

# Card Factory

## Strategy and better execution bearing fruit

H127 results

Retail

30 September 2026

Card Factory's H127 results and current trading update provide welcome signs of better momentum after a difficult period for UK trading. While the consumer backdrop remains challenging, better execution and cost control have improved the profitability of the core store business, with more recent trading suggesting the actions taken to improve the customer proposition are gaining traction. At the same time, the strategy to broaden beyond its traditional UK card market continues to progress, with encouraging early performance from party products, continued growth in international and wholesale, and the Funky Pigeon integration on track. There remains plenty to deliver through the all-important peak trading period; however, management is confident in meeting full-year consensus estimates.

| Year end | Revenue (£m) | PBT (£m) | EPS (p) | DPS (p) | P/E (x) | Yield (%) |
|----------|--------------|----------|---------|---------|---------|-----------|
| 1/25     | 542.5        | 66.0     | 14.18   | 4.80    | 5.5     | 6.2       |
| 1/26     | 582.7        | 56.0     | 11.78   | 5.00    | 6.6     | 6.4       |
| 1/27e    | 614.4        | 58.2     | 12.76   | 5.20    | 6.1     | 6.7       |
| 1/28e    | 639.3        | 63.6     | 15.10   | 5.40    | 5.2     | 6.9       |

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items and are fully diluted.

## H127 resilient despite weak UK footfall

Group revenue increased c 5%, primarily reflecting the acquisition of Funky Pigeon and continued wholesale growth. Store revenue declined by 0.7%, with UK like-for-like sales declining by 2.3% as weak consumer confidence and footfall weighed on transaction numbers. Management continues to increase average basket values with product newness alongside early encouraging results from a multi-year test-and-learn store segmentation programme. Encouragingly, higher product margin and efficiencies led to higher store profitability despite the weaker top line. The Republic of Ireland stores performed well with a like-for-like sales increase of 5.6%, and wholesale grew revenue by 13.6%. Adjusted PBT of £12.7m compares with H126's £13.2m as improved store profitability was offset by investment in digital. FY27 is viewed as a year of integration and transition, and international growth. A highlight of the results was the £7.1m improvement in adjusted cash flow to £0.8m, a strong outcome for the typical seasonally cash-consuming first half. With respect to shareholder returns, the interim dividend was increased to 1.4p/share (1.3p/share in H126) and the company has already completed 83% of the £15m share buyback.

## Management confident in meeting FY27 consensus

Management has reiterated confidence in meeting consensus FY27 adjusted PBT expectations, with a company-compiled consensus of £54–59m and an average of £56.7m. The improving UK I-f-I trajectory since the period end is supportive, while H2 should benefit from the broader and refreshed products, an easier comparative, targeted value investments and the remaining 'Simplify & Scale' efficiencies, helping to offset 3–4% cost inflation. We make no changes to our estimates.

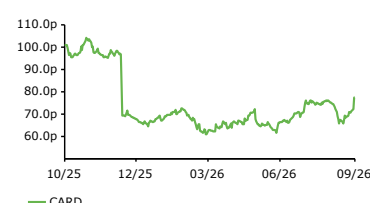
## Valuations attractive to company's own history

The prospective FY27 EV/sales multiple (excluding lease liabilities) of 0.56x compares with the company's historic low multiple of 0.49x from FY26. The prospective dividend yield compares favourably with the long-term average of 5.9%.

**Price** 77.90p  
**Market cap** £257m

Net cash/(debt) at 31 July 2026 £(87.4)m  
(excluding IFRS 16 liabilities of £116.6m)  
Shares in issue 330.1m  
Free float 88.7%  
Code CARD  
Primary exchange LSE  
Secondary exchange N/A

### Share price performance



| %                | 1m  | 3m     | 12m    |
|------------------|-----|--------|--------|
| Abs              | 3.6 | 16.1   | (21.4) |
| 52-week high/low |     | 107.7p | 55.3p  |

### Business description

Card Factory is the UK's leading specialist retailer of greeting cards, gifts and celebration essentials. Its UK and Ireland customers are served via an extensive store estate and digital channels. Partnerships and franchises provide further access to UK and international customers.

