

Sportswift Limited
Annual Report and Financial Statements
For the year ended 31 January 2025

Company no. 3493972

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Company information

Company registration number	3493972
Registered office	Century House Brunel Road Wakefield 41 Industrial Estate Wakefield WF2 0XG
Directors	D Willson-Rymer J Fletcher M Seeger A Dury (resigned 31 December 2024)
Auditor	Forvis Mazars LLP One St Peter's Square Manchester M2 3DE

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Strategic report

Principal activities and business model

Sportswift Limited (the Company), trading as Card Factory, is the principal trading entity within the Card Factory plc Group, the UK's leading specialist retailer of greeting cards, dressings and gifts with an estate of over 1,000 stores across the UK and Ireland, our website cardfactory.co.uk and supply through franchise stores and partner stores mainly in the UK and Australia.

Through a vertically integrated design, production and retail model, the Company offers high-quality products at significantly lower prices than competitors. There's nothing quite like Card Factory to commemorate every occasion, from the everyday to the once-in-a lifetime; at prices that help people keep their money in their pockets. Using our unique insight from being the largest greeting card retailer by volume of cards in the UK, we help our partners to retail cards in a way that is right for their locations and customers.

Business review, results and key performance indicators

The Company's progress against its strategic objectives is reflected in the financial performance summarised below:

	2025 £'000	2024 £'000
Revenue	507,769	483,251
Gross profit	181,890	174,302
Operating profit	80,310	74,395
Store numbers at year end	1,049	1,025

Revenue of £507.8 million reflects continued growth, driven by a strong performance in our stores, with Everyday card ranges performing well.

UK Store sales of £493.8 million increased by £25.6 million or +5.5% compared to the prior year, with LFL sales of +3.3%. Everyday ranges performed strongly, with gifts (+17.8%) and celebration essentials (+3.5%) showing continued positive momentum on LFL sales, supported by positive LFL growth in everyday card. Approximately a third of the total LFL growth was delivered through targeted price increases. Total store sales and LFL store sales both outperformed the wider retail sector LFL sales as general high street footfall was down year-on-year.

Average basket values increased by +6.7%. The increase in basket values was supported by higher average selling prices, delivered via a combination of the price activity described above and continuing to expand and develop our range, particularly in gift and celebration essentials. Gift and celebration essentials had positive LFL growth of 5.7% compared to 2024 and now represents 50.1% of total sales, with approximately one in every two baskets now containing a gift or celebration essentials product.

In online, cardfactory.co.uk delivered sales of £8.8m. The positive sales growth towards the end of the year resulted in LFL growth for the full year of +0.1%. Following the cessation of trade on the Getting Personal platform, we are now focused on driving efficient, profitable growth at cardfactory.co.uk.

Within Online, Click & Collect is a key component of our omnichannel offer, differentiating cardfactory.co.uk from pure play online and bricks and mortar retailers in allowing customers to Click & Collect and, since the year end, book balloon appointments in a select number of trial stores. Sales on our cardfactory.co.uk platform grew slightly in the year as we focused on delivering improved margins.

Our partnerships business, which focuses principally on B2B sales, including customers in the UK and Australia, delivered total sales of £5.2 million in FY25, compared to £6.3 million in FY24. The reduction is driven by timing of orders from existing partners.

Overall gross profit for the Company increased by £7.6 million to £181.9 million, despite a slight decrease in gross margin from 36.1% in FY24 to 35.8% this year.

Total depreciation and amortisation charges increased by £2.2 million compared to the prior year. This largely reflects ongoing investment in capital expenditure in order to grow the business and deliver our strategy. Key investments included a point of sale (POS) till upgrade in stores which is expected to roll out across FY26,

Strategic report

developing our network infrastructure in stores and the continued delivery of our long-term project to upgrade our business support systems, with extended ERP functionality in relation to inventory management.

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

As a result of the above factors, the profit for the year after taxation amounted to £53.9 million (2024: £50.5 million).

Principal risks and uncertainties

The Company is part of the Card Factory plc Group. The principal risks and uncertainties of the Card Factory Group and its approach to managing and mitigating risk are disclosed in the Group Annual Report and Accounts for the year ended 31 January 2025 on pages 69 to 73. The Annual Report and Accounts of Card Factory plc which are available on the Group's website (www.cardfactoryinvestors.com).

The principal risks and uncertainties of the Group that significantly impact the Company are listed below:

IT infrastructure and risk of IT/security disruption – Group IT infrastructure includes many legacy systems, some of which are unsupported and some which are subject to extensive tailoring. Many IT systems need further investment and development to ensure they are resilient, secure and support the strategic ambitions and business transformation agenda of the Group, in addition to maintaining our day-to-day operations.

Business continuity – Major disruption to the business, but particularly our manufacturing and online fulfilment facility, Printcraft, our distribution centres or our design studio, could severely affect our performance and profitability. A 'Business Continuity Management Framework' and a 'Business Continuity Policy' are in place, which are reviewed annually and approved by the senior management team of the Group.

Supply chain – The Group uses many third parties for the supply of products, predominantly based in China. Risks include the potential for supplier failures, risks associated with manufacturing and importing goods from overseas, potential disruption at various stages of the supply chain and suppliers failing to act or operate ethically which could result in unavailability of stock leading to reduced sales. Multiple suppliers utilised across product and category ranges to off-set supply or cost pressures. All overseas suppliers sign up to an online compliance platform providing all necessary documentation including adherence to the Modern Slavery Act.

Cyber – Prolonged loss or disruption to IT capability which could result in unauthorised access/data breaches, void of insurance cover, malware, ransomware, significant IT disruption, fines for negligence by the ICO, legal prosecution from customers, settlements, leading to a loss of sales, reduction in share price and lack of confidence by shareholders. Cyber expertise is employed within the business and appropriate cyber controls are in place. Plans designed to continue to address multiple cyber risks, alongside further risk mitigations arising from replacement of legacy systems, are also in place.

Geopolitical instability – The Company's product range includes a wide range of products supplied from the Far East, particularly China. Increasing political tension with China, and any potential increase in tariffs on imports (or countries which could provide alternative supplies) could disrupt supply and/or result in a need to increase sale price, potentially reducing sales or profitability. Continual review of supply base to understand best route to market (and to protect prices and impact on trading performance) including options to move supply to new territories and using UK-based suppliers to assist in mitigating any supply issue.

Regulatory compliance – The Company is exposed to a diverse number of legal and regulatory compliance requirements including Modern Slavery Act, the General Data Protection Regulation (GDPR), Listing Rules, employment law, tax, FSC, product safety, competition law, etc. Failure to comply with these laws and regulations could lead to financial claims, penalties, awards of damages, fines or reputational damage which could significantly impact the financial performance of the business. Compliance responsibilities matrix in place detailing all compliance-related matters across the organisation with assigned owners. Ongoing review of regulatory changes monitored by relevant owners to identify developments and ensure changes to operations, processes, training, as applicable.

Strategic report (continued)

ESG compliance and climate change risks – The future success of the Company and Group relies on progressive adoption of sustainable solutions to support the environment and long-term growth. Procuring sustainably sourced materials, and development of recyclable products, whilst reducing our carbon footprint, are business priorities, recognising that failure to do so is likely to create reputational issues and could limit growth. Managing risks from climate change, including increased demand for paper products may impact the future cost base for the Group. In Mitigation, the ‘Delivering a Sustainable Future’ plan launched which outlines our sustainability strategy. The strategy is built around four key areas where we want to deliver a positive impact: climate, waste & circularity, protecting nature and people & equity.

Cost price inflation – Increasing input costs without mitigating actions will either result in lower levels of profitability/generation of cash or forces higher prices resulting in possible impact on value perception and/or customers choosing to buy elsewhere. Input costs are monitored and proactive plans are developed as part of the annual planning and monthly review process to mitigate cost price inflation.

Loss of key personnel & organisational culture – Retaining key colleagues remains challenging. Effective succession planning and ensuring we have the capacity, capability and organisational structure to implement our strategy are critical to the Company and Group’s long-term success. Colleague retention is also aided by ensuring the business has a culture, management cohesion and leadership behaviours that support the Group’s strategic vision. This is critical to long-term sustainable success.

Loss of position as leading value specialty retailer for cards – Customers, trends and tastes can change quickly. It’s essential to successfully predict and respond to these challenges. Competition remains fierce, particularly during key seasonal occasions. The Company’s website is an important sales channel supporting our strategic ambitions. Developing our e-commerce model, including the introduction of ‘click and collect’ and a mobile app, is critical to meeting evolving customer expectations and shopping preferences and to taking market share in these channels.

