +5.9% to £247.6 million for the half year:
 - Total store revenue up +2.9% including positive contribution from +13 new stores.
 - LFL stores growth of +1.5% (HY25: +3.7%) through a combination of range development and expansion as well as targeted pricing.
 - Strong seasonal trading performance with LFL sales growth for Valentine's Day and Mother's Day which included a new record trading day the Saturday before Mother's Day.
 - Partnerships revenue of £16.5 million (HY25: £6.6 million) includes contributions from Garlanna, acquired in September 2024, and Garven, acquired in December 2024, both of which continue to deliver in line with our expectations, plus double-digit percentage growth in organic partnerships.
- Adjusted PBT of £13.2 million (HY25: £14.5 million) is lower than last year, reflecting timing and delivery of investments, alongside inflation mitigation actions.
- Statutory Profit Before Tax of £7.5 million (HY25: £14.0 million) includes £5.7 million non-underlying costs related to acquisitions and FX derivatives.
- Strong improvement in cash performance year-on-year, with Free Cash Flow ahead of HY25 at -£7.5 million (HY25: -£24.9 million).
- Strong balance sheet, with positive operating cash flows and Net Debt of £78.9 million (HY25: £74.9 million). Final dividend of £12.6 million in respect of FY25 paid in June 2025.
- Recommended interim dividend increased to 1.3p per share (HY25: 1.2p) in line with our commitment to delivering progressive returns to shareholders.
- Progressing our digital strategy:
 - Getting Personal platform closed from 31 January 2025, with an associated reduction in sales but benefit to bottom line.
 - Acquisition of Funky Pigeon completed on 14 August 2025 (after period ended) for cash consideration of £24.1 million.

| | HY26 | HY25 | Change | Change % |
|------------------------------|---------|---------|---------|------------|
| Revenue | £247.6m | £233.8m | £13.8m | 5.9% |
| Adjusted EBITDA ¹ | £44.2m | £45.3m | (£1.1m) | (2.4%) |
| Adjusted EBITDA margin | 17.8% | 19.4% | (1.6%) | (1.6 ppts) |
| Adjusted PBT ¹ | £13.2m | £14.5m | (£1.3m) | (9.0%) |

| | | | | |
|------------------------------------------|-----------|-----------|-------------|------------|
| Adjusted PBT margin | 5.3% | 6.2% | (0.9%) | (0.9 ppts) |
| Adjusted earnings per share ¹ | 2.8 pence | 3.1 pence | (0.3 pence) | (9.7%) |
| Dividend per share | 1.3 pence | 1.2 pence | 0.1 pence | 4.9% |
| Net Debt (exc. Leases) | £78.9m | £74.9m | £4.0m | 5.3% |
| Adjusted Leverage ² | 1.0x | 0.9x | 0.1x | 11.1% |
| Cash from operations | £30.5m | £17.5m | £13.0m | 74.3% |
| EBITDA | £39.1m | £45.3m | (£6.2m) | (13.7%) |
| Profit Before Tax (PBT) | £7.5m | £14.0m | (£6.5m) | (46.4%) |
| Basic earnings per share | 1.6 pence | 3.0 pence | (1.4 pence) | (46.7%) |

¹ Adjusted measures for HY26 exclude the impact of one-off items totalling £5.7 million. This includes amortisation of acquisition intangibles, revaluation of foreign exchange derivative instruments and one-off acquisition costs relating to the post balance sheet acquisition of Funky Pigeon (HY25: £0.5 million gain on one-off financing costs). See the appendix to this interim report for full reconciliation of Adjusted Performance Measures.

² Adjusted Leverage is the ratio of Net Debt (excluding lease liabilities) to EBITDA less lease related charges which is consistent with our RCF facility covenant reporting.

Financial Performance

Sales

| | Total Sales | | |
|------------------------|--------------|--------------|------------------|
| | HY26 £m | HY25 £m | Change % |
| cardfactory Stores | 227.8 | 221.4 | 2.9% |
| cardfactory Online | 3.2 | 3.7 | (12.2%) |
| Getting Personal | - | 2.1 | (100.0%) |
| Partnerships | 16.5 | 6.6 | 150.4% |
| Other | 0.1 | - | 100.0% |
| Group | 247.6 | 233.8 | 5.9% |
| | LFL Sales | | |
| | HY26 | HY25 | Change % |
| cardfactory Stores | +1.5% | +3.7% | -2.2 ppts |
| cardfactory Online | -11.3% | +5.9% | -17.2 ppts |
| cardfactory LFL | +1.3% | +3.7% | -2.4 ppts |

Total Group sales for HY26 were £247.6 million, an increase of £13.8 million compared to the same period last year.

Our store portfolio remains the core of our business and the source of a significant majority of our revenues. Store sales have continued to grow and are in line with the wider non-food retail sector in the period against a backdrop of softer summer footfall linked to hot weather.

Total Stores revenue increased by £6.4m (2.9%) driven by Like-for-like (LFL) sales in stores of +1.5% compared to last year and the impact of +30 net new stores year-on-year, 13 of which were opened in the first half of this year.

Spring seasons (Valentine's Day, Mother's Day and Father's Day) performed well, driven by our continuous range development. The Saturday prior to Mother's Day was the record sales day for the Group.

Average basket values increased by +4.1%. The increase in basket values was supported by higher average selling prices, delivered via a combination of targeted price activity and continuing to expand and develop our range. In H1 this included a new in-house designed premium card range, helping to develop the higher end of our pricing architecture and appeal to customers seeking a higher quality product, whilst maintaining good value at these higher price points.

We continue to optimise and improve our store portfolio and during HY26 added 13 net new stores to our store network. We opened 16 new stores and closed 3 increasing our portfolio to 1,103 stores, which including net new stores opened in the second half of last year is 30 higher than 31 July 2024. 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. Since 31 July 2025, we have continued to make good progress in expanding our store network with 1,111 stores open as of today.

Our partnerships business, which focuses on wholesale sales, delivered total sales of £16.5 million in HY26, compared to £6.6 million in HY25. Partnerships revenue in HY26 included a contribution of £9.8 million from Gaven and Garlanna, both acquired towards the end of FY25. Both businesses have delivered an encouraging performance in the first half of FY26, reflecting the first full fiscal half year of our ownership, making an accretive contribution to both sales and margin in the period.

Our organic partnerships delivered total sales of £2.8 million (HY25: £2.4 million), including our arrangement with one of the UK's largest supermarkets, Aldi, collectively delivering double digit percentage sales growth compared to HY25.

Gross Profit

| | HY26 £m | HY26 % Sales | HY25 £m | HY25 % Sales |
|-------------------------------------------------------|--------------|-----------------|--------------|-----------------|
| Group Sales | 247.6 | | 233.8 | |
| COGs | (79.8) | (32.2%) | (69.0) | (29.5%) |
| Product Margin - Constant Currency¹ | 167.8 | 67.8% | 164.8 | 70.5% |
| FX gains / losses | (3.2) | (1.3%) | (0.8) | (0.3%) |
| Product Margin | 164.6 | 66.5% | 164.0 | 70.1% |
| Store & Warehouse Wages | (67.5) | (27.3%) | (64.4) | (27.5%) |
| Property Costs | (12.8) | (5.2%) | (11.8) | (5.0%) |
| Other Direct Costs | (11.0) | (4.4%) | (11.6) | (5.0%) |
| Gross Profit | 73.3 | 29.6% | 76.2 | 32.6% |

¹ Product margin calculated on a constant currency basis using a consistent GBP/USD exchange rate across both periods. FX gains and losses reflect conversion from the constant rate to prevailing market rates at the period end.

Product margin includes the purchase price of goods, along with inbound freight, carriage and packing. We have continued to actively manage our cost base to mitigate ongoing inflationary pressure, whilst absolute product margin has increased product margin rates. when calculated at a constant GBP/USD exchange rate. have fallen from 70.5%

to 67.8%. As we execute our strategy, we expect product margins will reduce gradually over time due to the mix of products sold in our stores shifting towards more non-card products, and the growth of our partnerships business, both of which will reduce margin rates but drive higher sales and cash margin which contributes positively to overall earnings. HY26 also includes some timing impact from range change activity to position us strongly for the key trading season in the second half of FY26.

The Group purchases approximately half of its goods for resale in US dollars from suppliers in the Far East. We have a well-established hedging policy to manage the risk of significant adverse fluctuations in market GBPUSD rates. In the six months ended 31 July 2025, the US dollar was more volatile than in the previous year, as political and economic uncertainty weighed on market rates. The spot GBPUSD exchange rate rates increased from £1: 1.24 at 31 January 2025 to £1: 1.32 at 31 July 2025, which in the longer-term is beneficial to the Group; however under accounting rules has a negative impact on the valuation of our portfolio of foreign exchange (FX) contracts that are already in place at lower rates.

The net FX loss of £3.2 million includes £3.4 million of unrealised losses on our derivative portfolio that will mature in future years and do not reflect current period trading performance. As a result, these losses have been excluded from the calculation of Adjusted PBT. A full reconciliation between statutory and adjusted figures is provided in the appendix at the end of this report.

Store and warehouse wages increased by £3.1 million (4.8%), which included the impact of the National Living Wage increasing by +9.8% in April 2024 and +6.7% from April 2025, as well as the increase in Employers National Insurance contributions to 15% and associated reduction in the National Insurance threshold. As noted above, the store portfolio has also further expanded, by approximately 3%, in the past 12 months. Store efficiency measures, in part annualised from the benefits we saw in the second half of last year and which form part of our ongoing 'Simplify and Scale' productivity and efficiency programme, have been successful in containing the impact of these significant cost headwinds and reducing direct wages as a percentage of overall sales.

