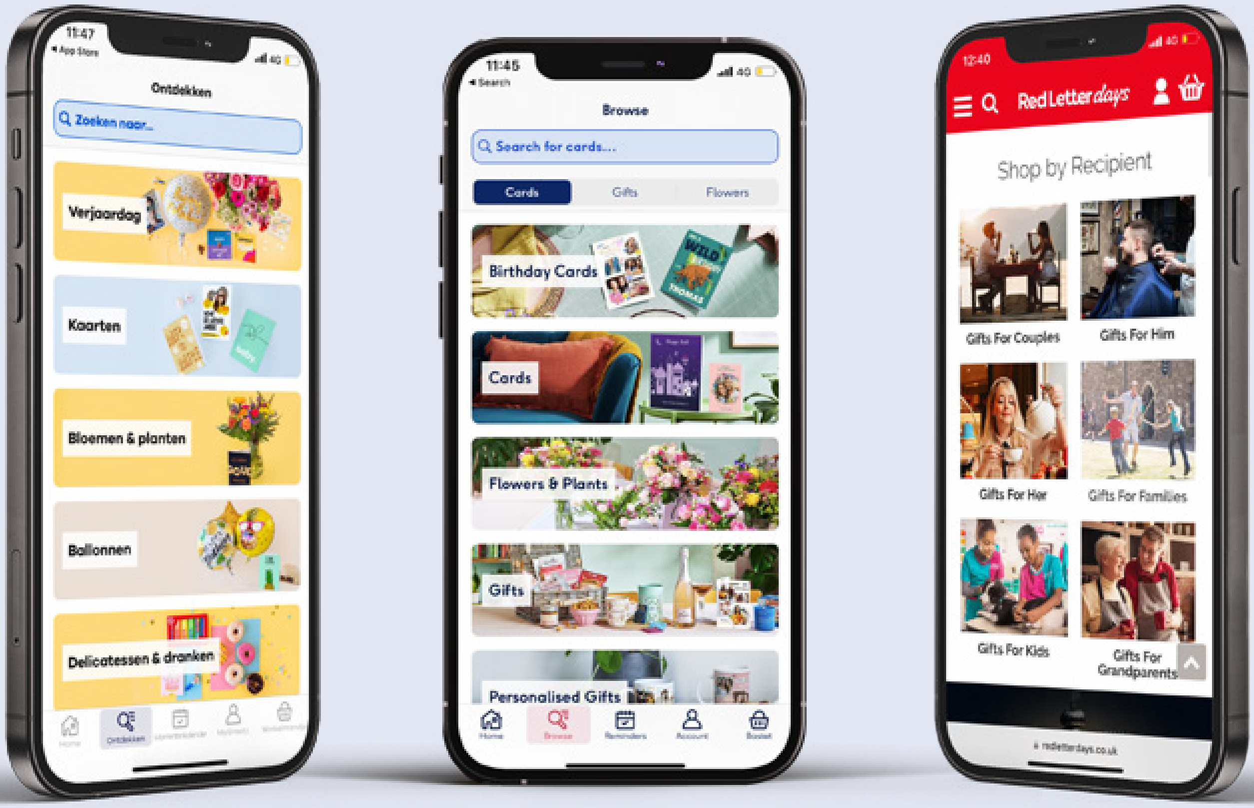
moonpig group plc

The technology and data platform for cards and gifting



Annual Report and Accounts 2023

Welcome to Moonpig Group.

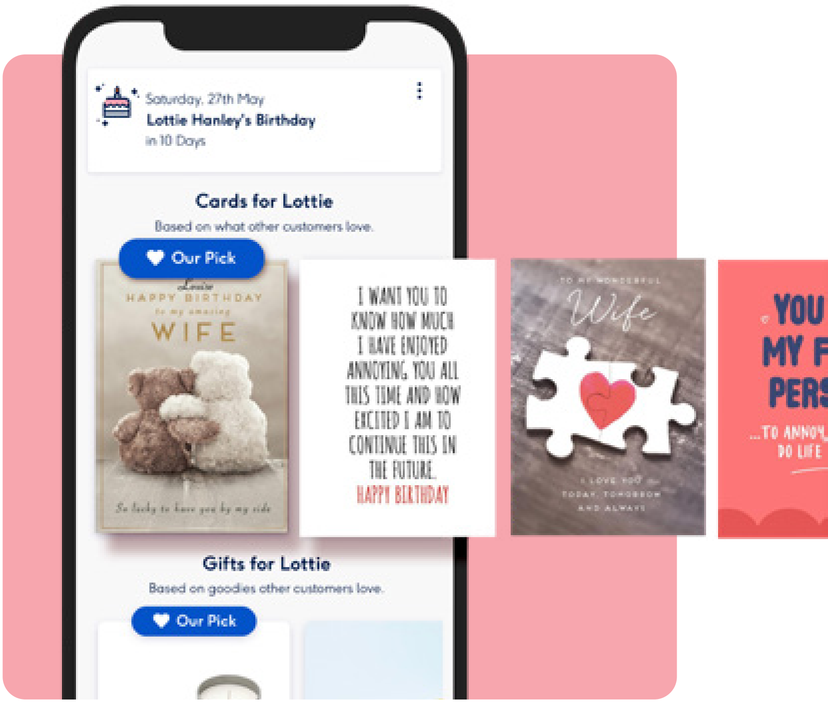
Strategic report

Corporate governance

Financial statements

We are the online market leader for cards and gifting.

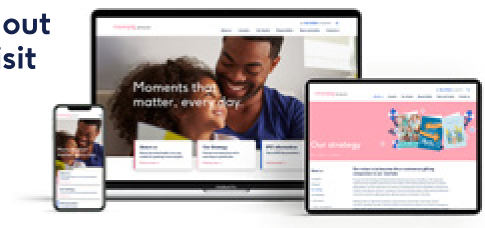
At heart we are a technology platform, but our customers know us as the leading online destination for greeting cards, gifts and flowers.



84m

customer occasion reminders.

To find out more visit us at:

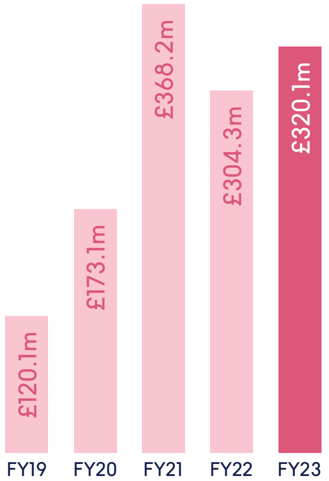


www.moonpig.group

Financial highlights.