Corporate Governance

As a wholly owned subsidiary of Card Factory Plc, which operates in compliance with the UK Corporate Governance Code, Sportswift Limited considers that it operates under the same framework due to the fact that significant decisions regarding strategy and operations are made ultimately by the Card Factory Plc Board (the Board). The key areas of compliance with the UK Corporate Governance Code for the Group have been disclosed here and the full Corporate Governance report for the Group can be found on pages 80 to 86 of the Card Factory Plc Group Annual Accounts.

Leadership and approach

The Board is committed to the highest standards of corporate governance. The Board understands the importance of its leadership on governance in setting the culture and values and in the achievement of long-term sustainable success, while successfully managing risks for our stakeholders. We believe that good governance is demonstrated by applying corporate governance principles and following the more detailed provisions and guidance in a way that enhances or protects the long-term value of the business. This ensures a pragmatic governance culture sits alongside the entrepreneurial and community-minded spirit which has enabled cardfactory to develop into the business it is today.

Key governance activities

Key activities during the year included:

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

Strategic report (continued)

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

Code compliance

During FY25, the Company fully complied with the principles and provisions of the UK Corporate Governance Code (2018) published by the Financial Reporting Council (Code). The Company intends to continue to comply with the Code, a copy of which can be obtained from frc.org.uk. The Board intend to adopt the updated UK Corporate Governance Code, published in January 2024, which will apply to the Company from the financial year to commence in February 2025.

The Board has focused on ensuring it provides strategic challenge and direction to the management team and supports the management team in the framing of the strategic priorities, which include reassessment of values, cultural development and addressing stakeholder feedback. Specific examples include undertaking an annual review of the strategic plan and reviewing the specific priorities to support delivery of the strategic plan, with a detailed operating plan to support achievement of an ambitious change agenda to the business to realise long-term growth.

The Board and its committees have also adopted detailed activity schedules to ensure that over the course of a year, it undertakes the reviews and assessments required by the Code. The Code and Listing Rules require the Company to provide explanation of any provisions of the Code that are not complied with during the year. The Company does not currently meet the gender diversity targets specified in LR 9.8.6 R(9) as less than 40% of the Board are women and a woman does not hold one of the senior board positions. The Board recognises the benefits of securing greater diversity across all aspects of the business and intends to seek to improve the diversity of the Board and the senior management team, as part of its succession planning. Further detail can be found in the Nomination Committee.

Board responsibility

The Company has a clear division of responsibilities between the Non-Executive Chair and the Chief Executive Officer. In general terms, the Non-Executive Chair is responsible for running the Board and the Chief Executive is responsible for running the Group's business on a day-to-day basis. This clear division of responsibilities, when taken together with the schedule of matters that the Board has reserved for its own consideration, ensures that no one person has unlimited and unchecked power to make decisions that may have a material impact on the Group as a whole. A copy of the matters reserved for the Board is available on cardfactory's investor website (cardfactoryinvestors.com).

Board composition, balance and independence

The Board of Card Factory Plc, is ultimately responsible for significant decisions on strategy and operations which impact the Company, and currently comprises six members. During the FY25 financial year, eight Directors served on the Board: Paul Moody, Roger Whiteside (until 20 June 2024), Pam Powell (from 21 June 2024), Tripp Lane (until 26 July 2024), Rob McWilliam, Indira Thambiah, Darcy Willson-Rymer and Matthias Seeger.

The Code recommends that at least half the board of directors of a UK-listed company, excluding the chair, should comprise nonexecutive directors, determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. Paul Moody was independent prior to his appointment as Chair in October 2018. Paul held the position as interim Executive Chair between July 2020 and March 2021, following the resignation of the previous CEO, pending appointment of Darcy Willson-Rymer as CEO. The Board has considered whether the Chair's independence may have been compromised as a result of his interim role as Executive Chair, but concurred that he remains appropriately independent, but with additional insights to support his challenge of the management team.

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

Strategic report (continued)

The Board considers the balance of skills and experience of the Board to be appropriate for its current requirements and is confident that it continues to be an effective and efficient decision-making body that supports the Group's strategy and growth. The skills and experience of the Board is kept under constant review, together with succession planning for the Board as a whole.

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

Diversity, equity and inclusion

Since launching the Group's diversity, equity and inclusion (DE&I) strategy and plan in 2021, we're committed to evolving our strategy to reflect the needs of our colleague communities and the communities we serve. We will continue to ensure our efforts are seen and felt throughout the business from product to accessibility in store and through being a family friendly employer. This coincides with our strategy to drive activity through specific learning opportunities such as: 'Let's Talk About', 'Let's Learn', 'Let's Raise Awareness' and 'Let's Celebrate'. These are colleague led sessions that reflect topics that our colleagues want to engage with and discuss within the business. In 2023 we launched our Disability Awareness community network group, to guide the business on how to support colleagues with disabilities better whether new to the business or those who become disabled during their appointment. This has included education and awareness events and learning modules plus a manager toolkit and an improved induction.

Section 172(1) Statement - Engaging with our stakeholders

Engaging with our stakeholders is of vital importance to Sportsworld Limited (the "Company") and its ultimate parent Card Factory plc (the "Group") and ensures that our stakeholders' interests are taken into account during the Board's decision-making process, to promote the success of the Company. This engagement is also supportive of a Director's duty under Section 172 of the Companies Act 2006.

The Board recognises Shareholders, Customers, Colleagues and Suppliers as Sportsworld's key stakeholders. The Board concluded that these stakeholder groups have a material impact to achieving our mission. The Board and the management team take full account of other stakeholders as part of decision-making, with other stakeholder groups including landlords of our leased retail properties, regulators, HMRC, our debt funders, our communities and our environment. Further details of our communities and environmental considerations, including the Card Factory Foundation, are set out on pages 56 to 59 of the Card Factory plc 2025 Annual Report.

Stakeholder impact arising from relevant decisions are included in papers submitted for Board decisions, with the Board and management team debate considering views of impacted stakeholders.

The impact of key decisions on stakeholder groups are identified to ensure they are considered and understood. The Board takes an active role in engaging with some stakeholders and receives regular reports from the management team to keep apprised of stakeholder interests and issues. The Board is in regular contact with Colleagues throughout the Group via regular business updates and all colleague meetings.

The Board resolved that in respect of a number of stakeholders (particularly our Suppliers), it is more appropriate for the senior management team or their direct reports to undertake part or most of the stakeholder engagement, provided insights and feedback are shared with the Board. Similarly, key interactions with Customers are directly through Colleagues in the business that are client-facing across the Store Portfolio.

The Board receives monthly updates on key performance indicators (KPIs) that are aligned to most stakeholder groups, including Colleagues, Customers and Shareholders. The nature and form of KPIs are reviewed at least annually to ensure the Board and senior management team receive the most relevant data to support informed decision making and to identify any matters requiring improvement. Updated KPI reporting includes increased reliance on current, live data, particularly in respect of our Customers, as the business develops a more customer centric mindset. This includes monthly data on customer research, including customer optimism, switching data, net promoter score and customer awareness of cardfactory compared to competitor brands.

Strategic report (continued)

Stakeholder consultation and use of KPI reporting summarised on pages 56 to 59 of the Group's Annual Report and Accounts for the year ended 31 January 2025, provide the Board insight on the (often conflicting) priorities of key stakeholder groups, which the Board and senior management team assess and seek to balance in decision-making, with full regard to the long term consequences of decisions, impacts on the stakeholder groups and on cardfactory's 'doing the right thing' and being a good corporate citizen. This approach supports the Board in meeting their responsibilities under 172(1)(a) to (f) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Matthias Seeger
Matthias Seeger (Jul 31, 2025 15:03:09 GMT+1)

M Seeger
Director
31 July 2025

Directors' report

The Directors present their report together with the financial statements for the year ended 31 January 2025.

Directors

The directors who held office during the period and up to the date of this report were as follows:

D Willson-Rymer

J Fletcher

M Seeger

A Dury resigned 31 December 2024

Directors' report (continued)

Directors' responsibilities statement in respect of the Strategic Report, the Directors' Report and the financial statements.

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps which they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

The Directors have prepared a going concern assessment which indicates that, taking account of reasonably possible downsides, the Company, with continued support from the Card Factory plc Group, including if necessary not seeking repayment of amounts currently made available, will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

Whilst the Company has a strong balance sheet and a recent history of profitability and operating cash generation, and therefore is not necessarily reliant on its fellow Group entities for support, Card Factory plc has nevertheless indicated its intention to continue to make available such funds as may be needed by the Company for a period of at least 12 months from the date of issue of these financial statements.