Property costs and other direct expenses include business rates, insurance and service charges, as well as warehouse costs, store opening costs, utilities, maintenance, point of sale and pay-per-click expenditure. A substantial proportion of these costs are fixed and therefore, combined, whilst these cost lines have increased in absolute terms as the Group expands, they have reduced as a percentage of sales year-on-year. We have seen some increases in service charges as leases have renewed in the year, partly offset by lower marketing costs following the closure of Getting Personal. We continue to have good visibility of forward energy commodity costs, with our requirements out to September 2026 secured in line with current rates.

As a result of all of these factors, gross profit for the Group, when compared to the same period last year, decreased by £2.9 million to £73.3 million, with a 3.0ppts fall in gross margin to 29.6%. Excluding non-underlying FX losses, gross profit increased by £0.5 million.

EBITDA & Operating Profit

| | HY26 £m | HY26 % Sales | HY25 £m | HY25 % Sales |
|----------------------------------|--------------|-----------------|--------------|-----------------|
| Group Sales | 247.6 | | 233.8 | |
| Gross Profit | 73.3 | 29.6% | 76.2 | 32.6% |
| Operating Expenses | (34.2) | (13.8%) | (30.9) | (13.2%) |
| EBITDA | 39.1 | 15.8% | 45.3 | 19.4% |
| Adjusted EBITDA | 44.2 | 17.8% | 45.3 | 19.4% |
| Depreciation & Amortisation | (7.1) | (2.9%) | (6.1) | (2.6%) |
| Right-of-use asset depreciation | (17.5) | (7.1%) | (17.7) | (7.6%) |
| Operating Profit | 14.5 | 5.8% | 21.5 | 9.2% |
| Adjusted Operating Profit | 20.2 | 8.1% | 21.5 | 9.2% |

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 by £3.3 million overall when compared to HY25, which includes £1.7 million of deal costs incurred in relation to the acquisition of Funky Pigeon (excluded from Adjusted PBT) and a combined £2.4 million of operating expenses in HY26 for Garven and Garlanna which were acquired in H2 of FY25.

Excluding these items, the underlying operating expenses of the Group reduced year-on-year by £0.8 million (2.6%) in spite of ongoing inflation. This results from the success of our 'Simplify and Scale' programme which is driving continuous efficiency and productivity improvements across the business.

Adjusted EBITDA decreased by £1.1 million year-on-year to £44.2 million representing the inflationary challenges offset by our ongoing efficiency drive and cost management. Group EBITDA decreased to £39.1 million in HY26, largely as a result of the impacts of valuation of foreign currency derivatives, inflationary pressures seen in store wages and the Funky Pigeon deal costs as noted previously.

Total depreciation and amortisation charges, including depreciation on right-of-use assets, which are predominantly related to our store portfolio, increased by £0.8 million compared to the same period last year largely due to £0.6 million of amortisation of intangible assets, largely customer-related assets and brands, recognised as a result of the acquisitions of Garven and Garlanna in FY25.

Profit Before Tax

| | HY26 £m | HY26 % Sales | HY25 £m | HY25 % Sales |
|-----------------------------------|--------------|-----------------|--------------|-----------------|
| Group Sales | 247.6 | | 233.8 | |
| Operating Profit | 14.5 | 5.8% | 21.5 | 9.2% |
| Finance Costs | (7.0) | (2.8%) | (7.5) | (3.2%) |
| Profit Before Tax | 7.5 | 3.0% | 14.0 | 6.0% |
| Non-underlying transactions | 5.7 | 2.3% | 0.5 | 0.2% |
| Adjusted Profit Before Tax | 13.2 | 5.3% | 14.5 | 6.2% |

Total finance costs at £7.0 million are lower than in the prior period; the components of this charge are set out in the table below.

| | HY26 £m | HY25 £m |
|--------------------------------------------|------------|------------|
| Interest paid on bank loans and overdrafts | 2.8 | 3.0 |

| | | |
|-------------------------------|------------|------------|
| Interest received on deposits | (0.2) | - |
| Loan issue cost amortisation | 0.2 | 0.8 |
| IFRS 16 Leases interest | 4.2 | 3.7 |
| Total Finance Expenses | 7.0 | 7.5 |

Interest on our debt facilities reduced year-on-year by £0.2 million to £2.8 million, which is a result of a full six months benefitting from the lower margin rate achieved in the refinancing completed in April 2024, in addition to gradually lowering market rates of interest. As a result, bank loan interest reduced year-on-year despite a higher level of overall borrowings as a result of the recommencement of dividends and the acquisitions of Garven and Garlanna in FY25. The average cost of debt, taking into account margin, indexation and the impact of hedging activity, in the period was 6.4% (HY25: 6.9%).

As a result of the refinancing in April 2024, loan issue cost amortisation in HY25 included £0.5m of costs that are one-off in nature and were excluded from HY25 Adjusted Profit Before Tax and have not recurred in the current period.

Market interest rates have decreased over the last 12 months. On 31 July 2025 the Sterling Overnight Index Average (SONIA) rate stood at 3.97%, compared to 5.2% on the same day last year.

Lease interest increased by £0.5m in HY26 relative to the prior year which reflects the number of lease renewals having taken place through the last 18 months and the effective interest rate on these leases being higher than the previous lease due to the increase in SONIA rates since the last renewal. IFRS 16 interest costs are more heavily weighted towards the start of the overall lease period.

As a result of the above factors, Profit Before Tax for HY26 was £7.5 million, down £6.5 million from £14.0 million for HY25. The reduction year-on-year is predominantly driven by the non-underlying costs as below and the impact of the National Living Wage and National Insurance increases observed in direct wages.

Adjusted profit before tax and adjusting items

Adjusted Profit Before Tax, which excludes the one-off acquisition costs, foreign exchange losses on derivative contracts and amortisation costs in HY26, was £13.2 million, compared to £14.5 million in the same period last year, which excluded the impact of the one-off debt cost amortisation. See the "Alternative Performance Measures ("APMs") and other explanatory information" in the appendix, for further information regarding Adjusted Profit Before Tax and other alternative performance measures used by the Group.

Taxation

The tax charge for the six months ended 31 July 2025 of £1.9 million is based on the expected effective tax rate for the full year of 25% (HY25: 25%).

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 the six months ended 31 July 2025 were £8.0 million, compared to £8.6 million in the same period last year. In HY26, we received a £1.6m corporation tax refund in relation to an overpayment for tax due on FY24 profits.

Earnings per share

The net result for the period was a statutory profit after tax of £5.6 million, decreased from £10.5 million in the same period last year. As a result, basic earnings per share (EPS) for the year was 1.6 pence, with diluted EPS of 1.6 pence.

Adjusted EPS, which is based on earnings calculated by applying the effective tax rate to Adjusted PBT for the period, was 2.8 pence for HY26 (HY25: 3.1 pence).

| | HY26 | HY25 |
|--------------------------------|-------------|-------------|
| Profit after tax (£m) | 5.6 | 10.5 |
| Basic EPS (pence) | 1.6 pence | 3.0 pence |
| Diluted EPS (pence) | 1.6 pence | 3.0 pence |
| Adjusted Profit after Tax (£m) | 9.9 | 10.9 |
| Adjusted EPS (pence) | 2.8 | 3.1 |

Cash flows

| | HY26 £m | HY25 £m |
|-----------------------------------------------------|--------------------|--------------------|
| Cash from Operating Activities (after tax payments) | 24.0 | 8.9 |
| Capital Expenditure | (7.6) | (6.8) |
| Net bank interest paid | (2.6) | (3.0) |
| Payment of leases liabilities (including interest) | (21.5) | (22.2) |
| Other financing costs | - | (1.7) |
| Other cashflows | 0.2 | (0.1) |
| Free Cash Flow | (7.5) | (24.9) |
| Adjusted Free Cash Flow | (6.3) | (20.0) |
| Dividends paid | (12.6) | (15.6) |
| Net increase in borrowings | 23.0 | 55.3 |
| Net increase in cash and cash equivalents | 2.9 | 14.8 |
| Operating cash flows less lease repayments | 6.7 | (9.6) |
| Operating Cash Conversion | 78.1% | (38.6%) |

The Group's cash cycle is seasonal, with typically stronger cash inflows in the second half of the year associated with higher sales, driven by the important Christmas season. The inverse is typically true in the first half, with cash outflows associated with stock build and lower sales.

In that context, the Group has delivered a strong cash performance in the six months ended 31 July 2025, with improved cash from operations (before lease repayments and tax) of £30.5 million (HY25: £17.5 million) which has led to Net Debt increasing by only £4.0 million compared to the prior year despite the one-time impact of the acquisitions of Garven and Garlanna in FY25 for a combined £22.5 million.

The improvement in operating cash flow largely reflects an improved working capital position compared to the first half of the prior year, with a reduced net outflow of £13.0 million (HY25: outflow of £29.3 million).

of the prior year, with a reduced net outflow of £13.0 million (HY25: outflow of £29.3 million).

Operating Cash Conversion (which is cash from operations expressed as a percentage of EBITDA for the period) was 78.1% (HY25: 38.6%) reflecting the working capital outflows discussed above.

Capital expenditure increased from £6.8 million to £7.6 million which was anticipated in the first half of the year as we invested in specific projects including the implementation of a new till point of sale system across our store portfolio.

Cash generated from financing activities includes a net £23.0 million draw on our debt facilities (HY25: net £55.3 million draw on debt facilities), £17.3 million of payments in respect of lease liabilities for the store portfolio (HY25: £18.5 million) and £12.6 million of dividend payments to shareholders in respect of the final dividend for FY25 (HY25: £15.6 million relating to the total dividends for FY24).