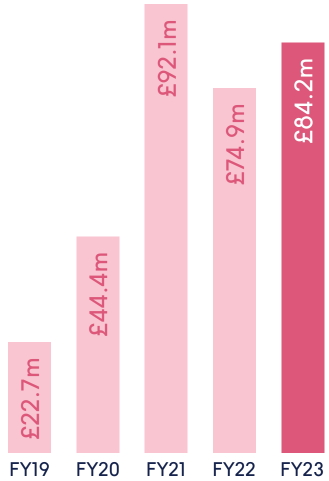
Revenue (£m)

4 year growth: 166%



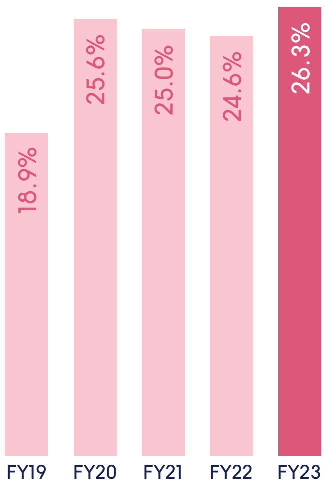
Adjusted EBITDA[1] (£m)

4 year growth: 270%



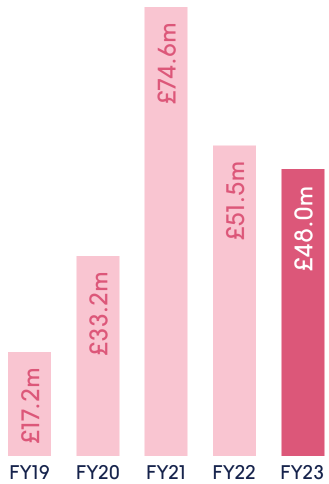
Adjusted EBITDA margin[1] (%)

4 year growth: 7.4%pts



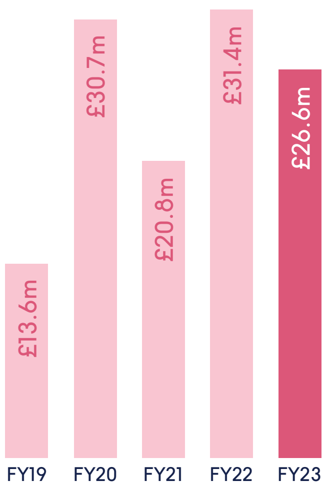
Adjusted PBT[1] (£m)

4 year growth: 179%



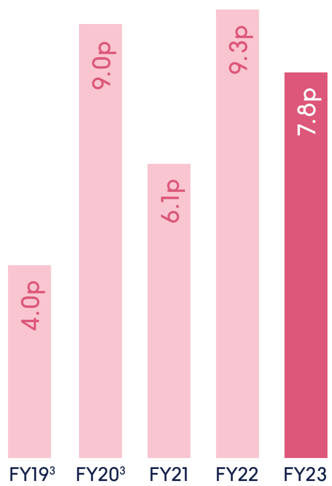
Profit after tax (£m)

4 year growth: 95.6%



Basic EPS[3] (p)

4 year growth: 95.0%



Operational highlights.

- Greetz migration onto the Moonpig technology platform completed in September 2022.
- Team of 250 technology specialists now focused on accelerating growth initiatives.
- Roadmap of innovation, including Moonpig Plus subscriptions and group cards.
- Launch of video messages and digital gifting in greeting cards at Moonpig.
- Launch of new iOS and Android apps at Greetz.
- Database of customer occasion reminders has grown to 84m as at 30 April 2023.
- Growth in online cards market share to 70% in the UK and 67% in the Netherlands.[2]
- Opening of new in-house operational facilities in both the UK and the Netherlands.
- Acquisition of Experiences, welcoming Red Letter Days and Buyagift to the Group.
- Investment to modernise the Experiences technology platform commenced.

1 Adjusted EBITDA, Adjusted EBITDA margin and Adjusted PBT are Alternative Performance Measures, definitions of which are set out in the Chief Financial Officer's review on pages 56 to 65.

2 Source: OC&C, June 2023.

3 As the Group was incorporated in FY21 there were no issued shares in FY19 and FY20. For illustrative purposes Basic EPS has been calculated for these years using the weighted average basic number of shares in FY21.

At a glance

The leading data and technology platform for online greeting cards and gifting in the UK and the Netherlands.

The UK and the Netherlands are our current core markets.

Proportion of revenue by country in FY23 % of Group revenue

United Kingdom	Netherlands	Rest of world
FY22: 76%	FY22: 23%	FY22: 1%
FY21: 75%	FY21: 23%	FY21: 2%
FY20: 71%	FY20: 27%	FY20: 2%

We operate through four online brands.

moonpig

Moonpig has been a pioneer since it was founded as the UK's first online greeting cards business in 2000.

It has since grown to become a well-loved brand and the number one online destination for all our customers' gifting needs.

greetz

Greetz was founded in Amsterdam in 2004 as the Netherlands' first online greeting card service.

Greetz aims to make it easier and more personal for people to be thoughtful and is widely recognised as a leading player in delivering personalisation in the gifting market.

buyagift

Founded in 1999, Buyagift is a leading UK gift experiences platform with options in categories such as dining, theatre and family outings.

With the broadest and deepest geographical footprint in the UK, it gives customers an unrivalled choice with something to suit every taste and occasion.

Red Letter days

Launched in 1989, Red Letter Days pioneered the concept of giving unforgettable experiences as a gift.

The idea caught people's imaginations and today Red Letter Days, with its iconic red gift box, remains the "go-to" gift experiences company.

Our strategy is to become the ultimate gifting companion.

Gifting share of revenue[1]

51%

FY22: 48%
FY21: 46%
FY20: 42%

Cards and gifts sold[1]

49m

FY22: 57m
FY21: 73m
FY20: 36m

Gifting SKUs[2]

8,800

April 2022: 2,400
April 2021: 1,400
April 2020: 1,000

We have a broad and balanced customer demographic.

% total users split by age group in FY23[1]

Under 35	35 – 55	55+
40%	38%	22%
FY22:38%	FY22: 36%	FY22: 26%
FY21: 42%	FY21: 35%	FY21: 23%
FY20: 40%	FY20: 37%	FY20: 23%

% total users split by gender in FY23[1]

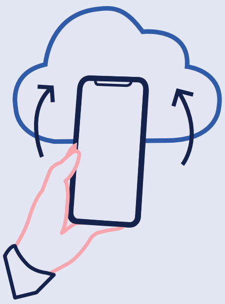
Male	Female
44%	56%
FY22: 40%	FY22: 60%
FY21: 39%	FY21: 61%
FY20: 35%	FY20: 65%

We use data and technology to create loyal customer relationships.