The ability of Card Factory plc to provide this support is dependent on its own financial position, which was most recently assessed in its Annual accounts published on 19 May 2025. The following wording in relation to going concern was included in those accounts (In the following italicised passage, capitalised terms, page and note references should be interpreted with reference to the Group's FY25 Annual accounts):

Directors' report (continued)

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

The Group has delivered a strong financial performance in the current financial year, with continued growth in sales and good progress towards our overall strategic goals. Furthermore, the Group has delivered robust operating cash flows before movements in working capital. Trading since the balance sheet date has remained in line with expectations and there have been no material events that have adversely affected the Group's liquidity headroom.

On 26 April 2024, the Group entered into an updated £125 million revolving credit facility (see note 17). The new facilities have an initial maturity date in April 2028, with options to extend by up to 19 months, subject to lender approval. The facilities include an uncommitted £75 million accordion, which can be drawn subject to lender approval. The interest margin on the facilities is dependent upon the Group's leverage position, with margins between 1.9-2.8% which is lower than the previous facilities. The new facilities include covenants for a maximum leverage ratio (calculated as net debt excluding leases divided by EBITDA less rent costs for the prior 12 months) of 2.5x and a fixed charge cover ratio of at least 1.75x. The Group expects to operate comfortably within these covenant levels for the foreseeable future.

The Board believes that the updated facilities provide adequate headroom for the Group to execute its strategic plan. At 31 January 2025, net debt (excluding lease liabilities) was £58.9 million and the Group had £48.8 million of undrawn facilities.

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

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

The results of this analysis were:

- The Group's base case forecasts indicate that the Group will continue to trade profitably, generate positive operating cash flows and retain considerable liquidity headroom against facility limits whilst meeting all covenant requirements on the relevant test dates (see note 17 for more information in respect of covenant requirements) in the 12-month period.*
- In the Board's view, there are no other factors arising in the period immediately following 12 months from the date of signing these accounts that warrant further consideration.*
- Scenario analysis, which considered a reduction in sales, profitability and cash flows on a permanent basis of c.10% indicated that the Group would maintain liquidity headroom and covenant compliance throughout the 12 month period. The analysis did not consider any potential upside from mitigating actions, including the £75 million accordion facility, a reduction in discretionary costs as well as timing of cash outflows, which could all significantly increase the headroom further.*

The Group conducted a reverse stress test analysis which considered the extent of sales loss or cost increase that would be required to result in either a complete loss of liquidity headroom or a breach of covenants associated with the Group's financing. Seasonality of the Group's cash flows, with higher purchases and cash outflows over the summer to build inventory for Christmas, means liquidity headroom is at its lowest in September and October ahead of the Christmas season. Conversely, covenant compliance is most sensitive around the year-end.

The reverse stress test analysis demonstrated that the level of sales loss or cost increase required to result in either a covenant breach or exhausting liquidity would require a significant reduction in sales that was sustained over a number of months, this scenario also did not factor in any possible mitigating actions that management could take. Accordingly, such scenarios are not considered to be reasonably likely to occur.

Directors' report (continued)

It should be noted that as a result of the higher net debt position at the year-end due to the recommencement of dividends and acquisitions in FY25, we expect overall headroom in our facilities to be lower than in the prior year but management consider that there are sufficient mitigations available to offset any reasonably possible downturn in trade.

Over recent years, the business has demonstrated a significant degree of resilience and a proven ability to manage cash flows and liquidity during a period of unprecedented economic downturn. Accordingly, the Board retains confidence that, were such a level of downturn to reoccur in the assessment period, the Group would be able to take action to mitigate its effects.

Based on these factors, the Board has a reasonable expectation that the Group has adequate resources and sufficient loan facility headroom and accordingly the accounts are prepared on a going concern basis.

Climate related financial disclosures

All relevant disclosures linked to Energy and Carbon Reporting are included in full on pages 44 to 55 of the Group annual report.

Suppliers

Our suppliers are a key stakeholder across our entire organisation and our objective is to build long-term strategic partnerships that are mutually beneficial for both parties. Our commercial function, takes responsibility for managing supplier relationships effectively to deliver the right balance between realising the commercial opportunity, meeting environmental requirements and maintaining the importance of delivering products and services for our customers.

Our supplier engagement and approach recognises the benefits of developing long term, mutually beneficial relationships with a range of trusted suppliers, who collectively are capable of meeting our current and future needs.

We partner with suppliers that demonstrate long term strategic investment in their businesses that can support our future growth plans. We work closely with suppliers to ensure that their strategic initiatives realise efficiencies and economies of scale that will, allow us to continually supply innovative products of great quality and value to our customers. This benefits our shareholders as we recognise the need to ensure a balanced return on the products we source from these suppliers.

For further details, the full stakeholder review for the Group can be found on pages 56-59 of the Card Factory Plc Group Accounts.

Colleagues

Our colleagues' help customers celebrate their life moments. We value their contribution, provide them with development and career opportunities and strive to encourage exceptional leadership. The last 12 months saw us emerge from the pandemic: our teams are fully back to work and our agenda has focused once more on attracting and retaining the best talent possible to support the delivery of our strategy by transforming our business.

In the post-pandemic environment we have shifted from scaled down operations to investing in our people and creating the teams we need for growth. This means putting our colleagues at the heart of the journey and investing in them. We now have an improved articulation of our culture; who we are as a company via our values and the cardfactory brand, marking a journey towards self-ownership of experience. Our focus will continue to bring our brand, values and purpose to life through improving colleague experience at every part of the colleague journey using data to help us make valuable, informed decisions.

Our people policies lay out a framework of how we work and are a key reference point for our colleagues as disclosed on pages 59 of the Card Factory Plc Group accounts. Some of these are a mandatory requirement and some are optional. They are in place to ensure we are compliant but also to support our aspiration to be inclusive, consistent and fair. During the year, we undertook a total refresh of our People policies, including key policies on family leave, grievance, equal opportunities and disciplinary policies, including new policies to reflect legislative change, including an anti-harassment policy, with associated training.

Directors' report (continued)

Our Colleague Forum also provides an opportunity for us to listen to our colleagues and take on board feedback on how colleagues feel. Key themes that came out of this group were around fair deal, cost-of living and the impact of that on daily lives as well, as career development. The feedback from colleagues has been applied to prioritise the areas of 'fair deal' that are important to the workforce as part of our ongoing reward enhancement. As we head into FY26 we will continue to invest in our colleagues, to attract and develop our talent and to build a compelling Colleague experience and journey across all of our business.

Financial risk management

The principal risks and uncertainties faced by the Company are included in the Strategic Report. Further details on the principal risks and uncertainties facing the Group, together with details of how these are currently mitigated and the Group risk management strategy are included in the Annual Report of Card Factory plc on pages 69 to 73. Key financial risk management policies are described on pages 156 to 158 of the Card Factory plc Annual Report.

Political donations

The Company has not made any political donations in the year (FY24:Nil).

Engaging with our stakeholders

Engaging with our stakeholders is of vital importance to Sportswift Limited (the "Company") and its ultimate parent Card Factory plc (the "Group") and ensures that our stakeholders' interests are taken into account during the Board's decision-making process, to promote the success of the Company. This engagement is also supportive of a Director's duty under Section 172 of the Companies Act 2006. Further details on how we engage with our stakeholders can be found within the section 172 statement on page 8 of the strategic report.

Future developments

The factors affecting the future performance of the Group are set out in the Group's Annual Report and Accounts including considerations of delivering the Group's strategy as laid out on pages 20-25 of the Group Annual Report and Accounts. As per this section of the Group annual report, the key next steps in Sportswift Limited in relation to strategy included:

- Grow card market authority through continued range development and curation, including further tailored ranges by regions and demographics, to further improve customer choice and value-for-money promotional offers.
- Continue to focus on growing UK market share of c.£12 billion gift and celebration essentials market with further expansion of key categories alongside further space optimisation for growth ranges.
- Trialling in-store Balloon appointments from Q1 FY26.
- Working towards a pick-from-store solution that will enable same day collection.
- A POS upgrade/replacement to enable future omnichannel capabilities.
- Expansion of personalised card range.
- Continued expansion of celebration essentials.
- Nominated day delivery to facilitate direct to recipient missions.
- Trail 'radical space' initiative to further optimise space in store around shopper missions.
- Continue to look for further opportunities within London market to continue space and range test.
- Identify additional partners in the UK and in our markets of interest.

Directors' report (continued)

Auditor

The Company first appointed Forvis Mazars LLP on June 2023 as its auditor following a competitive tender undertaken in 2022 resulting in Forvis Mazars LLP first audit being the audit of the accounts for the 12 months to 31 January 2024. Forvis Mazars LLP has expressed its willingness to be re-appointed as auditor.