Free Cash Flow, which we define as net cash before M&A activity, distributions or debt repayments, was an outflow of £7.5 million (HY25: outflow of £24.9 million). The improvement year-on-year is largely reflective of an improved working capital position. Adjusted Free Cash Flow excludes the impact of one-off cash items, which in the period includes £1.2 million of restructuring costs paid out in HY26 after being provided for at 31 January 2025. In HY25, Adjusted Free Cash Flow excludes total fees of £1.6 million related to the refinancing completed in April 2024 and £3.3 million related to repayment of Covid grant funds.

Acquisition of Funky Pigeon

On 14 August 2025, the Group completed the acquisition of 100% of the issued share capital of funkypigeon.com Limited ('Funky Pigeon') from WH Smith PLC for cash consideration of £24.1 million. The acquired business operates funkypigeon.com, an established online personalised card and attached gifting business, which is supported by its standalone teams in Bristol and Guernsey.

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

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

Balance Sheet

Capital Expenditure

Total capital expenditure in the six months ended 31 July 2025 was £7.6 million, increased from £6.8 million in HY25. A key investment in H1 was our point of sale (POS) till upgrade programme in stores which has been rolled out across all stores as of August 2025, which will drive further efficiencies in stores in line with our 'Simplify and Scale' programme.

We also continued to invest in both infrastructure and growth projects with targeted investment to upgrade our stores, alongside opening new stores, and ongoing development in technology, including enhanced functionality of our ERP system.

Net Debt

| | HY26 Net Debt £m | HY26 Leverage | HY25 Net Debt £m | HY25 Leverage |
|----------------------------------------|---------------------|---------------|---------------------|---------------|
| Current borrowings | 0.9 | | 0.7 | |
| Non-current borrowings | 96.9 | | 99.2 | |
| Total Borrowings | 97.8 | | 99.9 | |
| Add back capitalised debt costs | 1.4 | | 1.6 | |
| Gross Bank Debt | 99.2 | | 101.5 | |
| Less cash | 20.3 | | 26.6 | |
| Net Debt (exc. Leases) | 78.9 | | 74.9 | |
| Leverage (exc. Leases) | | 0.6x | | 0.6x |
| Adjusted Leverage (exc. Leases) | | 1.0x | | 0.9x |
| Lease Liabilities | 121.4 | | 103.5 | |
| Net Debt (inc. Leases) | 200.3 | | 178.4 | |
| Leverage (inc. Leases) | | 1.6x | | 1.5x |

The Group focuses on Net Debt excluding lease liabilities, which 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 banking facilities to deduct lease-related charges from EBITDA. A full reconciliation of these calculations is provided in the appendix at the end of this report.

Net Debt at HY26 increased by £4.0m compared to HY25. This reflects our strong cash performance in the past 12 months, with a free cash inflow over that period of £36.9 million, utilised to fund £22.5 million in relation to the acquisition of Garlanna and Garven in FY25 and £16.9 million of dividend payments.

As a result, Adjusted Leverage increased slightly to 1.0x at 31 July 2025, comfortably below the 1.5x maximum target set in our capital allocation policy.

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

| Facility | 31 July 2025 (HY26) | 31 July 2024 (HY25) | 31 January 2025 (FY25) |
|---------------------------------|------------------------|------------------------|---------------------------|
| £125m Revolving Credit Facility | £98.0m | £100.0m | £75.0m |
| Overdraft facilities | £0.9m | £0.7m | - |
| Other facilities | £0.3m | £0.8m | £0.4m |
| Gross Bank Debt | £99.2m | £101.5m | £75.4m |

At 31 July 2025, the Group had undrawn committed facilities of £25.8 million (HY25: £23.8 million) under the current financing agreement and therefore had cash and committed facilities of £46.1 million (HY25: £50.4 million)

As noted above, the Group called £35 million of its total £75 million accordion facility in August 2025 to fund the

the notes above, the Group earned 200 million of the total 250 million subscription liability in August 2025 to fund the acquisition of Funky Pigeon.

Capital Structure and Distributions

The Board is committed to delivering long-term sustainable and progressive returns to shareholders.

Our capital allocation policy is unchanged, and aims to balance delivery of sustainable, long-term growth in shareholder value against cash returns to shareholders and the needs of its other stakeholders.

The four main principles of the policy are:

- **Maintain a strong balance sheet** - retaining sufficient cash and committed facilities to ensure liquidity headroom throughout the annual operating cycle with an Adjusted Leverage ratio below 1.5x throughout the year.
- **Invest to deliver the strategy** - investing capital 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 the cost of capital.
- **Regular, progressive returns to shareholders** - ordinary dividends with a dividend cover ratio, based on Adjusted EPS, of between 2-3x for the full year, paid as interim (c.25%) and final (c.75%) dividends.
- **Disciplined use of surplus cash** - total returns will not exceed free cash flow generation in the period to which the returns relate.

Following the resilient performance of the Group in the first half of FY26, and reflecting that expectations for the full year are unchanged, the Board has proposed an interim dividend for FY26 of 1.3 pence per share, which is based on the expected full-year dividend, subject to the financial performance of the Group in the second half, and represents an increase of 4.9% on the prior year (before rounding).

The interim dividend will be payable to shareholders on the share register on 7 November 2025, with payments to be made on 12 December 2025.

In addition, today we have announced the intention to purchase shares to settle future employee share scheme for our colleagues, which will avoid further equity dilution from these schemes arising from the issue of approximately 3-4 million shares per annum (approximately 1% of the current shares in issue). We expect to commence this process later in the current financial year.

Finally, the Board will, as usual, review the Group's cash position at the end of the year taking into account, inter-alia, the Group's financial performance and position, as well as potential investment opportunities. Where the Board considers surplus cash does exist, we expect to return that surplus to shareholders at the appropriate time, whilst maintaining appropriate capital discipline as guided by the parameters of our policy.

Consolidated income statement

For the six months ended 31 July 2025

| | Note | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|--------------------------|------|-------------------------------------|-------------------------------------|-------------------------------|
| | | £'m | £'m | £'m |
| Revenue | | 247.6 | 233.8 | 542.5 |
| <i>Cost of sales</i> | | (174.3) | (157.6) | (348.7) |
| Gross profit | | 73.3 | 76.2 | 193.8 |
| Operating expenses | | (58.8) | (54.7) | (114.5) |
| Operating profit | | 14.5 | 21.5 | 79.3 |
| Finance income | 5 | 0.2 | - | 0.2 |
| Finance expense | 5 | (7.2) | (7.5) | (15.4) |
| Profit before tax | | 7.5 | 14.0 | 64.1 |
| Taxation | 6 | (1.9) | (3.5) | (16.3) |
| Profit for period | | 5.6 | 10.5 | 47.8 |

| Earnings per share | | pence | pence | Pence |
|--------------------|---|-------|-------|-------|
| - Basic | 7 | 1.6 | 3.0 | 13.8 |
| - Diluted | 7 | 1.6 | 3.0 | 13.7 |

All activities relate to continuing operations.

Management assess the underlying performance of the Group based on the Adjusted Profit Before Tax of £13.2 million in HY26 (HY25: £14.5 million). After tax, this gives Adjusted Earnings Per Share of 2.8 pence (HY25: 3.1 pence). See the alternative performance measures section in the appendix which provides detailed reconciliations of all alternative performance measures used in this report.

Consolidated statement of comprehensive income

For the six months ended 31 July 2025

| | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|----------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| | £'m | £'m | £'m |
| Profit for the period | 5.6 | 10.5 | 47.8 |
| <i>Items that are or may be recycled subsequently into profit or loss:</i> | | | |
| Exchange differences on translation of foreign operations | - | (0.2) | (0.2) |
| Cash flow hedges - changes in fair value | (3.0) | (0.6) | 1.4 |
| Cost of hedging reserve - changes in fair value | (0.5) | (0.1) | (0.1) |
| Tax relating to components of other comprehensive income | 0.9 | 0.2 | (0.4) |
| Other comprehensive (expense)/income for the period, net of income tax | (2.6) | (0.7) | 0.7 |
| Total comprehensive income for the period attributable to equity shareholders of the parent | 3.0 | 9.8 | 48.5 |

Consolidated statement of financial position

As at 31 July 2025

| | Note | 31 July 2025 | 31 July 2024 | 31 January 2025 |
|----------------------------------|------|--------------|--------------|-----------------|
| | | £'m | £'m | £'m |
| Non-current assets | | | | |
| Intangible assets | 9 | 356.4 | 331.7 | 356.5 |
| Property, plant and equipment | 10 | 49.3 | 46.3 | 48.7 |
| Right of use assets | 11 | 116.9 | 102.7 | 110.2 |
| Deferred tax assets | | 0.9 | 1.9 | 0.6 |
| Derivative financial instruments | 14 | 1.3 | 0.6 | 0.9 |
| | | 524.8 | 483.2 | 516.9 |
| Current assets | | | | |
| Inventories | 12 | 68.3 | 56.4 | 61.1 |
| Trade and other receivables | | 18.8 | 26.5 | 17.0 |
| Tax receivable | | 6.3 | 4.6 | 1.7 |
| Derivative financial instruments | 14 | 0.8 | 0.7 | 2.4 |
| Cash at bank and in hand | | 20.3 | 26.6 | 16.5 |
| | | 114.5 | 114.8 | 98.7 |
| Total assets | | 639.3 | 598.0 | 615.6 |

| | | | | |
|----------------------------------|----|---------|---------|---------|
| Borrowings | | (0.9) | (0.7) | (0.1) |
| Lease liabilities | 11 | (29.2) | (22.1) | (21.7) |
| Trade and other payables | | (70.7) | (76.5) | (76.8) |
| Provisions | 16 | (4.2) | (4.2) | (5.4) |
| Derivative financial instruments | 14 | (2.7) | (1.3) | (0.3) |
| | | (107.7) | (104.8) | (104.3) |

| | | | | |
|----------------------------------|----|---------|---------|---------|
| Borrowings | | (96.9) | (99.2) | (73.9) |
| Lease liabilities | 11 | (92.2) | (81.4) | (88.7) |
| Deferred tax liabilities | | (0.6) | - | (1.4) |
| Derivative financial instruments | 14 | (2.7) | (0.8) | (0.4) |
| | | (192.4) | (181.4) | (164.4) |

| | | | |
|------------|-------|-------|-------|
| Net assets | 339.2 | 311.8 | 346.9 |
|------------|-------|-------|-------|

| | | | |
|------------------------------------------------------------|--------------|--------------|--------------|
| Share capital | 3.5 | 3.5 | 3.5 |
| Share premium | 203.7 | 202.8 | 203.2 |
| Hedging reserve | (0.8) | (0.4) | 1.0 |
| Cost of hedging reserve | (0.4) | (0.1) | (0.1) |
| Reverse acquisition reserve | (0.5) | (0.5) | (0.5) |
| Merger reserve | 2.7 | 2.7 | 2.7 |
| Retranslation reserve | (0.6) | (0.4) | (0.6) |
| Retained earnings | 131.6 | 104.2 | 137.7 |
| Equity attributable to equity holders of the parent | 339.2 | 311.8 | 346.9 |

