

# Card Factory

## Challenging UK high street

Card Factory's (CARD's) trading update highlights that continuing weak consumer confidence has contributed to soft footfall on the high street as it heads into its key trading period. As a result, sales performance in its UK stores was lower than previously expected. Therefore, with the assumption that the same trend continues, management anticipates FY26 adjusted PBT will be £55–60m, some 15–22% below our prior forecast. While the trading update is undoubtedly disappointing, there are a number of positives outside the UK stores. First, the UK sales performance is volume related (ie due to lower footfall), implying average basket values have not been affected. Second, the performances of the other businesses, including Funky Pigeon, are in line with management's expectations. Finally, the 'Simplify and Scale' productivity and efficiency programme is progressing well.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
1/24	510.9	64.2	13.85	4.50	5.4	6.0
1/25	542.5	67.8	14.75	4.80	5.1	6.4
1/26e	557.8	57.4	12.26	5.00	6.1	6.7
1/27e	602.2	62.0	13.19	5.20	5.7	6.9

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

## Reducing estimates to the bottom end of guidance

Management's new guided range for adjusted PBT of £55–60m is £10.7–15.7m below our prior estimate of £70.7m using the company's definition of adjusted PBT. This differs to our definition as we add back share-based payments. Assuming no incremental operating cost savings beyond our prior forecasts and simplistically grossing up the lower expected profit, we estimate this equates to a revenue shortfall of c £31–45m versus our prior forecast. We have reduced our FY26 estimates to the bottom end of the guided range and carried this reduction through to FY27 and beyond.

## Valuation: Deep discount to peers remains

The company's valuation remains at a significant discount to its peers. The average FY26 P/E multiple for its peers, annualised to CARD's year-end, is 12.7x versus 6.1x for the company.

## FY26 trading update

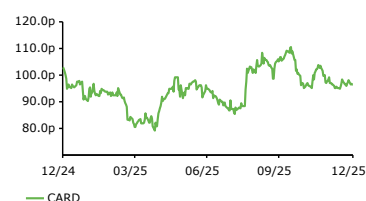
Retail

12 December 2025

**Price** 75.00p  
**Market cap** £261m

Net debt at 31 July 2025, excluding IFRS 16 liabilities £(78.9)m  
Shares in issue 348.4m  
Free float 88.7%  
Code CARD  
Primary exchange LSE  
Secondary exchange N/A

### Share price performance



%	1m	3m	12m
Abs	(1.7)	(7.2)	(1.0)
52-week high/low		113.5p	69.4p

### 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

FY26 trading update January 2026

### Analysts

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**Exhibit 1: Financial summary**