Accordingly, and in accordance with Section 489 of the Companies Act, resolutions to re-appoint Forvis Mazars LLP as auditor and to authorise the Directors to determine its remuneration will be proposed at the forthcoming AGM of the Company.

ON BEHALF OF THE BOARD

Matthias Seeger

Matthias Seeger (Jul 31, 2025 15:03:09 GMT+1)

M Seeger
Director
31 July 2025

Independent auditor's report to the members of Sportswift Limited

Opinion

We have audited the financial statements of Sportswift Limited (the 'company') for the year ended 31 January 2025 which comprise of an income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the company's future financial performance;
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, as described in note 1, by seeking both supporting and disconfirming evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. We have challenged reverse stress tests performed by management, including assessing the impact on covenant compliance in such scenarios and assessed the viability of mitigating actions within the directors' control;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Assessing the historical accuracy of forecasts prepared by the directors;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Independent auditor's report to the members of Sportswift Limited (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a

Independent auditor's report to the members of Sportswift Limited (continued)

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 audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: Consumer rights laws, employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the estimate of stock lines that may require writing down to realisable value, revenue recognition (which we pinpointed to the occurrence of stores and online revenue), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

Independent auditor's report to the members of Sportswift Limited (continued)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Charlene Lancaster (Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square

Manchester

M2 3DE

31 July 2025

Income statement

	<i>Note</i>	2025 £'000	2024 £'000
Revenue	<i>2</i>	507,769	483,251
Cost of sales		(325,879)	(308,949)
Gross profit		181,890	174,302
Operating expenses		(101,602)	(101,907)
Other income	<i>3</i>	22	2,000
Operating profit	<i>3</i>	80,310	74,395
Finance income	<i>6</i>	246	46
Finance expense	<i>6</i>	(7,599)	(5,873)
Net finance expense	<i>6</i>	(7,353)	(5,827)
Profit before tax		72,957	68,568
Taxation	<i>7</i>	(19,084)	(18,045)
Profit for the year		53,873	50,523

All of the activities of the Company are classed as continuing.

Statement of comprehensive income

	Note	2025 £'000	2024 £'000
Profit for the year		53,873	50,523
<i>Items that are or may be recycled subsequently into profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges		1,927	(1,897)
Cost of hedging reserve - changes in fair value		(126)	116
Tax relating to components of other comprehensive income	7	(450)	430
Other comprehensive income/(expense) for the period, net of income tax		1,351	(1,351)
Total comprehensive income for the period		55,224	49,172

Statement of financial position

		2025	2024
	Note	£'000	£'000
Non-current assets			
Intangible assets	8	21,231	17,550
Property, plant and equipment	9	32,679	30,382
Right of Use Assets	10	103,455	94,106
Investments	11	2,735	2,729
Deferred tax asset	12	-	1,828
Derivative financial instruments	18	858	635
		160,958	147,230
Current assets			
Inventories	13	44,681	34,017
Trade and other receivables	14	23,539	143,994
Tax receivable		2,129	-
Derivative financial instruments	18	2,410	653
Cash and cash equivalents	15	12,085	8,248
		84,844	186,912
Total assets		245,802	334,142
Current liabilities			
Borrowings	15	(67)	(39)
Provisions	16	(4,828)	(7,499)
Trade and other payables	17	(64,870)	(65,737)
Tax payable		-	(279)
Derivative financial instruments	18	(314)	(1,593)
Lease liabilities	10	(19,613)	(22,488)
		(89,692)	(97,635)
Non-current liabilities			
Derivative financial instruments	18	(348)	(726)
Deferred tax liability	12	(837)	-
Lease liabilities	10	(83,435)	(72,417)
		(84,620)	(73,143)
Total liabilities		(174,312)	(170,778)
Net assets		71,490	163,364
Equity			
Share capital	19	2	2
Share premium	19	436	436
Hedging reserve		1,141	(532)
Cost of hedging reserve		(116)	(17)
Retained earnings		70,027	163,475
Total equity		71,490	163,364

The financial statements were approved by the Board of Directors on 31 July 2025 and are signed on their behalf

by: Matthias Seeger
Matthias Seeger (Jul 31, 2025 15:03:09 GMT+1)

M Seeger
Director

The accompanying notes form part of the financial statements

Statement of changes in equity

	Share capital	Share premium	Hedging reserve	Cost of hedging reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 January 2023	2	436	2,681	(208)	112,952	115,863
Total comprehensive income for the year						
Profit or loss	-	-	-	-	50,523	50,523
Other comprehensive income	-	-	(1,438)	87	-	(1,351)
	-	-	(1,438)	87	50,523	49,172
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	(2,370)	139	-	(2,231)
Deferred tax on transfers to inventory	-	-	595	(35)	-	560
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	-	-
At 31 January 2024	2	436	(532)	(17)	163,475	163,364
Total comprehensive income for the year						
Profit or loss	-	-	-	-	53,873	53,873
Other comprehensive income	-	-	1,445	(94)	-	1,351
	-	-	1,445	(94)	53,873	55,224
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	304	(6)	-	298
Deferred tax on transfers to inventory	-	-	(76)	1	-	(75)
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(147,321)	(147,321)
	-	-	-	-	(147,321)	(147,321)
At 31 January 2025	2	436	1,141	(116)	70,027	71,490

Notes to the financial statements

1. Accounting policies

Basis of preparation

Sportswift Limited (the “Company”) is a company limited by shares and incorporated and domiciled in England and Wales. The Company is a wholly owned subsidiary within the Group controlled by Card Factory plc, a company incorporated in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000 except where stated otherwise.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified for the subsequent measurement of derivative financial instruments.

The Company has chosen to apply paragraphs 1A(1) and 1A(2) of Schedule 1 to the large and medium sized companies regulations and adapt the balance sheet and profit and loss account formats to be consistent with IAS 1: *Presentation of Financial Statements*.

Disclosure exemptions adopted

The Company’s ultimate parent undertaking, Card Factory plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Card Factory plc are prepared in accordance with UK-adopted International Financial Reporting Standards (UK IFRS) and applicable law and can be obtained from its registered office at Century House, Wakefield 41 Industrial Estate, Wakefield, WF2 0XG or from the website www.cardfactoryinvestors.com.

As the consolidated financial statements of Card Factory plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 in respect of the following:

- Reconciliation of the number of shares outstanding at the start and end of the prior period;
- Reconciliation of the carrying amounts of property, plant and equipment, intangibles and investments at the start and end of the prior year;
- Cash flow statement and related notes;
- A statement of compliance with IFRS;
- Disclosures in relation to the objectives, policies and process for managing capital;
- Disclosure of the effect of future accounting policies not yet adopted;
- Key management personnel compensation;
- Related party transactions with wholly owned members of the Group; and
- Disclosure of a third balance sheet at the date of transition to FRS 101.

As the consolidated financial statements of Card Factory plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group-settled share based payments;
- IFRS 13 *Fair Value Measurement* in relation to details for the valuation techniques and inputs used for fair value measurement of assets and liabilities; and
- IFRS 7 *Financial Instruments Disclosures*.

Changes in significant accounting policies

The following new standards and amendments to IFRS were effective for the first time in the current financial year:

- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

Notes to the financial statements (continued)

- Amendments to IAS 1 – Non-current liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

New standards and amendments to existing standards effective in the period have not had a material effect on the Company's financial statements.

UK endorsed standards and amendments issued but not yet effective

The following new standards and amendments to IFRS have been issued but are not yet effective.

- Amendments to IAS 21– The effects of Changes in Foreign Exchange Rates¹
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments²

¹Effective for annual periods starting on or after 1 January 2025.

²Effective for annual periods starting on or after 1 January 2026.

Annual Improvements to IFRS Accounting Standards – Volume 11 (Issued July 2024, effective 1 January 2026):

- IFRS 1 – First-time Adoption of International Financial Reporting Standards
- IFRS 7 – Financial Instruments: Disclosures
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IAS 7 – Statement of Cash Flows

The application of the remaining standards and amendments in future periods is not currently expected to have a material impact on the Company's financial statements.

Significant judgements and estimates

The preparation of financial statements in conformity with FRS 101 requires the use of judgements, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Company does not consider there to be any judgements made in the current period that have had a significant effect on amounts recognised in the financial statements. Key sources of estimation uncertainty are detailed below:

Inventory provisioning

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

In FY25, the Company applied a consistent policy with prior year and, in accordance with that policy, updated the judgement over categorisation of, and provision rates applied to, inventory informed by the latest available sell-through data. These changes are not considered to have had a significant impact on the overall value of the provision, although have contributed to the reduction in the value of the provision compared to the prior year due to improving sell-through rates across all categories of inventory.