Highly skilled data scientists, analysts and engineers[2]

250

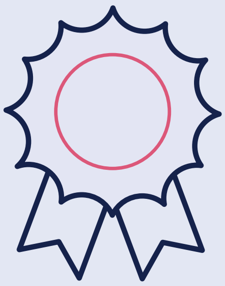
April 2022: 195
April 2021: 153
April 2020: 106



Moonpig and Greetz customer reminders set[3]

84m

April 2022: 72m
April 2021: 52m
April 2020: 32m



Lifetime transactions[4]

266m

April 2022: 230m
April 2021: 190m
April 2020: 130m

1 FY23 stated for the Group (including Experiences since acquisition on 13 July 2022 and excluding Experiences for the pre-acquisition period in FY23 and prior years).
2 As at 30 April 2023. Stated for the Group (including Experiences as at 30 April 2023 and excluding Experiences for prior years).
3 As at 30 April 2023. Moonpig and Greetz only.
4 Cumulative transactions as of 30 April 2023. All-time for Moonpig, from 1 September 2018 (post acquisition) for Greetz and from 13 July 2022 (post acquisition) for Experiences.

Chair's statement

"Moonpig Group has demonstrated resilience, profitability and strong cash generation whilst putting in place the foundations for growth."

Overview

The past year has been testament to Moonpig Group's resilience, demonstrating its ability to deliver high profitability and strong cash generation across the economic cycle. This reflects a flexible business model that leverages technology and proprietary data to create enduring customer relationships and is enabled by the recession-resilience of the greeting card market. It has been achieved whilst continuing to make significant investments in marketing, operations and technology.

The year was also notable for the successful delivery of several strategic projects including the acquisition of Experiences, the opening of new operational facilities in the UK and the Netherlands and the migration of Greetz onto the Group's unified technology platform. The Group has since refocused its 250 data scientists, analysts and engineers towards developing new customer-facing functionality to drive revenue growth and innovation.

The Board does not expect the wider economic environment to become more favourable in the year ahead. Nevertheless, the foundations put in place by management provide the base for the expected delivery of profitable growth in FY24. In addition, we expect the Group's strong operating cash flows to drive further deleveraging.

FY23 performance

The Group delivered revenue of £320.1m in FY23 (FY22: £304.3m), which was significantly higher than pre-Covid comparative figures. Year-on-year growth of 5.2% reflects the acquisition of Experiences, partially offset by the positive impact on prior year from lockdown restrictions at Moonpig and Greetz.

The Group delivered Adjusted EBITDA of £84.2m (FY22: £74.9.m). The acquisition of Experiences contributed £13.0m of Adjusted EBITDA, which broadly offset the impact of the post-Covid reversion of trading at Moonpig and Greetz. Adjusted EBTIDA margin of 26.3% (FY22: 24.6%) was achieved through a combination of initiatives to improve gross margin rate, targeting resources towards higher-margin cards sales and indirect cost control. This was delivered at the same time as maintaining significant investment in marketing, alongside expansion of the Group's operational network and an acceleration in the pace of technology development.

Acquisition of Experiences

As part of our strategic aim to drive our gifting proposition, on 13 July 2022, the Group completed the acquisition of Red Letter Days and Buyagift, welcoming them to the Group as our new Experiences segment.

A strategic refocus and significant operational change have been delivered since then, including appointing a new Managing Director, starting a project to modernise the Experiences technology platform, relocating fulfilment to Moonpig's operational facility, outsourcing customer services and co-locating Experiences employees at the Group's head office.

The acquisition brought a high quality, complementary business to Moonpig Group, offering strong strategic fit and opportunities for revenue synergies. The introduction of digital gifting capabilities to the Moonpig platform has already begun, with the launch of a feature allowing customers to add a gift to the inside of a card in the form of a redeemable code.

The acquisition of Experiences was financed through available cash and additional revolving credit facilities. Strong cash generation since then has driven deleveraging, with net debt to pro forma Adjusted EBITDA (stated to include a full year of Experiences) of 1.97x as at 30 April 2023.

The Board is comfortable with the Group's net debt position, taking into account that there is significant liquidity headroom and covenant headroom, that approximately three quarters of the Group's floating rate interest exposure is hedged and that the Group's facilities are committed until December 2025. The Group's short term capital allocation priority is continued deleveraging. Net debt to Adjusted EBITDA remains on a strong downward trajectory.

Employees

The Group's employees in the Netherlands, Guernsey and the UK have played a key role in delivering resilient financial performance in FY23 and in successfully executing the various strategic projects completed during the year. On behalf of the Board, I'd like to thank all employees for their dedication and hard work.

Corporate responsibility

Moonpig Group's purpose is to help its customers to connect with those that they care about. The Board is pleased with the Group's progress against its environmental, social and governance goals during FY23.

The Group has made further progress in reducing Scope 1 and 2 greenhouse gas emissions, delivering a 3% year-on-year reduction and lowering them to 22% below the FY20 baseline[1]. This reduction was driven by moving to two new fulfilment sites with high environmental standards, adopting renewable energy tariffs and making continuous operational improvements to increase energy efficiency.

Moreover, management has completed a significant project to measure Scope 3 emissions and set ambitious targets to reduce them by 97% by 2050, with a medium-term target for supplier engagement. The Group aims to obtain commitments from suppliers covering 67% of its Scope 3 emissions to set reduction targets aligned with SBTi criteria by April 2030.

The Group performed well against its diversity goals, meeting goal 7 with 45% of new hires in technical roles being female (FY22: 37%) and 52% combined representation of women and ethnic minorities on the Leadership Team (FY22: 53%).

The Moonpig Group Foundation has continued to support various organisations with missions that align with the Group's aim of creating better and more personal connections between people who care about each other. Beneficiaries included End Youth Homelessness, Kinderhulp in the Netherlands and Les Bourgs Hospice in Guernsey.

Our employee engagement goal has been impacted by the challenges of operating in an economic downturn characterised by disciplined control of discretionary costs. Customer net promoter score was affected by the unfortunate impact of repeated industrial action at Royal Mail. Management is focused on delivering improvement in both of these areas.

Board and governance

The Group complied in full with the UK Corporate Governance Code in FY23, as set out in the Governance Statement from pages 82 to 91. The Board continues to meet the requirement that at least half its members (excluding the Chair) are Independent Non-Executive Directors.

A Relationship Agreement is in place to ensure that the Company is capable at all times of carrying on its business independently of Exponent, its former controlling shareholder. Exponent has a right to nominate one Nominee Director to the Board until its shareholding falls below 10%. As at the date of this Report, Exponent held 12.0% of issued share capital.

During the year the Board reviewed the composition of all its Committees and, given the Board's evolution since Admission in 2021, it was determined that I would step down from the Remuneration Committee with effect from 29 March 2023. Since that date, the Committee has been composed solely of the four Independent Non-Executive Directors.