For the six months ended 31 July 2025

[illegible]

| | | | | | | | | | |
|--------------------------------------------------------------|---|-----|---|---|---|---|---|--------|--------|
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Shares issued | - | 0.5 | - | - | - | - | - | - | 0.5 |
| Share-based payment charges | - | - | - | - | - | - | - | 2.3 | 2.3 |
| Dividends (note 8) ¹ | - | - | - | - | - | - | - | (20.3) | (20.3) |
| Total contributions by and distributions to owners | - | 0.5 | - | - | - | - | - | (18.0) | (17.5) |

| | | | | | | | | | |
|---------------------------|------------|--------------|------------|--------------|--------------|------------|--------------|--------------|--------------|
| At 31 January 2025 | 3.5 | 203.2 | 1.0 | (0.1) | (0.5) | 2.7 | (0.6) | 137.7 | 346.9 |
|---------------------------|------------|--------------|------------|--------------|--------------|------------|--------------|--------------|--------------|

¹ Dividends in the year to 31 January 2025 include £0.5 million of dividend equivalents payable on employee share awards

Consolidated cash flow statement

For the six months ended 31 July 2025

| | Note | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|----------------------------------------------------------------|------|-------------------------------|-------------------------------|----------------------------|
| | | £'m | £'m | £'m |
| Cash from operations | 15 | 30.5 | 17.5 | 105.6 |
| Corporation tax paid | | (6.5) | (8.6) | (16.7) |
| Net cash inflow from operating activities | | 24.0 | 8.9 | 88.9 |
| Cash flows from investing activities | | | | |
| Interest received on bank deposits | 5 | 0.2 | — | 0.2 |
| Purchase of property, plant and equipment | 10 | (5.1) | (5.0) | (11.4) |
| Purchase of intangible assets | 9 | (2.5) | (1.8) | (7.0) |
| Acquisition of subsidiaries net of cash acquired | | - | - | (22.5) |
| Proceeds from disposal of fixed assets | | - | - | 0.2 |
| Net cash outflow from investing activities | | (7.4) | (6.8) | (40.5) |
| Cash flows from financing activities | | | | |
| Interest paid | 5 | (2.8) | (3.0) | (6.4) |
| Proceeds from bank borrowings ¹ | | 121.0 | 196.5 | 258.5 |
| Repayment of bank borrowings ¹ | | (98.0) | (141.2) | (228.5) |
| Other financing costs paid ² | | - | (1.6) | (1.6) |
| Dividends paid | 8 | (12.6) | (15.6) | (19.8) |
| Shares issued under employee share schemes | | 0.5 | - | 0.5 |
| Payment of principal on lease liabilities | | (17.3) | (18.5) | (37.6) |
| Interest in respect of lease liabilities | 5 | (4.2) | (3.7) | (8.0) |
| Net cash inflow/(outflow) from financing activities | | (13.4) | 12.9 | (42.9) |
| Net cash flow for the period | | 3.2 | 15.0 | 5.5 |
| Impact of changes in foreign exchange rates | | (0.3) | (0.2) | (0.1) |
| Net increase in cash and cash equivalents in the period | | 2.9 | 14.8 | 5.4 |
| Cash and cash equivalents at the beginning of the period | | 16.5 | 11.1 | 11.1 |
| Closing cash and cash equivalents | | 19.4 | 25.9 | 16.5 |

¹ Proceeds and repayments from bank borrowings in FY25 includes the impact of refinancing completed in April

2024 as explained in note 14. The previous facilities were repaid in full and new facilities drawn down at the point of refinancing

² Other financing costs paid includes costs incurred directly as a result of the 2024 refinancing

Notes to the condensed consolidated interim 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

These unaudited condensed consolidated interim financial statements ('interim financial statements') for the six months ended 31 July 2025 comprise the Company and its subsidiaries (together referred to as the 'Group'). The interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and the requirements of IAS 34 Interim Financial Reporting as adopted by the United Kingdom. The interim report was approved by the Board of Directors on 29 September 2025.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 January 2025 ('Annual Report') which have been prepared in accordance with UK-adopted international financial reporting standards (UK IFRS) and applicable law.

The comparative figures for the financial year ended 31 January 2025 are an extract from the Annual Report and are not the Group's statutory accounts for that financial year within the meaning of section 434 of the Companies Act 2006. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report was (i) unqualified, (ii) did not contain an emphasis of matter paragraph and (iii) did not contain any statement under section 498 of the Companies Act 2006. The statutory accounts for the year ended 31 January 2025 were approved by the Board of Directors on 7 May 2025 and delivered to the Registrar of Companies.

Significant judgements and sources of estimation uncertainty

The preparation of the interim financial statements in accordance with UK IFRS requires the application of judgement in forming the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may subsequently differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected. Judgements are also reviewed on an ongoing basis to ensure they remain appropriate.

There were no judgements made in the six months ended 31 July that had a material effect on the Group's interim financial statements.

The review of estimates and assumptions in the period concluded that the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 January 2025 with the exception of the identification and valuation of intangible assets arising on the acquisition of Garven Holdings which is not a judgement relevant to this current period. In each case, estimates were made using a consistent methodology, with inputs and assumptions updated to reflect the Group's latest forecasts and prevailing market conditions at 31 July 2025 where appropriate.

As part of this process, the Group maintained assumptions in respect of inventory provisions where sales data for the six months ended 31 July 2025 indicated a materially consistent provisioning requirement for retail inventory as at 31 January 2025. Overall, these assumptions in combination with the movement in gross stock value reduced the value of inventory provisions by approximately £0.9 million, compared to the provision value as at 31 January 2025. The total inventory provision for the Group at 31 July 2025 was £7.3 million (see note 12).

Comparative information

The Group provides comparative financial information in these interim financial statements for both the six months ended 31 July 2024 ('HY25') and the year ended 31 January 2025 ('FY25'). Where included within text, income statement comparatives refer to the six months ended 31 July 2024 and balance sheet comparatives are as at 31 January 2025, unless otherwise stated.

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 resilient financial performance in the current financial year, with continued growth in sales in spite of significant inflationary headwinds and positive operating cash generation. There have been no material events that have adversely affected the Group's liquidity headroom.

The Group's banking facilities include covenants for a maximum Leverage ratio (calculated as Net Debt (excluding lease liabilities) 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. At 31 July 2025, Net Debt (excluding lease liabilities) was £78.9 million and the Group had £25.2 million of undrawn committed facilities.

The UK Corporate Governance Code 2024 requires that an assessment is made of the Group's ability to continue as a going concern for a period of at least 12 months from the signing of these financial statements; however it is not specified how far beyond 12 months should be considered. For the purpose of assessing the going concern assumption, the Group has prepared cash flow forecasts for the 12 month period following the date of approval of these accounts, which incorporate our debt facilities and related covenant measures.

These forecasts are extracted from the Group's approved budget and strategic plan which covers a period of five years. Within the 12-month period, the Group has considered qualitative scenarios and the Group's ability to operate within its existing banking facilities and meet covenant requirements. Beyond the 12-month period, the Group has qualitatively considered whether any factors (for example the timing of debt repayments, or longer-term trading assumptions) indicate a longer period warrants consideration.

The results of this analysis were:

- The Group's base case forecasts indicate that the Group will continue to trade profitably, generate positive operating cash flows and retain considerable liquidity headroom against facility limits whilst meeting all covenant requirements on the relevant test dates 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 issuing these interim accounts that warrant further consideration.
- The Group performed a review of the scenario analysis performed for its FY25 Annual Report & Accounts. Performance in the six months ended 31 July 2025 is consistent with the forecasts that underpinned this analysis and therefore do not consider the analysis to be materially changed.

The Group also conducted a review of the reverse stress test analysis originally performed for the FY25 Annual Report & Accounts, 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 covenant breach during the period. 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.

Updating the reverse stress test analysis to reflect actual performance in the period to 31 July 2025 demonstrated that the level of sales loss or cost increase required would still require a significant reduction in sales that was sustained over a number of months, these scenarios also did not factor in any possible mitigating actions that management could take. Accordingly, such scenarios are not considered to be reasonably likely to occur.

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.

Principal accounting policies

The interim financial statements have been prepared under the historical cost convention except for certain assets and liabilities (principally derivative financial instruments) which are stated at their fair value. The accounting policies are consistent with those applied in the consolidated financial statements for the year ended 31 January 2025.