Notes to the financial statements (continued)

At the end of FY25, the total inventory provision was £6.1 million (FY24: £8.6 million). The reduction in the value of the provision year-on-year generally reflects an improvement in our inventory sell through rate observed in FY25. As a result, the overall proportion of gross inventory provided for reduced compared to the prior year.

The full range of reasonably possible outcomes in respect of the provision is difficult to calculate at the balance sheet date as it is dependent on the accuracy of forecasts for sales volumes and future decisions we may take on aged, discontinued and potentially excess inventory in response to market and supply developments. The Group believes it has taken a balanced approach in determining the provision. It has considered the nature of the estimates involved and has concluded that it is possible, on the basis of existing knowledge, that outcomes within the next financial year may be different from the Group's assumptions applied as at 31 January 2025 and could require a material adjustment to the carrying amount of the provision in the next financial year.

The provision applied is based on the application of sell-through rates in the previous financial year, if those rates were changed +/-5% this would cause a +/-£1.2 million movement in the overall value of the provision.

Impairment of Right of use assets and tangible assets

In addition, the Company conducted a store-level impairment review specifically covering right-of-use assets and property, plant and equipment insofar as they are directly allocable to stores. As below, the Company estimates the value in use of ROU and tangible assets at a store level based on future cash flows derived from forecasts included within the Company's approved budget.

The Company assesses indicators of impairment for the store portfolio on the basis of whether a material impairment charge (or reversal) could arise in respect of the store portfolio as a whole in the period. Due to the challenging macro-economic environment, existence of a material carried forward impairment charge, and an ongoing expectation that around 1% of the store portfolio can be loss-making at any time, the Company concluded this condition was met for FY25.

Going concern

Based on their enquiries, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

The Directors have prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements. This assessment indicates that, having taken account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

Card Factory plc has indicated its intention to continue to make available such funds as are needed by the Company for a period of at least 12 months from the date of issue of these financial statements. The ability of Card Factory plc to provide this support is dependent on its own financial position.

Further information in respect of going concern is provided in the directors report on pages 10-12.

Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue

Revenue is principally attributable to the retail sale of cards, dressings and gifts subject to a single performance obligation fulfilled by receipt of goods at the point of payment with minimal returns and refunds. Revenue is recognised at the point the customer is deemed to have taken delivery of the goods.

Revenue attributable to online sales is recognised on delivery of goods to the customer. Revenue attributable to retail partners and non-retail customers currently represents a small percentage of the Company revenue and revenue is typically recognised at a point in time based on a single performance obligation supplying standard Company products. The single performance obligation varies by Partnership agreement, including from the point of dispatch to delivery to end customer. Payment terms for retail partners are typically 30-60 days from invoicing. Payment terms for wholesale revenue are typically 30-90 days from invoicing.

Notes to the financial statements (continued)

Certain contracts with retail partners may be subject to a cost of entering into the contract along with a minimum order quantity and/or volume related rebate for an initial period of the contract. These contracts also give rise to performance-based variable consideration including license and franchise fees. These amounts are not material in the current year reflecting the small proportion of revenue arising under such contracts.

Government grants

Income associated with Government support initiatives is recognised where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Grants are recognised in the income statement over the period necessary to match them with the related costs for which they are to compensate. If costs have already been incurred, the grant income is recognised immediately at the point the above criteria are met.

Financing income and expense

Finance income and expense comprise lease interest, and interest income and interest expense on cash and overdrawn balances.

Interest income and interest expense are recognised in profit or loss as it accrues, using the effective interest method. The effective interest method takes into account fees, commissions or other incremental transaction costs integral to the yield.

Cash and cash equivalents

Cash and cash equivalents includes short-term deposits with banks and other financial institutions, cash held in stores in the form of till floats, money market funds and credit card payments where cash is received into the bank within 2 working days of the transaction. Bank transactions are recorded on their settlement date.

Foreign currencies

Functional and presentation currency

The financial statements are presented in pounds sterling, which is the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are recorded at the exchange rate on the transaction date. All foreign currency transactions relate to inventory purchases. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within cost of sales, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign currency gains and losses are reported on a net basis.

Dividends

Dividends are recognised as a liability in the period in which they are approved such that the Company is obliged to pay the dividend.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or through other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses.

Notes to the financial statements (continued)

Software

Computer software is carried at cost less accumulated amortisation and any provision for impairment. Costs relating to development of computer software are capitalised if the recognition criteria of IAS 38 *Intangible Assets* are met or expensed as incurred otherwise.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful life of software is 3-10 years.

Property, plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold property	25 – 50 years
Improvements to property	shorter of 5 years and lease term
Plant and equipment, fixtures and fittings	3 – 10 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits. Land is not depreciated.

Investments

Investments in subsidiary undertakings are held at cost less any provision for impairment. If a previously recognised impairment is reversed, the investment value would be increased to its estimated recoverable amount and the gain on the reversal recognised in the income statement.

Financial instruments

Non-derivative financial assets

Non-derivative financial assets comprise trade and other receivables and cash and cash equivalents. The Company classifies all its non-derivative financial assets as financial assets at amortised cost. Financial assets at amortised cost are initially measured at fair value plus directly attributable transaction costs, except for trade and other receivables without a significant financing component that are initially measured at transaction price. Subsequent to initial recognition non-derivative financial assets are carried at amortised cost less allowances for expected credit losses.

Cash and cash equivalents comprise cash in hand, at bank and on short term deposit for less than three months. Bank overdrafts, within borrowings, that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Non-derivative financial liabilities

Non derivative financial liabilities comprise bank borrowings and trade and other payables. Non-derivative financial liabilities are initially recognised at fair value, less any directly attributable transaction costs and subsequently stated at amortised cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments are mandatorily categorised as fair value through profit or loss ('FVTPL') except to the extent they are part of a designated hedging relationship and classified as cash flow hedging instruments.

Notes to the financial statements (continued)

The Company utilises foreign currency derivative contracts and US Dollar denominated cash balances to manage the foreign exchange risk on US Dollar denominated purchases. Derivative financial instruments not designated as an effective hedging relationships relate to structured foreign exchange options that form part of the foreign exchange risk management policy of the Company. Gains and losses in respect of foreign exchange derivative financial instruments that are not part of an effective hedging relationship are recognised within cost of sales.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income ("OCI") and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When foreign exchange hedged forecast transactions subsequently result in the recognition of inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the inventory.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is included in the cost of inventory on its initial recognition or, for interest cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged interest future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Fair value estimation

The techniques applied in determining the fair values of financial assets and liabilities are disclosed in note 18.

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment where there is an indication of impairment. If an impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the impairment loss is recognised in the income statement. Goodwill is reviewed for impairment at the balance sheet date and whenever an indication of impairment is identified.

Provisions

A provision is recognised where the Company has a present legal or constructive obligation as a result of a past event, which will more likely than not result in the Company being required to make a payment (or other outflow of economic benefits) in order to settle the obligation.

Provisions are valued at the Company's best estimate of the amount that will be required to settle the obligation.

Specific information in respect of the provisions recorded in each financial year covered by these accounts is provided in note 16.

Inventories

Inventories are stated at the lower of cost and net realisable value.

For inventories manufactured by the Company, cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production costs and other costs in bringing them to their existing location and condition. For manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes to the financial statements (continued)

Given the significant volumes involved, for inventories held in and for retail stores the Company applies a standard costing methodology. Standard costs are based on agreed costs with suppliers (or the internal cost of production from a fellow Group entity) and are updated frequently. Where components of the standard are based on market prices, such as for freight, the Company reviews and updates the standard at least annually at the balance sheet date.

Provisions are made for obsolete, slow-moving and discontinued inventories, based on experience and the Company's merchandising plans for current and future seasons.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Pension

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Income statement represents the contributions payable to the scheme in respect of the accounting period.

Share based payments

The fair value of employee services received in exchange for the grant of share awards under the equity-settled long term incentive plan or the save as you earn scheme of the ultimate parent company, Card Factory plc, is recognised as an expense in profit or loss over the vesting period of the award, with a corresponding amount treated as a capital contribution from Card Factory plc immediately reimbursed and recognised within creditors as due to Card Factory plc. The total cost of the awards is based on the estimated number of share awards that will eventually vest in accordance with the vesting conditions. The awards do not include market-based vesting conditions. At each balance sheet date, the estimated number of awards that are expected to vest is revised. Any revision to estimates is recognised in profit or loss.