Board diversity is important, and I am confident that the Board collectively possesses a broad range of experience, skills and knowledge from different backgrounds. We currently have 38% female representation, which is close to the new Listing Rule target of 40%, with the gap reflecting the appointment of a male Nominee Director under the Relationship Agreement. We meet the new Listing Rule targets for at least one senior Board position to be held by a woman (by virtue of my appointment as Chair) and for at least one Board member to be from a minority ethnic background (as we have two minority ethnic Directors).

Looking ahead

The Board is pleased with the start to the new financial year and is confident that the foundations laid by management provide a platform for delivering profitable growth in FY24. The Group remains ideally placed to maintain and increase its online market share whilst leading the shift in its markets from offline to online.

Kate Swann

Non-Executive Chair
28 June 2023

1 For Scope 1 and 2 emissions, the baseline year is FY20 and this has been validated by the Science Based Targets initiative ("SBTi"). The FY20 baseline has been re-calculated for FY20 emissions at Experiences following the acquisition of that segment.

Chief Executive Officer's review

"We have laid the ground work for our expected return to organic revenue growth in FY24."

Overview

The Group's business model is resilient, profitable and cash generative. This has enabled us to maintain investment in our technology, marketing and operations throughout the year ended 30 April 2023, laying the groundwork for an expected return to organic revenue growth during FY24.

- We have scaled our technology team to 250 skilled data scientists, analysts, and engineers, up from 195 in April 2022 and 153 in April 2021.
- After four years of foundational work and the successful migration of Greetz onto our unified technology platform, our technology teams are now accelerating growth initiatives that can be leveraged across both of our card-first brands. A technology and data-led innovation roadmap is being implemented, including features such as Moonpig Plus subscriptions, video messages in greeting cards and group cards that will enhance the Moonpig and Greetz value proposition relative to online and offline alternatives.
- We have opened new operational facilities on ten-year leases in Almere, Netherlands and Tamworth, UK. Insourcing operations enhances scalability, provides flexibility for driving customer basket size through bundling gifts and offers potential for gross margin efficiencies.
- We have continued to build our brands. Our principle of maintaining marketing efficiency led to a lower marketing spend in light of fewer available online search engine impressions, however our customer acquisition activity remained substantial, with revenue from new customers continuing to exceed pre-pandemic levels.
- We completed the acquisition of Red Letter Days and Buyagift, welcoming them to the Group as our Experiences segment. Following acquisition, we have implemented significant operational changes, including appointing a new Managing Director and leadership team and are now investing to deliver the strategic roadmap set out at acquisition, including modernising the Experiences technology platform.

The Group has a compelling market growth opportunity ahead of it, as online penetration of the single greeting cards market remains low at approximately 15% in the UK and 21% in the Netherlands for 2022 (source: OC&C). As the clear leader in the online segment, we are well placed to capitalise on and drive the transition from offline to online. We also now own Experiences, which provides opportunities to unlock innovation through digital gifting and has equipped us with a profitable presence in the standalone gifting market.

Despite facing a more challenging trading environment from October 2022 onwards, we have delivered a strong set of results. This reflects the commitment of our people across the UK, Guernsey and the Netherlands, and has been made possible by the strength and flexibility of our business model:

- Our focus on customer lifetime value equips us with resilience in more challenging conditions. Our approach at Moonpig and Greetz is focused on acquiring loyal customer cohorts that drive recurring annual revenue and 88.6% of revenue at these brands was generated from existing customers (FY22: 86.5%). The long-term "sticky" nature of these customer cohorts is supported by our data and technology platform, which allows us to personalise the user experience. Our database of 84m reminders (April 2022: 72m) enables us to communicate directly with customers at times of maximum purchase intent. More generally, the greeting cards market has a long track record of recession-resilience.
- We have delivered £84.2m (FY22: £74.9m) of Adjusted EBITDA, reflecting 12.4% year-on-year growth. The acquisition of Experiences contributed £13.0m of Adjusted EBITDA, which was broadly offset by the impact of post-Covid reversion of trading at Moonpig and Greetz. Gross margin rate has improved year-on-year, reflecting management action to improve intake margin, the category mix impact of prioritising resources towards higher-margin cards, the use of our personalised promotions engine to target discounts more precisely and the impact of the acquisition of Experiences. We have prioritised resources where the return on investment is highest. We have taken a disciplined approach to the management of indirect costs.
- Our business is highly cash generative. Net debt to pro forma Adjusted EBITDA decreased from 2.45x at 31 October 2022 to 1.97x at 30 April 2023 and we expect this trajectory of deleveraging to continue in the year ahead.

We delivered FY23 Adjusted EBITDA of £84.2m (FY22: £74.9m) and operating cash flow of £56.2m (FY22: £59.6m) whilst maintaining investment for growth and delivering on our three strategic pillars. These pillars focus on leveraging data and technology to make the gifting experience effortless, building our brands so receiving our product always means more and ensuring the perfect range of cards and gifts for every occasion.

Leveraging data and technology

In 2018, we embarked on a multi-year journey to transform Moonpig and Greetz into technology and data-led businesses. We accomplished this in September 2022 with the completion of a unified technology platform. After four years of work on foundational projects, the majority of our skilled data scientists, analysts and engineers are now focused on iteration, testing and improvement to drive revenue growth at Moonpig and Greetz.

The pace of technology innovation has risen, with key developments including:

- The full launch of Moonpig Plus, our low-cost, affordable subscription service, in May 2023. Based on extensive testing throughout FY23 we expect that this will increase customer order frequency.
- The introduction of new iOS and Android apps for Greetz.
- The launch of tailored recommendation algorithms at Greetz to drive gift attachment by Dutch customers.
- The implementation of suggested gift bundles, an improved gift/flower image carousel and gift cross-sell at the basket stage of the customer journey at Moonpig.
- The roll-out of video messages across the card range, with over 75,000 messages sent by Father's Day 2023.
- The launch of digital codes for gift experiences in Moonpig cards.
- The introduction of stickers and photos for the inside of cards at Moonpig and Greetz.
- The phased roll-out of new features and functionality for Moonpig group cards.

At Experiences, we have extended direct voucher redemption to more products including The View from The Shard and city cruises to drive recipient-into-customer conversion. We are also investing in modernising the Experiences technology platform, with a new content management system and on-site search scheduled for roll-out in FY24.

Building our brands

Through continued, disciplined marketing activity, we delivered FY23 revenue from new customers that was 33% higher than in FY19, the largest pre-Covid year. Moonpig launched its most comprehensive cross-channel marketing campaign ahead of Mother's Day in the UK, enabling Moonpig to record its largest ever week of sales during March 2023.

Over the past five years, our strategy has consistently emphasised delivering revenue growth through the existing customer base, and the share of revenue from existing customers increased year-on-year to 88.6% (FY22: 86.5%). We maintained our disciplined approach to new customer acquisition in which we ensure that payback periods stay within our framework. We aim to acquire high-quality, loyal customer cohorts that deliver lifetime value rather than pursuing short-term, transactional revenue.