£m	2023	2024	2025	2026e	2027e	2028e
Year end 31 January	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>						
Revenue	463.4	510.9	542.5	557.8	602.2	629.5
EBITDA	111.2	123.8	131.2	132.3	139.7	146.8
Operating profit (before amort. and excepts.)	63.0	77.6	83.0	75.0	79.5	84.7
Amortisation of acquired intangibles	0.0	0.0	(0.3)	(1.2)	(1.2)	(1.2)
Exceptionals	2.5	0.9	(1.1)	(1.0)	0.0	0.0
Share-based payments	(1.7)	(2.1)	(2.3)	(2.3)	(2.3)	(2.3)
Reported operating profit	63.8	76.4	79.3	70.5	76.0	81.2
Net Interest	(11.4)	(13.4)	(15.2)	(17.6)	(17.5)	(16.7)
JVS and associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	2.6	0.0	0.0	0.0	0.0
Adjusted profit before tax (company definition)	48.9	62.1	66.0	55.1	59.7	65.7
Profit Before Tax (norm)	51.6	64.2	67.8	57.4	62.0	68.0
Profit Before Tax (reported)	52.4	65.6	64.1	52.9	58.5	64.5
Reported tax	(8.2)	(16.1)	(16.3)	(14.4)	(15.5)	(17.0)
Profit After Tax (norm)	42.4	48.1	51.5	43.1	46.5	51.0
Profit After Tax (reported)	44.2	49.5	47.8	38.6	43.0	47.5
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	42.4	48.1	51.5	43.1	46.5	51.0
Net income (reported)	44.2	49.5	47.8	38.6	43.0	47.5
Average Number of Shares Outstanding (m)	342.3	343.3	346.9	350.3	351.6	351.6
EPS – normalised (p)	12.4	14.0	14.8	12.3	13.2	14.5
EPS – normalised fully diluted (p)	12.3	13.9	14.7	12.26	13.19	14.47
EPS – basic reported (p)	12.9	14.4	13.8	11.0	12.2	13.5
DPS (p)	0.0	4.5	4.8	5.0	5.2	5.5
Revenue growth (%)	27	10	6	3	8	5
EBITDA Margin (%)	24.0	24.2	24.2	23.7	23.2	23.3
Normalised Operating Margin (%)	13.6	15.2	15.3	13.4	13.2	13.5
<b>BALANCE SHEET</b>						
Fixed Assets	461.6	478.3	516.9	552.0	554.8	555.7
Intangible Assets	326.3	331.4	356.5	382.4	382.6	380.8
Tangible Assets	32.2	45.9	48.7	49.9	49.9	49.9
Right-of-Use Assets	100.5	99.2	110.2	118.2	120.9	123.5
Investments & other	2.6	1.8	1.5	1.5	1.5	1.5
Current Assets	75.6	73.8	98.7	83.1	88.2	93.9
Stocks	45.3	50.0	61.1	62.8	67.8	70.9
Debtors	13.3	11.6	17.0	24.6	25.4	26.1
Cash & cash equivalents	11.7	11.3	16.5	(8.4)	(9.1)	(7.2)
Other	5.3	0.9	4.1	4.1	4.1	4.1
Current Liabilities	(150.0)	(122.1)	(104.3)	(102.9)	(102.6)	(102.2)
Creditors	(84.7)	(80.1)	(76.8)	(77.4)	(79.1)	(80.1)
Tax and social security	0.0	(0.4)	0.0	0.0	0.0	0.0
Short-term borrowings	(27.1)	(7.1)	(0.1)	(0.1)	(0.1)	(0.1)
Short-term leases	(27.3)	(25.3)	(21.7)	(21.7)	(21.7)	(21.7)
Other	(10.9)	(9.2)	(5.7)	(3.7)	(1.7)	(0.3)
Long-term liabilities	(119.0)	(114.2)	(164.4)	(162.4)	(145.1)	(122.7)
Long-term borrowings	(40.4)	(37.9)	(73.9)	(63.9)	(43.9)	(18.9)
Long-term leases	(78.1)	(75.5)	(88.7)	(96.7)	(99.4)	(102.0)
Other long-term liabilities	(0.5)	(0.8)	(1.8)	(1.8)	(1.8)	(1.8)
Net Assets	268.2	315.8	346.9	369.9	395.4	424.7
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	268.2	315.8	346.9	369.9	395.4	424.7
<b>CASH FLOW</b>						
Operating Cash Flow	101.2	113.0	112.2	110.2	118.7	126.6
Working capital	(6.8)	(6.1)	(22.1)	(10.7)	(6.1)	(4.2)
Exceptional & other	13.4	11.8	15.5	19.9	19.8	19.0
Tax	(7.9)	(13.5)	(16.7)	(14.4)	(15.5)	(17.0)
Net operating cash flow before interest	99.9	105.2	88.9	105.0	116.9	124.4
Capex	(18.2)	(27.8)	(18.2)	(24.0)	(24.0)	(24.0)
Acquisitions/disposals	0.0	(2.2)	(22.5)	(24.1)	0.0	0.0
Net interest	(6.2)	(6.5)	(6.2)	(9.0)	(8.5)	(7.5)
Equity financing	0.0	0.6	0.5	(1.0)	(2.0)	(2.0)
Dividends	0.0	0.0	(19.8)	(16.9)	(17.8)	(18.5)
Lease repayments and interest	(57.0)	(43.7)	(45.6)	(44.9)	(45.3)	(45.5)
Other	(46.9)	(23.6)	28.4	(10.0)	(20.0)	(25.0)
Net Cash Flow	(28.4)	2.0	5.5	(24.9)	(0.6)	1.9
Opening net debt/(cash) excluding leases	74.2	57.2	34.4	58.9	72.4	53.1
FX	0.0	(0.8)	(0.1)	0.0	0.0	0.0
Other non-cash movements	0.0	0.0	0.0	0.0	0.0	0.0
Closing net debt/(cash)	57.2	34.4	58.9	72.4	53.1	26.2
Closing net debt/(cash) including leases	162.6	135.2	169.3	190.8	174.1	149.9

Source: Card Factory, Edison Investment Research

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