Leases

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after the date of transition to IFRS.

The Company has assessed that its entire store lease portfolio are lease contracts. Other contracts assessed, including distribution contracts and IT equipment, are deemed not to be a lease within the definition of IFRS 16 or are subject to the election not to apply the requirements of IFRS 16 to short-term or low value leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For property leases containing a non-lease component (for instance a lease inclusive of rates and service charge), the Company has elected to apply the practical expedient not to separate the non-lease component from the lease component and treat the whole contract as a lease. A small proportion of the store lease portfolio are subject to an element of turnover linked variable rents that are excluded from the definition of a lease under IFRS 16. The Company does not have any significant lessor contracts.

Accounting as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically reduced by any impairment losses, and adjusted for certain remeasurements of the lease liability.

Notes to the financial statements (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Typically, the Company uses its incremental borrowing rate, at the date of lease commencement, as the discount rate.

The Company determines its incremental borrowing rate by reference to its own funding arrangements, which are linked to those of the wider Group and subject to leverage margin ratchets, variable three-month SONIA interest rates and periodic refinancing, thereby ensuring they remain a reasonable reflection of the Company's current borrowing costs. The Company's leases are predominantly in respect of its store portfolio, which represent the majority of the Company's revenue and therefore the Company's borrowing costs, as at the date of lease commencement, are deemed to be representative of the incremental borrowing costs for additions to right-of-use assets. The Company does not believe there are significant differences between the risk margins that would apply across its lease portfolio. The term and payment profile are reflected in the discount rate applied to each individual lease by virtue of the variable interest-curve component of the incremental borrowing rate.

The assessment of lease term may include the application of judgement, particularly in respect of options to break often included in the Company's property leases. The Company assesses lease term as the non-cancellable period of the lease plus an assessment of reasonably certain continued tenancy in respect of tenant options to break or renew. This period usually equates to the full term of the lease.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index, rate or contractual market rent review or if the Company changes its assessment of whether it will exercise a break option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From time to time, a lease may expire without a new lease being agreed. In such circumstances, if the Company has not served or received notice under the terms of the lease, it may continue to occupy the store whilst a new lease is agreed, referred to as a 'holdover arrangement'. Under a holdover arrangement, the lease typically continues on a rolling basis on the same financial terms as the previous lease until new terms are formally agreed. The Company accounts for holdover arrangements by assuming a new five-year lease with payments equivalent to those previously agreed. Five years represents the average term of a lease across the Company's store portfolio, inclusive of break periods considered reasonably likely not to be exercised. In rare circumstances, the holdover lease may be calculated using alternative assumptions that better reflect the Company's expectations regarding the likely cost and term of the new lease being negotiated. When new terms are agreed, the holdover lease is modified according to the Company's normal accounting policy for lease modifications, as described above.

Where a lease expires at the end of its contractual term, including where the store in question enters a holdover arrangement, the right-of-use asset cost and accumulated depreciation associated with that lease is treated as a disposal.

Intra-Group guarantees

Where the Company enters into contracts to guarantee the indebtedness of other companies within the Group, the Company treats the guarantee contract as a financial liability under IFRS 9.

Reserves

The Company enter into both derivative financial instruments (derivatives) and non-derivative financial instruments in order to manage foreign currency exposures, and commodity price risks associated with underlying business activities and the financing of those activities. Hedge accounting allows derivatives to be designated as a hedge of another (non-derivative) financial instrument, to mitigate the impact of potential volatility in the income statement of changes in the fair value of the derivative instruments. To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement. The Company's reserves comprise the hedge reserve and cost of hedging reserve, detail of which are included in the accounting policy Financial Instruments.

Notes to the financial statements (continued)

2. Revenue

Revenue is attributable to the retail of greeting cards, dressings and gifts and arises almost entirely within the United Kingdom. Revenue outside the United Kingdom from retail partnerships and online represent c.1% of Revenue. The Company's revenue is derived from high volume, low value retail sales and is therefore not dependent on any major customer.

3. Operating profit

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

	2025 £'000	2024 £'000
Staff costs (note 4)	154,291	145,217
Depreciation expense		
- owned fixed assets (note 9)	7,171	5,952
- right-of-use assets (note 10)	34,020	34,089
Amortisation expense (note 8)	3,281	2,255
Reversal of impairment of right of use assets (note 10)	(79)	(791)
Release of COVID Grant Provision (note 16)	-	(2,000)
Impairment of related party receivable	-	3,540
Foreign exchange loss/(gain)	931	(588)

The total fees payable by the Company to Forvis Mazars LLP and their associates during the period were as follows:

	2025 £'000	2024 £'000
Audit of the financial statements of the Company	644	398

4. Staff numbers and costs

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

	2025 Number	2024 Number
Management and administration	566	531
Operations	9,074	9,441
	9,640	9,972

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

	2025 £'000	2024 £'000
Wages and salaries	137,651	128,552
Equity-settled share based payment expense	1,164	1,198
Social security costs	9,827	8,842
Defined contribution pension costs	2,169	2,005
Total employee costs	150,811	140,597
Agency labour costs	3,480	4,620
Total staff costs	154,291	145,217

Notes to the financial statements (continued)

Remuneration in respect of Directors

The emoluments of Directors in respect of services provided to the Company and its subsidiaries totalled £2,576,551 (2024: £2,977,504) for the year. The emoluments of Directors that are employees of fellow Group undertakings are charged to the Company by way of a management charge to the extent that management services are received by the Company.

Card Factory plc, the ultimate parent company, granted awards of 774,712 shares (2024: 837,748) to Directors under the terms of the long term incentive plan ('LTIP') and 16,344 share options (2024: 15,055) under the terms of the save as you earn ('SAYE') scheme (see note 21 for details of the LTIP and SAYE scheme). Awards made to Directors under service contracts with parent undertakings are charged to the Company by way of a management charge.

During the year 411,610 share options were exercised by Directors under the terms of the LTIP (2024: 141,916) and nil (2024: nil) were forfeited under the LTIP. During the year 40,578 share options were exercised under the terms of the SAYE (2024: 26,508) and nil (2024: nil) were forfeited under the SAYE. No options were exercisable under the SAYE scheme at 31 January 2025 (2024:nil).

Disclosures in respect of the highest paid Director of the Group are included in the Directors Remuneration Report on pages 94 to 114 of the Card Factory plc Annual Report and Accounts for the year ended 31 January 2025.

5. Dividends

During the year the Company paid a dividend to CF Bidco Limited (2024: Nil).

	2025 £'000	2024 £'000
Dividends paid to immediate parent	147,321	-

6. Finance and income expenses

	2025 £'000	2024 £'000
Finance income		
Bank interest received	(246)	(46)
Finance expense		
Interest on overdrafts	32	-
Lease interest	7,467	5,873
	7,599	5,873
Net finance expense	7,353	5,827

Notes to the financial statements (continued)

7. Taxation

Recognised in the income statement

	2025 £'000	2024 £'000
Current tax expense		
Current year	18,418	16,001
Adjustments in respect of prior periods	(1,475)	16
	16,943	16,017
Deferred tax expense		
Origination and reversal of timing differences	614	2,067
Adjustments in respect of prior periods	1,527	(39)
	2,141	2,028
Total tax expense recognised in the income statement	19,084	18,045

The effective tax rate of 25.5% (2024: 24.03%) on the profit before taxation for the year is slightly higher than (2024: higher than) the average rate of mainstream corporation tax in the UK for the year of 25% (2024: 24%).