Chief Executive Officer's review

We have broadened the marketing mix through increased consumer PR coverage and partnerships, such as the successful launch of the "Disney 100" flowers range. At Greetz, we focused on driving app downloads after launching new iOS and Android apps in September 2022.

Reminders are one of the most effective ways for Moonpig and Greetz to communicate with customers and growing the number of reminders set has been a key business objective across recent years. We delivered against this in FY23, further increasing the size of the database from 72m reminders at April 2022 to 84m reminders at April 2023. In the year ahead we will emphasise reminder collection at Greetz, where a smaller proportion of customers have set more than one reminder, compared to Moonpig. We are also implementing initiatives such as "upcoming occasions" panels on customer landing pages, to improve reminder conversion.

Whilst Experiences primarily focused on optimising online performance marketing, we have begun the process of differentiating the Red Letter Days and Buyagift brands, so that the former emphasises iconic experiences and a more curated range whilst the latter will be more value-led. Moonpig became the Experiences segment's largest online distribution partner in FY23 after launching the first version of digital gift experiences in a card. As we expand digital gifting beyond the current 300 SKU range and enhance search and browse functionality, we anticipate further sales growth.

Expanding our range

We aim to have the perfect card and gift for every relationship and every occasion. For greeting cards, we have formed a single global design team to leverage the strength and breadth of our UK range across geographies. This team manages in-house and licensed card designs, with a current key focus on bringing global licensed properties that already feature on Moonpig (such as Marvel, Disney and Star Wars) to Greetz.

In gifting, we have expanded our offering with personalised balloons at Greetz and Moonpig's most extensive flower range to date, with 72 bouquets at Valentine's Day and 102 bouquets at Mother's Day. We have emphasised bringing new products and curating gift sets and bundles to differentiate our offering.

We have partnered with new gifting brands, such as My 1st Years for baby and young children's gifts and Mars for personalised chocolates. We have enhanced our flowers offering through co-branding with Cath Kidston and Disney. Moreover, we have introduced the Red Letter Days and Buyagift brands at Moonpig, offering both physical gift boxes and digital gifting options.

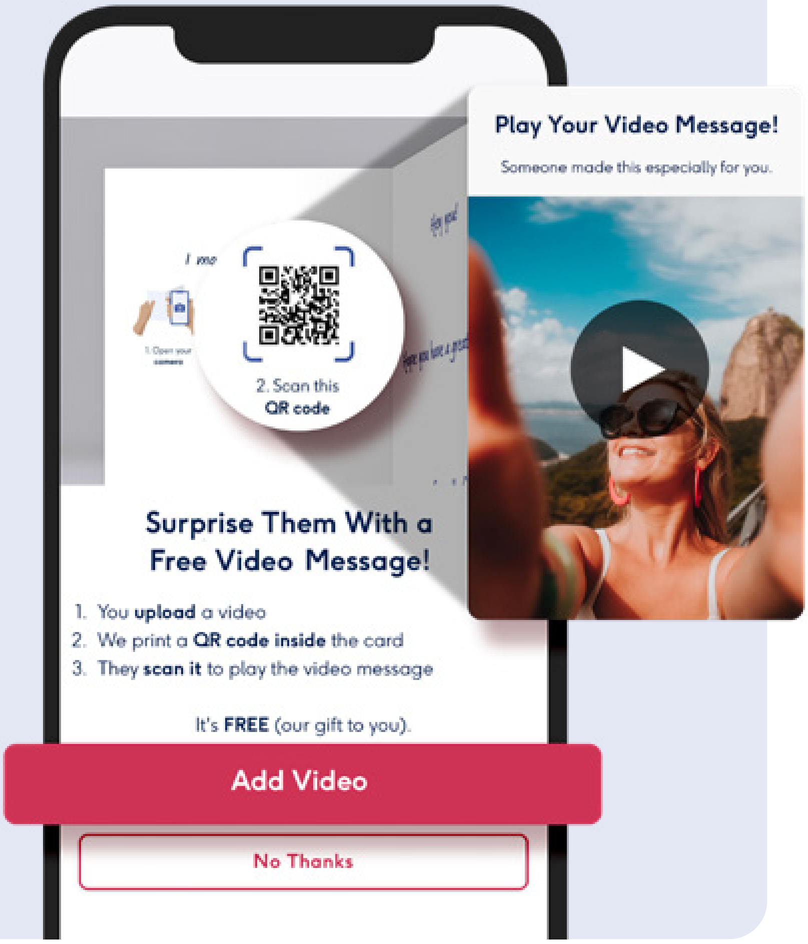
Personalised video messages

As part of our strategy to differentiate the inside of our cards from competitors, we have launched a unique feature that allows customers to add custom video messages to their greeting cards.

Customers simply select their preferred card design and upload a personalised video. We then print the card with a QR code linked to this video. The recipient can effortlessly access and experience this personalised message by scanning the QR code with their smartphone.

This innovation has proven popular with our customers. By Father's Day 2023, over 75,000 video messages had been sent, signalling a strong reception. We expect this to increase as more people become aware of the feature through word-of-mouth.

Initially, this feature was offered on 10,000 card designs for Valentine's Day 2023. Given its successful uptake, we have now extended it across our card range.



In response to customer demand for more affordable gifting, we have strengthened our range of gifts at price points below £16, launched a new letterbox gifting range at Greetz and added numerous new designs to Moonpig's balloon and personalised mug ranges. We have also offered value for customers through an expanded range of supplier-funded promotions.

Finally, we continue to enhance the Experiences range by launching new experiences with premium partners such as Harvey Nichols, Harrods, Côte, Macdonald Hotels and the Gordon Ramsay Academy.

Maintaining high ethical, environmental and sustainability standards

We continue to execute against our ESG strategy, which commits the Group to eight long-term goals focused on the environment, its people and its communities.

Progress has been strong on climate-related goals. We surpassed our expectations with respect to Scope 1 and 2 greenhouse gas emissions, achieving 95% renewable energy mix at Tamworth and Almere. We have fully measured out our Scope 3 emissions baseline and have developed the Group's inaugural climate transition plan. In view of the progress made, we have set new goals for greenhouse gas emissions reduction, comprising near-term and long-term targets for each of Scope 1 and 2 (direct) emissions and Scope 3 (value chain) emissions.

We have also made good progress on our diversity goals. One of our ESG goals is for new hires into technology security, engineering, product and analytics roles to be at least 45% from women by 2025. For the year ended 30 April 2023, 45% of new hires into these technical roles were women (FY22: 37%).