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

3 Segmental reporting and revenue

The Group is organised into four main business areas which meet the definition of an Operating segment under IFRS

The Group is organised into four main business areas which meet the definition of an operating segment under IFRS, those being cardfactory Stores, cardfactory Online, Partnerships and Printcraft. Each of these business areas has a dedicated management team and reports discrete financial information to the Board for the purpose of decision making.

- cardfactory Stores sells greeting cards, celebration essentials, and gifts to consumers through an extensive network of retail stores across high streets, retail parks and shopping centres in the UK and Republic of Ireland.
- cardfactory Online retails greetings cards, celebration essentials, and gifts via its online platforms; cardfactory.co.uk and, until its closure on 31 January 2025, gettingpersonal.co.uk.
- Partnerships represents the Group's "B2B" wholesale operations and sells greeting cards, celebration essentials and gifts across various brands 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, Garlanna Holdings Limited on 4 September 2024 and Garven Holdings, LLC on 4 December 2024. All three business' principal activities relate to the sale of cards, gifts and/or celebration essentials to business customers, and therefore the results of SA Greetings, Garven and Garlanna are included in the Partnerships operating segment for the purposes of segmental reporting. The accounting policies applied in preparing financial information for each of the Group's segments are consistent with those applied in the preparation of the consolidated financial statements. The Group's support centre and administrative functions are run by the cardfactory Stores segment, with operating costs recharged to other segments where they are directly attributable to the operations of that segment.

The Board reviews revenue and EBITDA by segment, with the exception of Printcraft by virtue of its operations being predominantly intra-group in nature. EBITDA is considered to be a non-GAAP measure, which is defined and reconciled to Operating Profit in Note 4. 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 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:

| | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|-------------------------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| | £'m | £'m | £'m |
| Revenue: | | | |
| cardfactory Stores | 227.8 | 221.4 | 506.8 |
| cardfactory Online | 3.2 | 5.7 | 13.2 |
| Partnerships | 16.5 | 6.6 | 22.2 |
| Other | 0.1 | 0.1 | 0.3 |
| Consolidated Group revenue | 247.6 | 233.8 | 542.5 |
| Of which derived from customers in the UK | 225.6 | 222.3 | 509.8 |
| Of which derived from customers overseas | 22.0 | 11.5 | 32.7 |

| | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|------------------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------|
| | £'m | £'m | £'m |
| EBITDA: | | | |
| cardfactory Stores | 44.0 | 49.7 | 131.8 |
| cardfactory Online | (1.6) | (3.3) | (6.3) |
| Partnerships | 0.6 | 0.7 | 1.0 |
| Other | (3.9) | (1.8) | 1.0 |
| Consolidated Group EBITDA | 39.1 | 45.3 | 127.5 |
| Consolidated Group depreciation, amortisation & impairment | (24.8) | (23.8) | (48.1) |
| Consolidated Group gain/(loss) on disposal | 0.2 | - | (0.1) |
| Consolidated Group Operating Profit | 14.5 | 21.5 | 79.3 |

As described more fully on page 143 of the Group's annual report for FY25, the table above has been amended from the prior half year to present the Group's digital platforms; cardfactory.co.uk and, until its closure on 31 January 2025, gettingpersonal.co.uk, as a single operating segment. Segmental reporting for the period does not include any amounts in respect of Funkypigeon.com Limited, which was acquired after the balance sheet date on 14 August 2025 (see note 19 for more details). The "Other" rows principally reflect central overheads, Printcraft sales to third parties and consolidation adjustments not impacting another operating segment.

Group revenue is predominantly derived from retail customers. Average transaction value is low and products are transferred at the point of sale. Group revenue is presented as a single category as, by segment, revenues are subject to substantially the same economic factors that impact the nature, amount, timing and uncertainty of revenue and cash flows. The types of products sold via each operating segment are fundamentally similar in nature and it is the channel or location of sale that differs. As such, we consider that the segmental analysis above provides a reasonable breakdown of sales by product type.

The table below sets out a geographical analysis of revenues for the current and prior year:

| | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|------------------------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| | £'m | £'m | £'m |
| Revenue derived from customers in the UK | 225.6 | 222.3 | 509.8 |
| Revenue derived from customers overseas | 22.0 | 11.5 | 32.7 |
| Consolidated revenue | 247.6 | 233.8 | 542.5 |

Revenues from customers are allocated to geographical locations based on the location of the customer to whom the sale is made. Revenue from any individual country, with the exception of the UK, is not considered to be individually significant and requiring separate disclosure.

4 EBITDA

Earnings before interest, tax, depreciation, amortisation and impairment charges (EBITDA) represents profit for the period before net finance expense, taxation, depreciation, amortisation and impairment of assets.

| | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|-------------------------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| | £'m | £'m | £'m |
| Operating profit | 14.5 | 21.5 | 79.3 |
| Depreciation, amortisation and impairment | 24.8 | 23.8 | 48.1 |
| Gain on disposal | (0.2) | - | 0.1 |
| EBITDA | 39.1 | 45.3 | 127.5 |

5 Net finance expense

| | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|---------------------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| | £'m | £'m | £'m |
| Net finance expense | | | |
| Interest received | (0.2) | - | (0.2) |
| Interest on bank loans and overdrafts | 2.8 | 3.0 | 6.4 |
| Amortisation of debt issue costs | 0.2 | 0.8 | 1.0 |
| Lease interest | 4.2 | 3.7 | 8.0 |
| | 7.0 | 7.5 | 15.2 |

6 Taxation

The tax charge for the six months ended 31 July 2025 has been calculated on the basis of the estimated effective tax rate on profit before tax for the full financial year to 31 January 2026, which has been assessed as 25% (HY25: 25%).

The estimated effective tax rate is in line with the standard rate of corporation tax in the UK applicable for the period (25%). We consider that although the deductions for capital allowances are likely to be greater than the equivalent depreciation charge for the period, the impact on the effective tax rate will not be material.

7 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 share incentive awards and save as you earn share options.

| | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| | (Number) | (Number) | (Number) |
| Weighted average number of shares in issue | 349,012,771 | 345,984,119 | 346,910,019 |
| Weighted average number of dilutive share options | 1,026,940 | 2,413,510 | 2,295,420 |
| Weighted average number of shares for diluted earnings per share | 350,039,711 | 348,397,629 | 349,205,439 |
| | £'m | £'m | £'m |
| Profit for the financial period | 5.6 | 10.5 | 47.8 |

| | pence | pence | pence |
|---------------------------------------|-------|-------|-------|
| Basic earnings per share ¹ | 1.6 | 3.0 | 13.8 |
| Diluted earnings per share | 1.6 | 3.0 | 13.7 |

¹ For calculation of Adjusted earnings per share, based on Adjusted Profit After Tax which removes the impact of non-underlying transactions, please see the appendix.

8 Dividends

On 29 September 2025, the Directors resolved to pay an interim dividend of 1.3 pence per share (HY25: interim dividend of 1.2 pence per share). The interim dividend will be payable to shareholders on the share register on 7 November 2025, with payments to be made on 12 December 2025.

On 27 June 2025, the Group paid a final dividend of 3.6 pence per share (totalling £12.6 million) in respect of the FY25 financial year. This brought total dividends paid in respect of FY25 to 4.8 pence per share (totalling £16.8 million).

In the six months ended 31 July 2025, the Group paid a final dividend of 4.5 pence per share (£15.6 million) in respect of the FY24 financial year. The FY24 final dividend included an amount in lieu of an interim dividend, with interim dividends unable to be paid earlier due to restrictions in the Group's previous financing facilities that remained in place until 31 January 2024.

Dividends paid in the year:

| | Pence per share | Six months ended 31 July 2025 £'m | Six months ended 31 July 2024 £'m | Twelve months ended 31 January 2025 £'m |
|-----------------------------------------------------|-----------------|-----------------------------------|-----------------------------------|-----------------------------------------|
| Total dividend for the year ended 31 January 2024 | 4.5p | - | 15.6 | 15.6 |
| Interim dividend for the year ended 31 January 2025 | 1.2p | - | - | 4.2 |
| Final dividend for the year ended 31 January 2025 | 3.6p | 12.6 | - | - |
| Total dividends paid to shareholders in the year | | 12.6 | 15.6 | 19.8 |

9 Intangible assets

| | Goodwill | Customer relationships and brands | Software | Total |
|------------------------------------|----------|-----------------------------------|----------|-------|
| | £'m | £'m | £'m | £'m |
| Cost | | | | |
| At 1 February 2025 | 336.9 | 12.9 | 42.0 | 391.8 |
| Additions | - | - | 2.5 | 2.5 |
| Transfers | - | - | - | - |
| At 31 July 2025 | 336.9 | 12.9 | 44.5 | 394.3 |
| Amortisation and impairment | | | | |
| At 1 February 2025 | 14.4 | 0.3 | 20.6 | 35.3 |
| Amortisation in the period | - | 0.6 | 2.0 | 2.6 |
| Impairment in the period | - | - | - | - |
| At 31 July 2025 | 14.4 | 0.9 | 22.6 | 37.9 |
| Net book value | | | | |
| At 31 July 2025 | 322.5 | 12.0 | 21.9 | 356.4 |
| At 31 January 2025 | 322.5 | 12.6 | 21.4 | 356.5 |