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

	2025 £'000	2024 £'000
Profit before tax	72,957	68,568
Tax at the standard UK corporation tax rate of 25% (2024: 24.03%)	18,239	16,477
Tax effects of:		
Expenses not deductible for tax purposes	774	1,193
Fixed asset differences	487	291
Tax losses surrendered through Group Relief	(2,379)	(2,518)
Settlement of group relief	2,379	2,518
Effect of change in tax rate	-	41
Adjustments in respect of prior years	52	(8)
Deferred tax timing differences	(451)	51
Other	(17)	-
Total tax expense recognised in the income statement	19,084	18,045

Total tax expense recognised in the income statement, other comprehensive income and equity

	2025			2024		
	Current £'000	Deferred £'000	Total £'000	Current £'000	Deferred £'000	Total £'000
Income statement	16,943	2,141	19,084	16,017	2,028	18,045
Other comprehensive income	-	450	450	-	(430)	(430)
Equity	-	75	75	-	(560)	(560)
Total tax	16,943	2,666	19,609	16,017	1,038	17,055

Notes to the financial statements (continued)

8. Intangible assets

	Goodwill £'000	Computer software & Trademarks £'000	Total £'000
Cost			
At 1 February 2024	4,353	31,883	36,236
Additions	-	6,962	6,962
Disposals	-	-	-
At 31 January 2025	4,353	38,845	43,198
Amortisation			
At 1 February 2024	4,353	14,333	18,686
Provided in the period	-	3,281	3,281
Disposals	-	-	-
At 31 January 2025	4,353	17,614	21,967
Net book value			
At 31 January 2025	-	21,231	21,231
At 31 January 2024	-	17,550	17,550

9. Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Plant, equipment, fixtures & vehicles £'000	Total £'000
Cost				
At 1 February 2024	11,987	38,485	74,664	125,136
Additions	-	(62)	9,530	9,468
Disposals	-	-	-	-
At 31 January 2025	11,987	38,423	84,194	134,604
Depreciation				
At 1 February 2024	2,050	37,776	54,928	94,754
Provided in the period	245	455	6,471	7,171
Disposals	-	-	-	-
At 31 January 2025	2,295	38,231	61,399	101,925
Net book value				
At 31 January 2025	9,692	192	22,795	32,679
At 31 January 2024	9,937	709	19,736	30,382

Included within freehold property is land amounting to £2.8m (2024: £2.8m) which is not depreciated.

Notes to the financial statements (continued)

10. Leases

	2025 £'000	2024 £'000
Right-of-use assets		
Buildings	102,697	93,106
Motor vehicles	758	1,000
Total at 31 January 2025	103,455	94,106
The Right-of-use assets movement in the year is as follows:		
At 1 February 2024	94,106	97,015
Additions:		
Buildings	43,956	29,908
Vehicles	325	1,188
Disposals	(991)	(707)
Depreciation charge:		
Buildings	(33,453)	(33,626)
Vehicles	(567)	(463)
Net impairment reversal/(charge)	79	791
At 31 January 2025	103,455	94,106

Disposals and depreciation on disposals includes fully depreciated right-of-use assets where the lease term has expired, including amounts in respect of leases that have expired but the asset remained in use whilst a new lease was negotiated.

Impairment Testing: Store assets

Reflecting continued macro-economic uncertainty, cost inflation and the existence of loss-making stores within the portfolio, the Company considers that an indicator of potential impairment exists in respect of the store portfolio and, accordingly, an impairment review of the Company's store assets was undertaken in the 2024 financial year.

For this purpose, each of the Company's stores is considered to be a cash generating unit ("CGU"), with each store's carrying amount determined by assessing the value of right-of-use assets and property, plant and equipment insofar as they are directly allocable to an individual store. The assessment of whether an indicator of impairment may exist in respect of store assets is considered across the store portfolio and not on a store-by-store basis. Accordingly, the store impairment review considers all stores in the portfolio.

The recoverable amount of each store was determined based on the expected future cash flows applicable to each store, assessed using a basis consistent with the future cash flows used in the goodwill impairment test described in note 10 of the Group's FY25 Annual accounts, but limited to the term of the current lease as assessed under IFRS 16. As a result, the key assumptions are also considered to be consistent with those described in note 10 of the Group's FY25 Annual accounts, in addition to the allocation of central and shared costs to individual stores insofar as such an allocation can be made on a reasonable and consistent basis. Such costs are allocated on the basis of the relative contribution of each individual store.

Application of these assumptions resulted in a net impairment reversal of £0.1 million (2024: £0.8 million), comprised of impairment charges of £1.5 million (2024: £1.8 million) and the reversal of previous impairment charges of £1.6 million (2024: £2.6 million). The net impairment charge in the current year included a net reversal to impairment on Right of use assets of £0.1 million and a net impairment charge to PPE of £nil.

Having conducted scenario analysis, the Company does not consider any reasonably possible change in the key assumptions would result in a material change to the impairment charge.

Notes to the financial statements (continued)

Lease liabilities

	2025 £'000	2024 £'000
Current lease liabilities	19,613	22,488
Non-current lease liabilities	83,435	72,417
	103,048	94,905

Lease expenses

	2025 £'000	2024 £'000
Depreciation expense on right-of-use assets	34,020	34,089
(Reversal of Impairment)/Impairment of right-of-use assets	(79)	(791)
Lease interest	7,467	5,873
Expense relating to variable lease payments	667	609
	42,075	39,780

11. Investments

	Shares in group undertakings £'000
Cost	
At 1 February 2024	21,530
Addition in SA Greetings (Pty) Limited	6
At 31 January 2025	21,536
Impairments	
At 1 February 2024	18,801
Impairment in period	-
At 31 January 2025	18,801
Net book value	
At 31 January 2025	2,735
At 31 January 2024	2,729

Notes to the financial statements (continued)

Subsidiary Undertakings

At 31 January 2025 the Company controlled 100% of the issued ordinary share capital of the following subsidiary undertakings. The registered office of the Company is Century House, Brunel Road, Wakefield 41 Industrial Estate, Wakefield, West Yorkshire, WF2 0XG.

Subsidiary undertaking	Nature of business	Registered Office
Printcraft Limited	Printers	Same as the Company
Getting Personal Limited	Online sale of personalised products and gifts	Same as the Company
Card Factory Ireland Limited	Sale of greeting cards and gifts	*
CF SA Holdings (Pty) Limited	Intermediate holding company	**
SA Greetings Corporation (Pty) Ltd	Intermediate holding company	**
SA Greetings (Pty) Limited	Sale of greeting cards	**
CNA Properties (Baragwanath) (Pty) Limited	Property company	**
Funny Paper (Pty) Limited	Dormant	**

* 6th Floor, 2 Grand Canal Square, Dublin 2, Dublin, Republic of Ireland.

** 2 Aeroton Road, Aeroton, Johannesburg 2013, South Africa.

The entities listed below were formerly subsidiaries of the Company but have been dissolved during the year to 31 January 2025.

Subsidiary undertaking	Nature of business	Registered Office
Heavy Distance Limited+	Dormant	Same as the Company
CF Topco Limited++	Dormant	Same as the Company
CF Interco Limited++	Dormant	Same as the Company
Short Rhyme Limited++	Dormant	Same as the Company
Getting Personal Group Limited++	Dormant	Same as the Company
Getting Personal (UK) Limited++	Dormant	Same as the Company
Lupfaw 221 Limited++	Dormant	Same as the Company
Sportswift Properties Limited++	Dormant	Same as the Company
CF Midco Limited++	Dormant	Same as the Company

+ This dormant legal entity was dissolved after the reporting date on 4 March 2025

++ These dormant legal entities were dissolved on 12 November 2024

Notes to the financial statements (continued)

12. Deferred tax assets/liabilities

	Fixed assets	Share based payments	Derivative financial instruments and hedge accounting	Tax Losses	Other timing differences	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 January 2023	1,434	875	(807)	-	1,364	2,866
Credit/(charge) to income statement	(2,161)	(180)	-	-	313	(2,028)
Charge to other comprehensive income	-	-	430	-	-	430
Credit to equity	-	-	560	-	-	560
At 31 January 2024	(727)	695	183	-	1,677	1,828
Prior Year adjustment	(359)	-	-	-	(1,169)	(1,528)
(Charge)/credit to income statement	(621)	114	-	-	(122)	(629)
Credit to other comprehensive income	-	-	(450)	-	-	(450)
(Charge)/credit to equity	-	-	(75)	-	-	(75)
Transfer of Deferred tax	-	17	-	-	-	17
At 31 January 2025	(1,707)	826	(342)	-	386	(837)

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets relate to income taxes levied by the same tax authority on the same taxable entity. The timing difference created as a result of share based payment awards is expected to be reversed with reference to the vesting period applicable to those awards.

13. Inventories

	2025 £'000	2024 £'000
Finished goods	44,681	34,017

The cost of inventories charged to cost of sales in the year was £145.5 million (2024: £145.1m). Inventories are stated net of provisions totalling £6.1 million (2024: £8.6m).

14. Trade and other receivables

	2025 £'000	2024 £'000
Current		
Trade receivables	1,329	952
Amounts owed by Group undertakings	11,716	134,901
Other receivables	580	59
Prepaid property cost	4,884	3,814
Prepayments and accrued income	5,030	4,268
	23,539	143,994

Notes to the financial statements (continued)

The Company has net US Dollar denominated trade and other receivables of £0.6 million (2024: £0.3 million).

Revenue is principally attributable to the retail sale of cards, dressings and gifts. Revenue from stores is subject to a single performance obligation fulfilled by receipt of goods at the point of payment with immaterial returns and refunds. Trade receivables are attributable to retail partners which currently represent c.1% of Revenue. The value of trade receivables is such that no significant impairment loss has been recorded. The performance obligation for online revenue relates to delivery of goods to the customer.