Our employee engagement KPI has been impacted by the need for disciplined control of costs during an economic downturn. Customer net promoter score reflects repeated industrial action at Royal Mail in the UK. We are confident in our ability to deliver significant improvements in both areas during the months ahead.

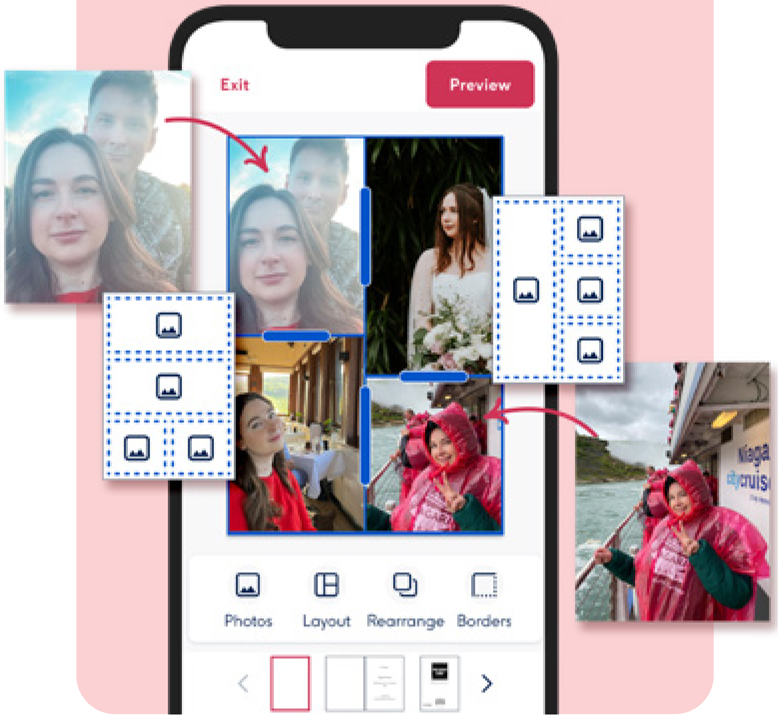
Nickyl Raithatha
Chief Executive Officer
28 June 2023

New collage designer for photo upload cards

We want user experience to be as convenient as possible, including when customers are creating a highly personalised card. With this in mind, we have launched a collage designer which uses our technology to arrange photos on a card.

This new feature enables customers to create personalised cards with photos from their personal files. Our technology intuitively constructs a personalised collage card, bypassing the need to browse and select from multiple templates. The customer can then further customise the card by cropping, resizing or shuffling images.

The collage designer was rolled-out across both Moonpig and Greetz in FY23.



Our journey

We have transformed our business into a technology and data platform for gifting.

Moonpig Group is a leading international gifting platform with a rich history of innovation, growth and fun. It all began in April 2000 when moonpig.com was launched as the UK's first online card retailer. The vision was simple: to create a better card than customers could find on the high street, by combining digital printing and the internet. As time went on, the Group expanded into card-attached gifting, adding flowers, off-the-shelf gifts and balloons to its range.

In 2018, the Group acquired Greetz, one of the Netherlands' leading online card and gifting businesses. Greetz was founded in Amsterdam in 2004, since then it has established itself as a clear market leader in online cards with strong brand awareness.

On 5 February 2021, the Company was admitted to the Official List of the Financial Conduct Authority and to trading on the premium segment of the London Stock Exchange's Main Market for listed securities. This milestone reflects the Group's position as a leading player in the gifting industry.

In July 2022, the Group completed the acquisition of Experiences, which operates the Red Letter Days and Buyagift brands. This acquisition accelerated our strategy of becoming the ultimate gifting companion.

From 2018 onwards, the Group has invested in transforming itself into the world's leading technology and data platform for gifting. Most recently, this has involved several large foundational projects, including the migration of Greetz onto our unified technology platform and the opening of new operational facilities in Tamworth in the UK and Almere in the Netherlands.

Since completing these foundational projects, the Group's technology teams have been focused on growth initiatives and product innovations such as video messages and digital gifting in greeting cards and Moonpig Plus subscriptions.

- 01 Innovator of personalised cards
- 02 The leading online card and gift shop
- 03 Transformation into a technology and data platform
- 04 Transition to innovation and growth initiatives

01

2000

Moonpig, the first online greeting cards business, is founded

2004

Greetz is founded in the Netherlands

2006

Moonpig launches its first television campaign, featuring the iconic jingle

2007

Moonpig introduces gifts

02

2010

Greetz introduces flowers

2016
Moonpig Group is acquired by Exponent

03

2018
August
Moonpig Group acquires Greetz

November
Launch of the Group's Manchester technology hub

2020
December
Incorporation of Moonpig Group plc
Completion of technology and data replatforming at Moonpig

September
Launch of the Global Design Platform for greeting card designs

2021
Moonpig Group floats on the London Stock Exchange

04

2022
March
Moonpig launches in Ireland

July
Acquisition of Experiences (Red Letter Days and Buyagift)