10 Property, plant and equipment

| | Freehold property | Leasehold improvements | Plant, equipment, fixtures & vehicles | Total |
|--|-------------------|------------------------|---------------------------------------|-------|
| | £'m | £'m | £'m | £'m |

| | | | | |
|------------------------------------|-------------|------------|-------------|-------------|
| Cost | | | | |
| At 1 February 2025 | 22.7 | 40.8 | 106.5 | 170.0 |
| Additions | - | - | 5.1 | 5.1 |
| At 31 July 2025 | 22.7 | 40.8 | 111.6 | 175.1 |
| Depreciation and impairment | | | | |
| At 1 February 2025 | 5.7 | 40.4 | 75.2 | 121.3 |
| Depreciation in the period | 0.2 | 0.1 | 4.2 | 4.5 |
| At 31 July 2025 | 5.9 | 40.5 | 79.4 | 125.8 |
| Net book value | | | | |
| At 31 July 2025 | 16.8 | 0.3 | 32.2 | 49.3 |
| At 31 January 2025 | 17.0 | 0.4 | 31.3 | 48.7 |

11 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 | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|----------------------------|----------------------------------------------|----------------------------------------------|-------------------------------------------|
| | £'m | £'m | £'m |
| Buildings | 115.7 | 101.7 | 109.4 |
| Motor Vehicles | 1.2 | 1.0 | 0.8 |
| | 116.9 | 102.7 | 110.2 |

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

| | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|---------------------------------------|----------------------------------------------|----------------------------------------------|-------------------------------------------|
| | £'m | £'m | £'m |
| At the beginning of the period | 110.2 | 99.2 | 99.2 |
| Acquisitions | - | - | 0.1 |
| Additions: | | | |
| Buildings | 23.8 | 21.4 | 47.5 |
| Motor vehicles | 0.7 | 0.3 | 0.3 |
| Disposals | (0.2) | (0.5) | (1.0) |
| Depreciation charge: | | | |
| Buildings | (18.1) | (17.4) | (35.7) |
| Motor vehicles | (0.3) | (0.3) | (0.6) |
| Net impairment Reversal | 0.7 | - | 0.4 |
| Effect of foreign exchange rates | 0.1 | - | - |
| At the end of the period | 116.9 | 102.7 | 110.2 |

Disposals and depreciation on disposals include fully depreciated right of use assets in respect of expired leases where the asset remained in use whilst a lease renewal was negotiated.

| Lease liabilities | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|---------------------------|----------------------------------------------|----------------------------------------------|-------------------------------------------|
| | £'m | £'m | £'m |
| Current lease liabilities | (29.2) | (22.1) | (21.7) |

| | | | |
|-------------------------------|---------|---------|---------|
| Non-current lease liabilities | (92.2) | (81.4) | (88.7) |
| Total lease liabilities | (121.4) | (103.5) | (110.4) |

| Lease expense | Six months ended 31 July 2025 | Six months ended 31 July 2024 | Year ended 31 January 2025 |
|----------------------------------------------|-------------------------------|-------------------------------|----------------------------|
| | £'m | £'m | £'m |
| Depreciation expense on right of use assets | 18.4 | 17.7 | 36.3 |
| Impairment reversal of right of use assets | (0.7) | - | (0.4) |
| Profit on disposal of right of use assets | (0.2) | - | - |
| Lease interest | 4.2 | 3.7 | 8.0 |
| Expense relating to variable lease payments | - | 0.2 | 0.2 |
| Total lease related income statement expense | 21.7 | 21.6 | 44.1 |

12 Inventories

| | 31 July 2025 | 31 July 2024 | 31 January 2025 |
|------------------|--------------|--------------|-----------------|
| | £'m | £'m | £'m |
| Finished Goods | 67.5 | 55.5 | 60.5 |
| Work in progress | 0.8 | 0.9 | 0.6 |
| | 68.3 | 56.4 | 61.1 |

Inventories are stated net of provisions totalling £7.3 million (FY25: £8.2 million, HY25: £9.5 million). The cost of inventories recognised as an expense and charged to cost of sales in the period, net of movements in provisions, was £83.0 million (FY25: £162.8 million, HY25: £69.8 million).

13 Analysis of Net Debt

| Six months ended 31 July 2025 | At 1 February 2025 | Cash flow | Non-cash changes | At 31 July 2025 |
|---------------------------------------------|--------------------|-----------|------------------|-----------------|
| | £'m | £'m | £'m | £'m |
| Secured bank loans and accrued interest | (74.0) | (20.1) | (2.8) | (96.9) |
| Lease liabilities | (110.4) | 21.5 | (32.5) | (121.4) |
| Total debt | (184.4) | 1.4 | (35.3) | (218.3) |
| Debt costs capitalised | (1.4) | - | - | (1.4) |
| Bank overdraft | - | (0.9) | - | (0.9) |
| Cash and cash equivalents | 16.5 | 3.8 | - | 20.3 |
| Net Debt | (169.3) | 4.3 | (35.3) | (200.3) |
| Lease liabilities | 110.4 | (21.5) | 32.5 | 121.4 |
| Net Debt excluding lease liabilities | (58.9) | (17.2) | (2.8) | (78.9) |

| Six months ended 31 July 2024 | At 1 February 2024 | Cash flow | Non-cash changes | At 31 July 2024 |
|---------------------------------------------|--------------------|-----------|------------------|-----------------|
| | £'m | £'m | £'m | £'m |
| Secured bank loans and accrued interest | (44.8) | (53.5) | (0.9) | (99.2) |
| Lease liabilities | (100.8) | 22.2 | (24.9) | (103.5) |
| Total debt | (145.6) | (31.3) | (25.8) | (202.7) |
| Debt costs capitalised | (0.7) | (1.7) | 0.8 | (1.6) |
| Bank overdraft | (0.2) | (0.5) | - | (0.7) |
| Cash and cash equivalents | 11.3 | 15.3 | - | 26.6 |
| Net Debt | (135.2) | (18.2) | (25.0) | (178.4) |
| Lease liabilities | 100.8 | (22.2) | 24.9 | 103.5 |
| Net Debt excluding lease liabilities | (34.4) | (40.4) | (0.1) | (74.9) |

| Year ended 31 January 2025 | At 1 February 2024 | Cash flow | Non-cash changes | At 31 January 2025 |
|---------------------------------------------|---------------------------|------------------|-------------------------|---------------------------|
| | £'m | £'m | £'m | £'m |
| Secured bank loans and accrued interest | (44.8) | (23.6) | (5.6) | (74.0) |
| Lease liabilities | (100.8) | 45.6 | (55.2) | (110.4) |
| Total debt | (145.6) | 22.0 | (60.8) | (184.4) |
| Debt costs capitalised | (0.7) | (1.6) | 0.9 | (1.4) |
| Bank overdraft | (0.2) | 0.2 | - | - |
| Cash and cash equivalents | 11.3 | 5.2 | - | 16.5 |
| Net Debt | (135.2) | 25.8 | (59.9) | (169.3) |
| Lease liabilities | 100.8 | (45.6) | 55.2 | 110.4 |
| Net Debt excluding lease liabilities | (34.4) | (19.8) | (4.7) | (58.9) |

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

The Group's primary financing facilities, which consist of a £125 million revolving credit facility, have a maturity date of April 2028, with options to extend by up to 19 months, subject to lender approval. The facility terms include a £75 million accordion, which can be drawn subject to lender approval. £35 million of this accordion has been called, and approved by the Group's lenders, in August 2025 to fund the acquisition of Funky Pigeon (see note 19).

The interest margin on the facilities is dependent upon the Group's Leverage position, with margin between 1.9-2.8%. The facilities include covenants for a maximum Leverage ratio (calculated as Net Debt excluding lease liabilities) 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.

The Group's cash generation profile typically follows a seasonal 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 lead to reduced stock levels and higher cash inflows. As a result, net debt at the end of both the half year and at the year-end is usually lower than the intra-year peak, which typically occurs during the third quarter.

14 Financial instruments

Financial instruments carried at fair value are measured by reference to the following fair value hierarchy:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments are carried at fair value and measured under a level 2 valuation method. Valuations are provided by the instrument counterparty.

For all other financial instruments, the fair value approximates to their carrying amounts.

| | 31 July 2025 | 31 July 2024 | 31 January 2025 |
|----------------------------|---------------------|---------------------|------------------------|
| | £'m | £'m | £'m |
| Derivative assets | | | |
| <i>Non-current</i> | | | |
| Interest-rate contracts | - | - | - |
| Foreign exchange contracts | 1.3 | 0.6 | 0.9 |
| | 1.3 | 0.6 | 0.9 |
| <i>Current</i> | | | |
| Interest-rate contracts | 0.1 | 0.1 | - |
| Foreign exchange contracts | 0.7 | 0.6 | 2.4 |
| | 0.8 | 0.7 | 2.4 |

Derivative liabilities*Current*

| | | | |
|----------------------------|-------|-------|-------|
| Interest rate contracts | - | - | - |
| Foreign exchange contracts | (2.7) | (1.3) | (0.3) |
| | (2.7) | (1.3) | (0.3) |

Non-current

| | | | |
|----------------------------|-------|-------|-------|
| Interest rate contracts | - | - | - |
| Foreign exchange contracts | (2.7) | (0.8) | (0.4) |
| | (2.7) | (0.8) | (0.4) |

Net derivative financial instruments

| | | | |
|----------------------------|-------|-------|-----|
| Interest rate contracts | 0.1 | 0.1 | - |
| Foreign exchange contracts | (3.4) | (0.9) | 2.6 |
| | (3.3) | (0.8) | 2.6 |

Fair value movements in foreign currency derivatives are recognised in other comprehensive income to the extent the contract is part of an effective hedging relationship as defined by IFRS 9. The fair value movements of £3.4 million that do not meet these criteria have been charged to the income statement (HY25: £0.1 million) within cost of sales.

Changes in the fair value of foreign exchange contracts have been more volatile in the period since 31 July 2024, reflecting increased volatility in GBPUSD exchange rates.