Amounts owed by Group undertakings are repayable on demand and accrue no interest.

15. Cash and cash equivalents

	2025 £'000	2024 £'000
Cash at bank and in hand	12,085	8,248
Unsecured bank overdraft	(67)	(39)
Net cash and cash equivalents	12,018	8,209

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

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

	2025 £'000	2024 £'000
Sterling	8,349	5,668
Euro	1,403	1,325
US Dollars	2,266	1,216
Net cash and cash equivalents	12,018	8,209

16. Provisions

	Covid 19 related support £'000	Property Provisions £'000	Restructuring Provisions £'000	Total £'000
At 1 February 2023	7,419	2,134	-	9,553
Transfer from contract liabilities	-	-	-	-
Provisions utilised during the year	-	(245)	-	(245)
Provisions released during the year	(2,000)	196	-	(1,804)
Provisions provided during the year	-	(5)	-	(5)
At 31 January 2024	5,419	2,080	-	7,499
Transfer from contract liabilities	-	-	-	-
Provisions utilised during the year	(3,219)	(330)	-	(3,549)
Provisions released during the year	-	(838)	-	(838)
Provisions provided during the year	-	509	1,207	1,716
At 31 January 2025	2,200	1,421	1,207	4,828

Covid-19-related support provisions reflect amounts received under one-off schemes designed to provide support to businesses affected by Covid-19 restrictions, including lockdown grants and CJRS, in excess of the value the Company reasonably believes it is entitled to retain under the terms and conditions of those schemes. The provisions

Notes to the financial statements (continued)

have been estimated based on the Company'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 £3.2 million. The Group continues to hold discussions regarding settlement of the remaining element of the provision. The Group has not obtained any information that changes its assessment of the valuation of the remaining provision at 31 January 2025. The Group believes a range of reasonably possible outcomes remains and that the Group's provision reflects a reasonable assessment of the amount that may be repayable. The Group does not believe that any position within the range of reasonably possible outcomes would reflect a material change to the provision held at the balance sheet date and this provision is classified as current as the Group is actively aiming to resolve this settlement in the next 12 months.

We have incurred one-off costs relating to a restructuring programme associated with streamlining central support operations and as a result have recognised a provision for £1.2 million. The total one-off costs for the Company related to the restructuring are £0.9 million.

The Company 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 Company's store portfolio, such provisions are generally small which is consistent with the Company's experience of actual dilapidations and restoration costs. Specific provisions are usually made where the Company 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. Trade and other payables

	2025 £'000	2024 £'000
Current		
Trade payables	9,194	11,531
Amounts owed to Group undertakings	6,836	2,847
Other payables	5,492	3,006
Other taxation and social security	20,949	20,458
Property creditors and deferred income	5,173	7,235
Other creditors and accruals	17,226	20,660
	64,870	65,737

The Company has net US Dollar denominated trade and other payables of £5.4 million (2024: £nil).

Amounts owed to Group undertakings are repayable on demand and accrue no interest.

18. Financial instruments

Fair value

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. The fair values of other financial instruments have been assessed as approximating to their carrying values.

Notes to the financial statements (continued)

Derivative financial instruments

The balance sheet date fair value of derivative financial instruments is as follows:

	2025 £'000	2024 £'000
Derivative assets		
<i>Non-current assets</i>		
Foreign exchange contracts	858	635
<i>Current assets</i>		
Foreign exchange contracts	2,410	653
Derivative liabilities		
<i>Current</i>		
Foreign exchange contracts	(314)	(1,593)
<i>Non-current</i>		
Foreign exchange contracts	(348)	(726)

At 31 January 2025 the Company held a portfolio of foreign currency derivative contracts with notional principal amounts totalling £88.1 million (2024: £92.6 million) to mitigate the exchange risk on future US Dollar denominated trade purchases and £nil (2024: £nil) to mitigate the exchange risk on Euro denominated subsidiary income.

Foreign currency derivative contracts with a notional value of £48.4 million representing a fair value liability of £1.2 million (2024: £51.0 million representing a fair value asset of £0.3 million) were not designated as hedging relationships.

Fair value movements in foreign currency derivatives are recognised in other comprehensive income to the extent the contract is part of an effective hedging relationship. The fair value movements of £1.5 million that do not form part of an effective hedging relationship have been charged to the income statement (2024: £0.1 million) within cost of sales.

19. Share capital and share premium

	2025	2024
Share capital (Allotted, called up and fully paid ordinary shares)	£	£
15,389 ordinary shares of 10 pence each	1,539	1,539
Share premium	£'000	£'000
At the start and end of the period	436	436

20. Lease commitments

Non-cancellable leases are payable as follows:

	2025 £'000	2024 £'000
Aggregate future minimum lease payments:		
Within one year	37,952	36,968
Within one to two years	33,144	28,444
Within two to five years	53,452	46,910
Within five to eleven years	6,446	6,524
	130,994	118,846

Notes to the financial statements (continued)

21. Equity settled share based payment arrangements

Card Factory Restricted Share Awards and Long Term Incentive Plan ('LTIP')

Card Factory plc grants restricted share awards ('RSA's) to Directors, senior management and senior employees of the Company under the terms of the LTIP. Grants are made annually under the scheme subject to approval by the Card Factory plc Board. The award comprises a right to receive free shares or nil cost options. The shares will be issued within 30 days, or as soon as practicable, after the vesting date. Grants awarded in the year to Directors and senior management vest in stages over three, four and five years and vested shares may not be sold (other than to pay taxes due on vesting) until the end of the five year period. Grants awarded in the year to senior employees are subject to a three year vesting period. All restricted share awards are subject to a performance underpin through which the Remuneration Committee can exercise discretion to reduce the number of awards that will vest based on certain defined criteria.

Grants awarded prior to 31 January 2018 under the LTIP were subject to a three year vesting period with performance conditions and a two year holding period for awards in favour of Directors and senior management.

Card Factory SAYE Scheme ('SAYE')

The SAYE scheme is open to all employees (in years prior to FY19 length of service eligibility applied). Under the scheme, Card Factory plc grants awards to employees of the Company annually subject to approval by the Card Factory plc Board. Options may be exercised under the scheme within six months of the completion of the three year savings contract. There is provision for early exercise in certain circumstances such as death, disability, redundancy and retirement.

Reconciliation of outstanding awards

	LTIP		SAYE	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 31 January 2023	4,088,534	£0.01	4,545,922	£0.422
Granted during the year	1,352,261	£0.01	1,366,140	£0.715
Exercised during the year	(736,171)	£0.01	(1,528,953)	£0.272
Forfeited during the year	(211,211)	£0.01	(753,214)	£0.592
Outstanding at 31 January 2024	4,493,413	£0.01	3,629,895	£0.561
Granted during the year	1,621,165	£0.01	1,347,377	£0.754
Exercised during the year	(828,489)	£0.01	(881,769)	£0.495
Forfeited during the year	(791,906)	£0.01	(599,504)	£0.606
Outstanding at 31 January 2025	4,494,183	£0.01	3,495,999	£0.644

Further details on LTIP and SAYE awards are provided in the Annual Report of Card Factory plc, the ultimate parent company.

22. Pensions

The Company made employer contributions to defined contribution pension schemes totalling £2.2m in the year (2024: £2.0m). At 31 January 2025 the Company had employee and employer contributions due to pension schemes totalling £0.6m (2024: £0.5m).

23. Capital commitments

There were nil capital commitments at 31 January 2025 (2024: £nil).

Notes to the financial statements (continued)

24. Financial guarantees

At the year-end date, the Company was a co-borrower on secured bank facilities with a total principal value of £125 million with CF Bidco Limited, a fellow Group entity. The carrying amount of these facilities at 31 January 2025 was £75 million. The facility is subject to a cross-guarantee between Group entities. The liability to the Company is not material for recognition as management assess the risk of default under the Group's borrowing facilities to be remote.

25. Related party transactions

The Directors consider that the ultimate controlling party of the Company is Card Factory plc, a public limited company incorporated in England. The immediate parent Company is CF Bidco Limited.

Copies of the financial statements of Card Factory plc can be obtained from its registered office at Century House, Wakefield 41 Industrial Estate, Wakefield, WF2 0XG or from the website www.cardfactoryinvestors.com.

As a wholly owned subsidiary within the Group controlled by Card Factory plc, the Company is exempt from the requirements of 'IAS 24 Related Party Disclosures' from disclosing transactions with other wholly owned members of the Group.