September
Completion of the unified technology platform for Moonpig and Greetz

New UK operational facility opens in Tamworth

New Netherlands operational facility opens in Almere

Launch of new iOS and Android apps at Greetz

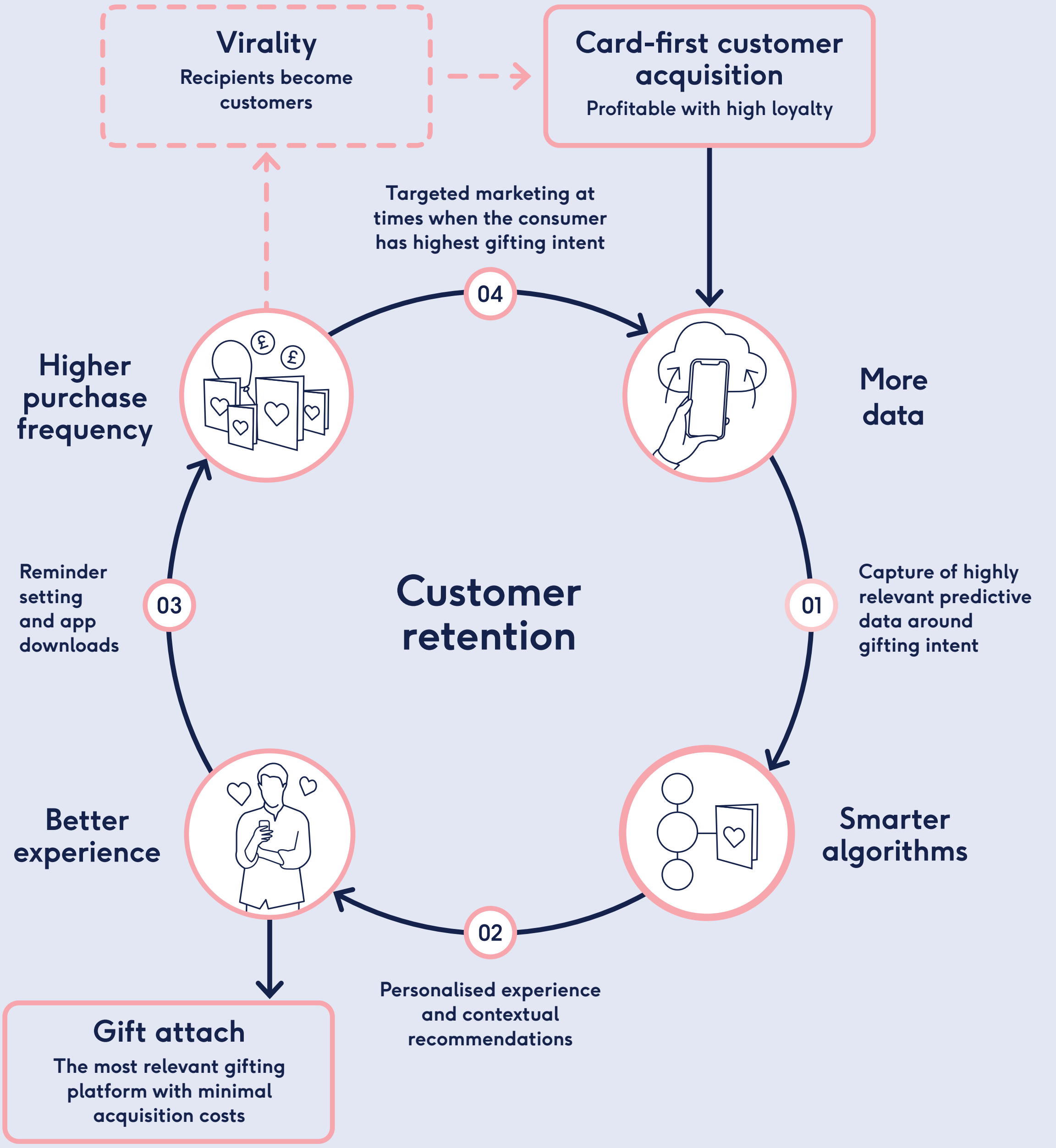
2023
Launch of digital gifting in greeting cards

Launch of Moonpig Plus subscriptions

Launch of video messages in greeting cards

Business model

At Moonpig and Greetz, our data-driven growth flywheel drives customer retention and lifetime value.



Competitive advantages

Brand power
Clear market leader, with two category-defining brands and high brand awareness.

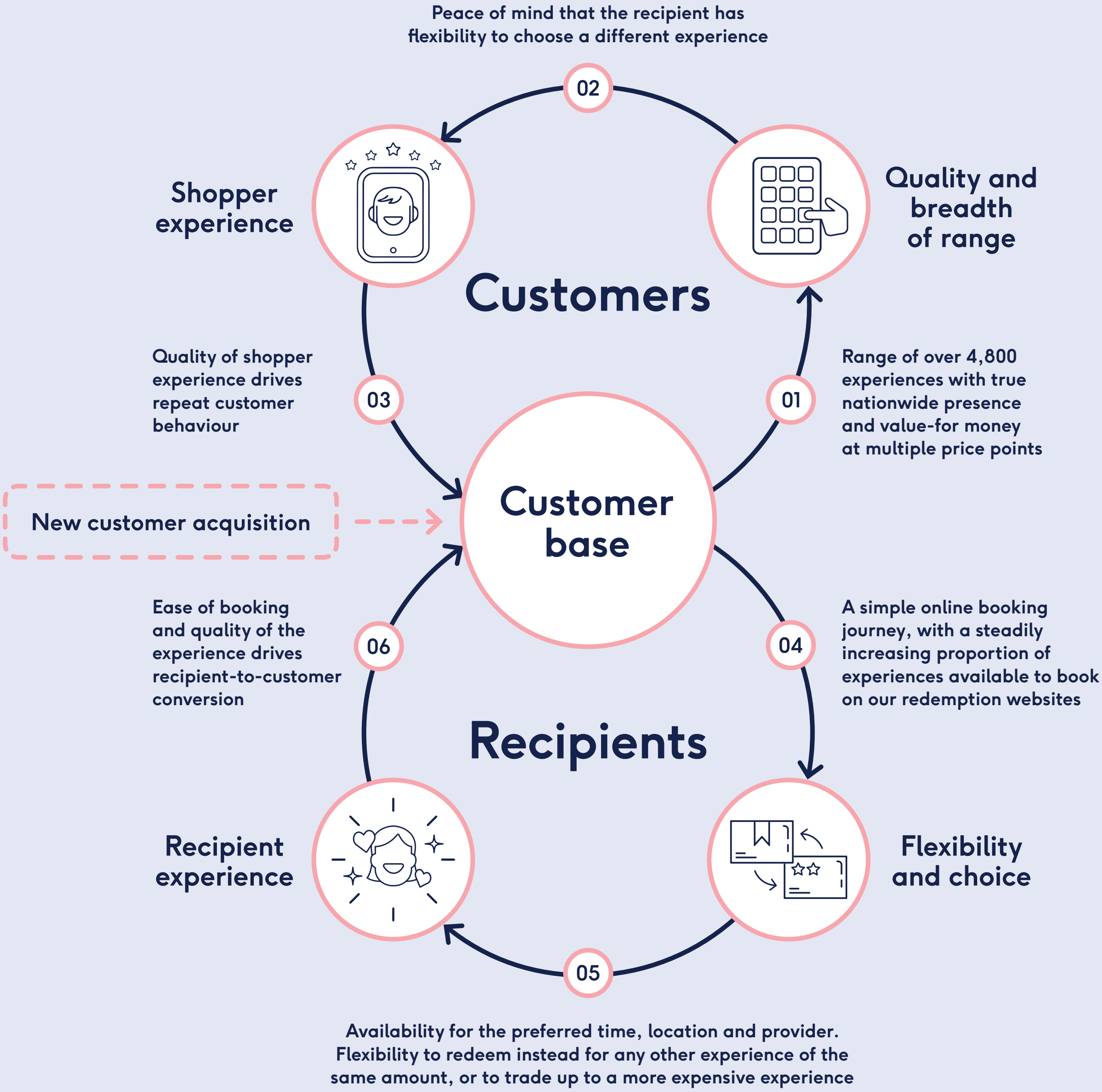
Rich data pools
Proprietary recommendation algorithms are optimised across 84m reminders as at 30 April 2023.

Scale
Each day, the Group captures approximately six times[1] the customer data of its nearest competitor.

Platform
A world-class technology platform, which is constantly optimised through ongoing testing.