### Next events

|                     |              |
|---------------------|--------------|
| FY27 trading update | January 2027 |
| FY27 results        | April 2027   |

### Analysts

|                 |                     |
|-----------------|---------------------|
| Russell Pointon | +44 (0)20 3077 5700 |
| Chloe Wong      | +44 (0)20 3077 5700 |

[consumer@edisongroup.com](mailto:consumer@edisongroup.com)  
[Edison profile page](#)

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**Exhibit 1: Financial summary**

| £m                                       | FY24    | FY25    | FY26    | FY27e   | FY28e   |
|------------------------------------------|---------|---------|---------|---------|---------|
| Year end 31 January                      | IFRS    | IFRS    | IFRS    | IFRS    | IFRS    |
| <b>INCOME STATEMENT</b>                  |         |         |         |         |         |
| Revenue                                  | 510.9   | 542.5   | 582.7   | 614.4   | 639.3   |
| Adjusted EBITDA                          | 120.6   | 128.6   | 123.6   | 133.4   | 141.5   |
| EBITDA                                   | 122.6   | 127.5   | 116.8   | 133.4   | 141.5   |
| Depreciation and amortisation            | (46.2)  | (48.2)  | (57.4)  | (60.6)  | (63.7)  |
| Adjusted operating profit                | 75.5    | 80.7    | 71.5    | 74.9    | 79.9    |
| Amortisation of acquired intangibles     | 0.0     | (0.3)   | (2.1)   | (2.1)   | (2.1)   |
| Exceptionals                             | 0.9     | (1.1)   | (10.0)  | 0.0     | 0.0     |
| Reported operating profit                | 76.4    | 79.3    | 59.4    | 72.8    | 77.8    |
| Net Interest                             | (13.4)  | (15.2)  | (15.5)  | (16.6)  | (16.3)  |
| JVS and associates (post tax)            | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Exceptionals                             | 2.6     | 0.0     | 0.0     | 0.0     | 0.0     |
| Adjusted profit before tax               | 62.1    | 66.0    | 56.0    | 58.2    | 63.6    |
| Profit Before Tax (reported)             | 65.6    | 64.1    | 43.9    | 56.1    | 61.5    |
| Reported tax                             | (16.1)  | (16.3)  | (12.7)  | (15.1)  | (16.5)  |
| Profit After Tax (norm)                  | 46.5    | 49.5    | 41.1    | 43.1    | 47.1    |
| Profit After Tax (reported)              | 49.5    | 47.8    | 31.2    | 41.0    | 45.0    |
| Discontinued operations                  | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Net income (normalised)                  | 46.5    | 49.5    | 41.1    | 43.1    | 47.1    |
| Net income (reported)                    | 49.5    | 47.8    | 31.2    | 41.0    | 45.0    |
| Average Number of Shares Outstanding (m) | 343.3   | 346.9   | 348.2   | 337.4   | 311.2   |
| EPS – normalised (p)                     | 13.5    | 14.3    | 11.8    | 12.8    | 15.1    |
| EPS – normalised fully diluted (p)       | 13.4    | 14.2    | 11.8    | 12.7    | 15.1    |
| EPS – basic reported (p)                 | 14.4    | 13.8    | 9.0     | 12.2    | 14.5    |
| DPS (p)                                  | 4.5     | 4.8     | 5.0     | 5.2     | 5.4     |
| Revenue growth (%)                       | 10      | 6       | 7       | 5       | 4       |
| Adjusted EBITDA Margin (%)               | 23.6    | 23.7    | 21.2    | 21.7    | 22.1    |
| Adjusted Operating Margin (%)            | 14.8    | 14.9    | 12.3    | 12.2    | 12.5    |
| <b>BALANCE SHEET</b>                     |         |         |         |         |         |
| Fixed Assets                             | 478.3   | 516.9   | 556.8   | 561.0   | 561.2   |
| Intangible Assets                        | 331.4   | 356.5   | 388.8   | 390.8   | 389.0   |
| Tangible Assets                          | 45.9    | 48.7    | 51.6    | 51.3    | 50.6    |