The Group considers that fair value movements on derivative contracts recognised in the income statement do not reflect the underlying trading performance of the Group in that period, given the fair value movements are attributable to contracts that will settle and be used for stock purchases in future periods. The Group considers such contracts to be commercial hedges, even if they do not meet the criteria of IFRS 9 to qualify for hedge accounting, and as a result they are removed from Adjusted Profit Before Tax. Adjusted Profit Before Tax and all other alternative performance measures are defined and reconciled in the appendix to these financial statements.

15 Notes to the cash flow statement

Reconciliation of operating profit to cash generated from operations:

| | 31 July 2025 | 31 July 2024 | 31 January 2025 |
|---------------------------------------------------------------|--------------|--------------|-----------------|
| | £'m | £'m | £'m |
| Profit before tax | 7.5 | 14.0 | 64.1 |
| Net finance expense | 7.0 | 7.5 | 15.2 |
| Operating profit | 14.5 | 21.5 | 79.3 |
| Adjusted for: | | | |
| Depreciation and amortisation | 25.5 | 24.3 | 48.5 |
| Reversal of Impairment of right of use assets | (0.7) | (0.5) | (0.4) |
| Impairment of tangible assets | - | - | - |
| Impairment of intangible assets | - | - | - |
| Gain on disposal of right of use assets | (0.2) | - | - |
| Cash flow hedging foreign currency movements | 3.8 | (0.1) | (1.9) |
| Unrealised foreign exchange (gains)/losses | (0.6) | - | (0.1) |
| Share-based payments charge | 1.2 | 1.5 | 2.3 |
| Operating cash flows before changes in working capital | 43.5 | 46.7 | 127.7 |
| (Increase)/Decrease in receivables | (1.9) | (14.8) | (3.3) |
| (Increase) in inventories | (3.5) | (6.5) | (11.2) |
| (Decrease) in payables | (6.4) | (4.6) | (4.1) |
| Movement in provisions | (1.2) | (3.3) | (3.5) |
| Cash from Operations | 30.5 | 17.5 | 105.6 |

| Six months ended 31 July 2025 | Covid-19-related support | Property Provision | Restructuring provision | Total |
|---------------------------------------|--------------------------|--------------------|-------------------------|------------|
| | £'m | £'m | £'m | £'m |
| At 1 February 2025 | 2.1 | 2.1 | 1.2 | 5.4 |
| Provisions utilised during the period | - | 0.3 | (1.2) | (0.9) |
| Provisions provided during the period | - | (0.3) | - | (0.3) |
| At 31 July 2025 | 2.1 | 2.1 | - | 4.2 |

| Six months ended 31 July 2024 | Covid-19-related support | Property Provision | Restructuring provision | Total |
|---------------------------------------|--------------------------|--------------------|-------------------------|------------|
| | £'m | £'m | £'m | £'m |
| At 1 February 2024 | 5.4 | 2.1 | - | 7.5 |
| Provisions utilised during the period | (3.2) | - | - | (3.2) |
| Provisions released during the period | - | 0.1 | - | 0.1 |
| Provisions provided during the period | - | (0.2) | - | (0.2) |
| At 31 July 2024 | 2.2 | 2.0 | - | 4.2 |

| Year ended 31 January 2025 | Covid-19-related support | Property Provision | Restructuring provision | Total |
|-------------------------------------|--------------------------|--------------------|-------------------------|------------|
| | £'m | £'m | £'m | £'m |
| At 1 February 2024 | 5.4 | 2.1 | - | 7.5 |
| Acquisitions | - | 0.6 | - | 0.6 |
| Provisions utilised during the year | (3.3) | (0.3) | - | (3.6) |
| Provisions released during the year | - | (0.8) | - | (0.8) |
| Amounts provided during the year | - | 0.5 | 1.2 | 1.7 |
| At 31 January 2025 | 2.1 | 2.1 | 1.2 | 5.4 |

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 Coronavirus Job Retention Scheme, in excess of the value the Group reasonably believes it is entitled to retain under the terms and conditions of those schemes. The provisions have been estimated based on the Group's interpretation of the terms and conditions of the respective schemes and, where applicable, independent professional advice.

A partial settlement of these amounts was paid in April 2024 amounting to £3.3 million. The Group continues to hold discussions regarding settlement of the remaining element of the provision. The Group has not obtained any information that changes its assessment of the valuation of the remaining provision at 31 July 2025.

The Group believes a range of reasonably possible outcomes remains and that the Group's provision reflects a reasonable assessment of the amount that may be repayable. The Group does not believe that any position within the range of reasonably possible outcomes would reflect a material change to the provision held at the balance sheet date and this provision is classified as current as the Group is actively aiming to resolve this settlement in the next 12 months.

One-off costs relating to a restructuring programme associated with the closure of the Getting Personal website and streamlining central support operations fully utilised during the first half of the year.

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.

17 Principal risks and uncertainties

The principal risks and uncertainties facing the Group are materially unchanged since the publication of the Annual Report (as published and explained in more detail on pages 69 to 74 of the Group's Annual Report for the year ended 31 January 2025) and are set out below for each category of risk.

Financial Risks:

- Geopolitical Instability
- Cost price inflation

Operational Risks:

- IT Infrastructure and risk of IT/security disruption
- Business continuity
- Cyber
- Supply Chain
- Regulatory compliance

Strategic Risks:

- ESG Compliance and climate change risks
- Loss of position as leading value specialty retailer for cards

18 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 consolidated.

A full listing of the Group's subsidiary undertakings is provided in the 2025 Annual Report and Accounts.

Since 31 January 2025, the Group has added a new subsidiary funkypigeon.com Limited. The Group owns 100% of this entity.

The key management personnel of the Group comprise the Card Factory plc Board of Directors, the Executive Board and the Senior Leadership Team. Disclosures relating to remuneration of key management personnel are included in note 5 of the 2025 Annual Report and Accounts financial statements. Further details of Directors' remuneration are set out in the Directors' Remuneration Report of the Annual Report and Accounts on pages 102 to 114. Directors of the Company and their immediate families control 0.2% of the ordinary shares of the Company.

There were no other related party transactions in the period.

19 Subsequent Events - Acquisition of Funky Pigeon

On 14 August 2025, the Group completed the acquisition of 100% of the issued share capital of funkypigeon.com Limited ('Funky Pigeon') from WH Smith PLC for cash consideration of £24.1 million. The acquired business operates funkypigeon.com, an established online personalised card and attached gifting business, which is supported by its standalone team in Bristol and Guernsey.

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

Given the short period of time between the completion of the acquisition and these interim financial statements being published, the initial accounting is incomplete and as such we have not included disclosures concerning the fair value of net assets acquired and any goodwill or intangible assets to be recognised. The Group expects to include acquisition disclosures under IFRS 3 as part of its annual report for FY26.

As at 31 July 2025, acquisition-related costs totalling £1.7 million have been expensed and included within operating expenses in the Consolidated Income Statement. These costs have been excluded from Adjusted PBT as they are one-off in nature.

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as contained in UK-adopted IFRS;
- the interim management report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Darcy Wilson Rymer

Matthias Seeger

Independent review report to Card Factory plc**Conclusion**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2025 which comprises consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement and related notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2025 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 (Revised), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note [2], the annual financial statements of the group are prepared in accordance with UK adopted IFRSs. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410 (Revised), however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of the Report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK) 2410 issued by the Financial Reporting Council and our Engagement Letter dated 18 September 2025. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Forvis Mazars LLP
Chartered Accountants
30 Old Bailey
London
EC4M 7AU
Date: 29 September 2025

APPENDIX**Alternative Performance Measures ("APMs") and other explanatory information**

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

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

The Directors believe that these APMs provide additional useful information on the performance and position of the Group and are intended to aid the user in understanding the Group's results.

The APMs presented are consistent with measures used internally by the Board and management for performance analysis, planning, reporting and incentive setting purposes.

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

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

Sales APMs

LFL Sales

Closest IFRS Equivalent: Revenue

Like-for-like or LFL calculates the growth or decline in gross sales in the current period versus a prior comparative period.

For stores, LFL measures exclude any sales earned from new stores opened in the current period or closed since the comparative period and only consider the time period where stores were open and trading in both the current and prior period.

LFL measures for product lines or categories, where quoted, are calculated using the same principles.

LFL measures for our online businesses compare gross sales for the current and comparative period made through the respective online platform.

All LFL measures in this report compare HY26 to HY25, unless otherwise stated.

In addition, the Group reports combined Like-for-like sales measures for certain components of the business as follows:

- "cardfactory LFL" is defined as Like-for-like sales in stores plus Like-for-like sales from the cardfactory website www.cardfactory.co.uk.

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

| Reconciliation of Revenue to LFL Sales | | | |
|------------------------------------------------|-----------------------------|-----------------------------|--------------------------|
| | cardfactory Stores £m | cardfactory Online £m | cardfactory LFL £m |
| Revenue HY26 | 227.8 | 3.2 | 231.0 |
| VAT | 44.1 | 0.7 | 44.8 |
| Adjustment for Stores not open in both periods | (5.5) | - | (5.5) |
| LFL Sales HY26 | 266.4 | 3.9 | 270.3 |
| Revenue HY25 | 221.4 | 3.7 | 225.1 |
| VAT | 41.8 | 0.7 | 42.5 |
| Adjustment for Stores not open in both periods | (0.8) | - | (0.8) |
| LFL Sales HY25 | 262.4 | 4.4 | 266.8 |
| LFL Sales Growth | +1.5% | -11.3% | +1.3% |

Note percentages are calculated based on absolute figures before rounding.

Profitability APMs

Adjusting Items

In calculating 'adjusted' financial performance measures, the Group excludes the effect of transactions that, in the opinion of the Directors, are either one-off in nature or are otherwise unreflective of the Group's underlying trading performance for the period in question ("Adjusting Items"). Adjusted measures are intended to present a normalised or underlying trading performance for the Group.