| Right-of-Use Assets                      | 99.2    | 110.2   | 114.8   | 117.4   | 119.9   |
| Investments & other                      | 1.8     | 1.5     | 1.6     | 1.6     | 1.6     |
| Current Assets                           | 73.8    | 98.7    | 104.1   | 97.6    | 92.1    |
| Stocks                                   | 50.0    | 61.1    | 58.9    | 62.1    | 64.6    |
| Debtors                                  | 11.6    | 17.0    | 20.8    | 26.1    | 26.9    |
| Cash & cash equivalents                  | 11.3    | 16.5    | 18.8    | 3.7     | (5.0)   |
| Other                                    | 0.9     | 4.1     | 5.6     | 5.6     | 5.6     |
| Current Liabilities                      | (122.1) | (104.3) | (116.4) | (118.6) | (118.2) |
| Creditors                                | (80.1)  | (76.8)  | (73.9)  | (79.5)  | (80.5)  |
| Tax and social security                  | (0.4)   | 0.0     | 0.0     | 0.0     | 0.0     |
| Short-term borrowings                    | (7.1)   | (0.1)   | (1.5)   | (0.1)   | (0.1)   |
| Short-term leases                        | (25.3)  | (21.7)  | (32.8)  | (32.8)  | (32.8)  |
| Other                                    | (9.2)   | (5.7)   | (8.2)   | (6.2)   | (4.8)   |
| Long-term liabilities                    | (114.2) | (164.4) | (190.0) | (172.5) | (150.0) |
| Long-term borrowings                     | (37.9)  | (73.9)  | (83.8)  | (63.7)  | (38.7)  |
| Long-term leases                         | (75.5)  | (88.7)  | (90.4)  | (93.0)  | (95.5)  |
| Other long-term liabilities              | (0.8)   | (1.8)   | (15.8)  | (15.8)  | (15.8)  |
| Net Assets                               | 315.8   | 346.9   | 354.5   | 367.4   | 385.1   |
| Minority interests                       | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Shareholders' equity                     | 315.8   | 346.9   | 354.5   | 367.4   | 385.1   |
| <b>CASH FLOW</b>                         |         |         |         |         |         |
| Operating Cash Flow                      | 113.0   | 112.2   | 102.1   | 116.7   | 125.1   |
| Working capital                          | (6.1)   | (22.1)  | (0.3)   | (4.9)   | (3.8)   |
| Exceptional & other                      | 11.8    | 15.5    | 20.5    | 18.9    | 18.6    |
| Tax                                      | (13.5)  | (16.7)  | (12.0)  | (15.1)  | (16.5)  |
| Net operating cash flow before interest  | 105.2   | 88.9    | 110.3   | 115.6   | 123.5   |
| Capex                                    | (27.8)  | (18.2)  | (19.4)  | (25.0)  | (24.0)  |
| Acquisitions/disposals                   | (2.2)   | (22.5)  | (25.7)  | 0.0     | 0.0     |
| Net interest                             | (6.5)   | (6.2)   | (6.2)   | (7.3)   | (6.8)   |
| Equity financing                         | 0.6     | 0.5     | (4.4)   | (13.0)  | (13.0)  |
| Dividends                                | 0.0     | (19.8)  | (17.2)  | (17.4)  | (16.6)  |
| Lease repayments and interest            | (43.7)  | (45.6)  | (45.7)  | (46.6)  | (46.8)  |
| Other                                    | (23.6)  | 28.4    | 9.6     | (20.0)  | (25.0)  |
| Net Cash Flow                            | 2.0     | 5.5     | 1.3     | (13.7)  | (8.8)   |
| Opening net debt/(cash) excluding leases | 57.2    | 34.4    | 58.9    | 67.9    | 60.1    |
| FX                                       | (0.8)   | (0.1)   | (0.4)   | 0.0     | 0.0     |
| Other non-cash movements                 | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Closing net debt/(cash)                  | 34.4    | 58.9    | 67.9    | 60.1    | 43.8    |
| Closing net debt/(cash) including leases | 135.2   | 169.3   | 189.7   | 185.8   | 172.2   |

Source: Card Factory, Edison Investment Research.

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