The table below sets out the effect of Adjusting items on the consolidated income statement in the period.

| | HY26 | | | | HY25 | | |
|---------------------|--------------|-----------------|----------------------|--|--------------|-----------------|----------------------|
| | Adjusted | Adjusting Items | Statutory / Reported | | Adjusted | Adjusting Items | Statutory / Reported |
| | £m | £m | £m | | £m | £m | £m |
| Revenue | 247.6 | - | 247.6 | | 233.8 | - | 233.8 |
| Cost of sales | (170.9) | (3.4) | (174.3) | | (157.6) | - | (157.6) |
| Gross profit | 76.7 | (3.4) | 73.3 | | 76.2 | - | 76.2 |

| | | | | | | | |
|--------------------------|-------------|--------------|-------------|--|-------------|--------------|-------------|
| Operating expenses | (56.5) | (2.3) | (58.8) | | (54.7) | - | (54.7) |
| Operating profit | 20.2 | (5.7) | 14.5 | | 21.5 | - | 21.5 |
| Net finance costs | (7.0) | - | (7.0) | | (7.0) | (0.5) | (7.5) |
| Profit before tax | 13.2 | (5.7) | 7.5 | | 14.5 | (0.5) | 14.0 |
| Taxation | (3.3) | 1.4 | (1.9) | | (3.6) | 0.1 | (3.5) |
| Profit for period | 9.9 | (4.3) | 5.6 | | 10.9 | (0.4) | 10.5 |

The transactions that have been adjusted could distort the impression of future performance trends based on the current year results. The Group uses Adjusted PBT to assess its performance on an underlying basis excluding these items and believe measures adjusted in this manner provide additional information about the impact of unusual or one-off items on the Group's performance in the period.

In HY26 the Directors have identified the following items that they believe to meet the definition of 'one-off/non-underlying' for this purpose:

- Transaction costs related to the acquisition of Funky Pigeon of £1.7 million (recognised in operating expenses).
- Amortisation charged relating to intangible assets recognised as a result of the acquisitions of Garven and Garlanna of £0.6 million (recognised in operating expenses).
- Unrealised fair value losses of £3.4 million on derivative FX contracts held at 31 July 2025, under which currency will be delivered in future periods (recognised in cost of sales).

Adjusting Items in HY25 related to £0.5 million of finance costs associated with the refinancing of the Group's debt facilities, completed in April 2024 (recognised in finance costs). Unrealised fair value gains/losses on derivative FX contracts in HY25 were negligible.

Taxation on Adjusting Items for interim periods is calculated using the effective tax rate, which was 25% in both periods presented (see note 6 for more information in relation to the tax charge calculation for interim periods).

EBITDA

Closest IFRS Equivalent: Operating Profit¹

EBITDA is earnings before interest, tax, gains or losses on disposals, 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.

¹ Whilst operating profit is not defined formally in IFRS, it is considered a generally accepted accounting measure.

| Reconciliation of EBITDA to Operating Profit | | |
|-----------------------------------------------------|--------------------|--------------------|
| | HY26 £m | HY25 £m |
| Operating Profit | 14.5 | 21.5 |
| <i>Add back:</i> | | |
| Depreciation | 22.9 | 22.3 |
| Amortisation | 2.6 | 1.5 |
| Gain on disposal | (0.2) | - |
| Impairment reversals | (0.7) | - |
| | | |
| EBITDA | 39.1 | 45.3 |
| Add back unrealised losses on derivative contracts | 3.4 | - |
| Add back acquisition related transaction costs | 1.7 | - |
| Adjusted EBITDA | 44.2 | 45.3 |

Adjusted PBT

Closest IFRS Equivalent: Profit Before Tax

Adjusted PBT is Profit Before Tax adjusted to exclude the effect of Adjusting Items as described above.

| Reconciliation of Adjusted PBT to Profit Before Tax | | |
|------------------------------------------------------------|--------------------|--------------------|
| | HY26 £m | HY25 £m |
| Profit Before Tax | 7.5 | 14.0 |
| <i>Add back / (Deduct):</i> | | |
| Amortisation of acquired intangibles | 0.6 | - |
| Unrealised losses on derivative contracts | 3.4 | - |
| Acquisition-related transaction costs | 1.7 | - |
| Non-recurring refinancing charges | - | 0.5 |
| | | |
| Adjusted PBT | 13.2 | 14.5 |

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's adjusted Basic EPS for HY26 is 1.0p and for HY25 is 1.1p. The Group's adjusted Basic EPS is calculated as follows:

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 and reconciliation to Basic EPS. | | |
|---------------------------------------------------------------------|-------------|-------------|
| | HY26 | HY25 |
| Weighted average number of shares in issue (A) | 349,012,771 | 345,984,119 |
| Profit after tax for the period (B) | £5.6m | £10.5m |
| Basic EPS (B)/(A) | 1.6 pence | 3.0 pence |
| Adjusted PBT | £13.2m | £14.5m |
| Effective tax rate | 25.0% | 25.0% |
| Tax charge on Adjusted PBT | (£3.3m) | (£3.6m) |
| Adjusted Profit for the period (C) | £9.9m | £10.9m |
| Adjusted EPS (C) / (A) | 2.8 pence | 3.1 pence |

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 | | |
|--------------------------------|--------------------|--------------------|
| | HY26 £m | HY25 £m |
| Current Borrowings | 0.9 | 0.7 |
| Non-Current Borrowings | 96.9 | 99.2 |
| Add back Debt Issue Costs | 1.4 | 1.6 |
| Gross Borrowings | 99.2 | 101.5 |
| Cash | (20.3) | (26.6) |
| Net Debt (exc. Leases) | 78.9 | 74.9 |
| Lease Liabilities | 121.4 | 103.5 |
| Net Debt (inc. Leases) | 200.3 | 178.4 |

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 and also adds back any transaction costs incurred in acquisitions in line with definitions within our facility agreement. The Group monitors and reports leverage as a key measure of its financing position and as an assessment of the Group's ability to manage and repay its debt position. Adjusted Leverage is consistent with a covenant defined with-in the Group's financing facilities.

Under its capital allocation policy, the Group targets Adjusted Leverage below 1.5x throughout the financial year. The Group have remained within the maximum adjusted leverage target in the year to 31 January 2025. As described in the financial review above, the Group's cash flows and earnings are materially affected by seasonality, with higher sales and cash flows in the second half of the year linked to the Christmas season. As a result, Net Debt levels are lower and Leverage improved at the year end, after the Christmas season.

| Calculation of Leverage | | |
|--------------------------------------|--------------------|--------------------|
| | HY26 £m | HY25 £m |
| Net Debt (as calculated above) (A) | 78.9 | 74.9 |
| EBITDA for H1 (as calculated above) | 39.1 | 45.3 |
| EBITDA for H2 of prior year | 82.9 | 71.5 |
| Add back transaction costs incurred | 1.7 | - |
| EBITDA (last 12 months) (B) | 123.7 | 116.8 |
| IFRS 16 depreciation | (18.4) | (17.7) |
| IFRS 16 impairment reversal/(charge) | 0.7 | - |

| | | |
|---------------------------------------|-------------|-------------|
| IFRS 16 impairment reversal (charge)/ | 0.2 | - |
| Gains on modification/disposal | (4.2) | (3.7) |
| IFRS 16 interest | (22.6) | (20.5) |
| Rent costs for H2 prior year | | |
| EBITDA less rent costs (C) | 79.5 | 74.9 |
| | | |
| Leverage (A/B) | 0.6x | 0.6x |
| Adjusted Leverage (A/C) | 1.0x | 0.9x |

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 | | |
|------------------------------------------|--------------|--------------|
| | HY26 £m | HY25 £m |
| Cash from Operations | 30.5 | 17.5 |
| EBITDA | 39.1 | 45.3 |
| | | |
| Operating Cash conversion | 78.1% | 38.6% |

Free Cash Flow

Closest IFRS Equivalent: No equivalent; however, it is calculated with reference to net cash inflow from operating activities (an IFRS measure).

Free cash flow is net cash inflow from operating activities per the cash flow statement prepared in accordance with IFRS less capital expenditure, lease payments (including interest) and net finance costs and adding proceeds from disposals of fixed assets.

| Calculation of Free Cash Flow | | |
|--------------------------------------------------|--------------|---------------|
| | HY26 £m | HY25 £m |
| Net cash inflow from operating activities | 24.0 | 8.9 |
| Less: | | |
| Capital expenditure | (7.6) | (6.8) |
| Lease payments (inc. Interest) | (21.5) | (22.2) |
| Net finance costs | (2.6) | (4.7) |
| Other non-operating income/(costs) | 0.2 | (0.1) |
| Free Cash Flow | (7.5) | (24.9) |
| Add back one-off items | 1.2 | 4.9 |
| Adjusted Free Cash Flow | (6.3) | (20.0) |

Adjusted Free Cash Flow excludes the impact of cashflows that are considered one-off in nature. In HY26, this includes £1.2 million of restructuring costs paid out after being provided for at 31 January 2025. In HY25, Adjusted Free Cash Flow excludes total fees of £1.6 million related to the refinancing completed in April 2024 and £3.3 million related to repayment of Covid grant funds.

Net finance costs including interest received on bank deposits, interest paid on bank borrowings and other financing costs paid.

Other Financial Calculation Information

Unless otherwise stated, amounts in this report are presented in Pound Sterling (GBP), and have been rounded to the nearest £0.1 million.

Information in tables or charts may not add down or across, or calculate precisely, due to rounding.

Percentage movements, where provided, are based on amounts before they were rounded to the nearest £0.1 million.

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