1 Moonpig UK market share 2022 source: OC&C, June 2023.

At Experiences, our strategy is to create a growth flywheel by focusing on the conversion of recipients into future customers.



Range
The broadest and deepest range of gift experiences in the UK, including the widest range across categories and the most comprehensive coverage in the UK.

Brands
Red Letter Days and Buyagift are two long-established brands with high levels of customer satisfaction.

Recipients become customers
Conversion of gift experience recipients into future customers, leveraging the online touchpoints during the redemption and booking journey.

Revenue synergy with Moonpig
The only gift experiences platform that has opportunity to leverage Moonpig's proprietary dataset on customer gifting intent.

Business model in action

Our platform is a data-driven gifting recommendation engine.

We leverage proprietary data on customers' gifting intent and self-learning algorithms to make it as effortless as possible to find the perfect card and perfect gift.

Card-first acquisition of loyal customers

- The card purchase journey captures multiple unique datapoints including relationship, occasion, age, style, mood, recipient address and propensity to spend.
- 90% of card occasions are linked to a calendar event (for instance birthdays, anniversaries) that repeats every year. This builds long-term relationship data, which strengthens over time.
- Customer loyalty is supported by personalised occasion reminders.
- The typical customer buys approximately three cards per year.

Every card order is an opportunity to cross-sell gifts

- Extensive data collected during the card personalisation journey powers proprietary cross-sell algorithms, which enable us to provide highly relevant gift recommendations.
- There is a significant upsell opportunity, with over 70%[1] of all cards in the UK being given with a gift.
- It is key to build the right range of curated gifts, so that our algorithms can recommend the perfect gift for every gifting relationship and occasion.
- Cross-sell allows us to participate in physical and experiential gifting categories with negligible incremental marketing costs.

Driving customer acquisition through network effects

- The Group creates network effects with every customer interaction.
- When each of the millions of group cards, physical gifts and gift experiences are sent, the Group gains exposure and the recipient becomes a potential future customer.
- Red Letter Days and Buyagift have direct opportunities to interact with recipients during the online experience code redemption process, creating the strongest network effects.
- Moonpig is extending the online redemption touchpoint to recipients through digital experiences (such as gifts and video messages) that are redeemed using a code printed on the inside of the card.
- This will expand opportunities for recipient-to-customer conversion.

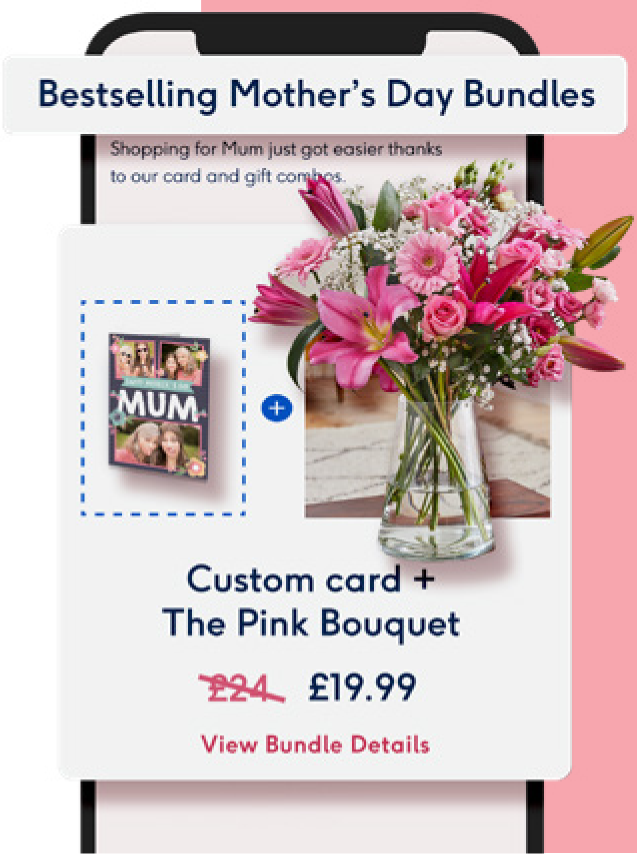
1 Source: OC&C, December 2020.

Group cards

Group cards is an innovative feature that allows our customers to digitally collect messages from colleagues, family and friends in a single card. It was introduced as a minimum viable product in the second half of FY21, accessible only via the Moonpig apps. Following launch, we have analysed data on user action to gain insights into its use and to outline strategies for further development and expansion.

We have now commenced the phased roll-out of new features and functionality for group cards. Our focus in FY23 has been on improving the contributor experience, including allowing contributors to log in and read other messages written inside the card. This strengthens user engagement and provides opportunities for the conversion of contributors into new Moonpig customers.

Looking forward, our FY24 roadmap includes increasing the maximum limit for messages per card, extending feature accessibility to users of Moonpig's website and launching a localised variant tailored for Dutch customers using the Greetz website and app.



Raising average order value through gift bundling

One of our key growth drivers is increasing gift attachment rates.

In FY23 we opened new operational facilities at Tamworth in the UK and Almere in the Netherlands. Centralising our UK fulfilment operations better equips us to support gift bundling, which we can leverage to increase basket sizes and therefore drive average order value. Although flower fulfilment remains separate, most gifts in each country can now be processed from our main in-house fulfilment centres.

We have implemented new user experience features that encourage both single and multiple gift attachments. Looking ahead, we see potential for upselling (for example, promoting a larger bouquet of flowers), selling ancillary products (such as offering a vase with a bouquet of flowers), and bundling (such as pairing flowers with a box of chocolates).

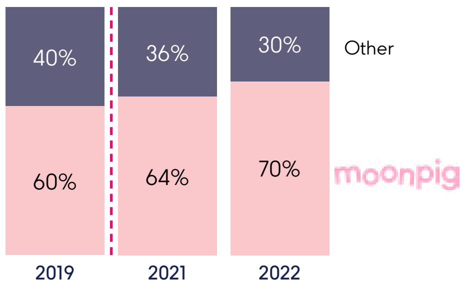
Market overview

The Group has continued to consolidate its online leadership in cards.

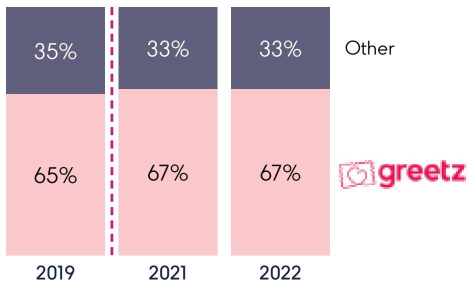
Clear online leadership in the cards market.

Market share of online card specialists 2019 – 2022[1,2,3]

UK Cards



Netherlands Cards



The Group is the clear online market leader in single greeting cards and has increased its market share each year since 2019. The Group's market share relative to its nearest competitor is now approximately 5.8x[1,2] in the UK and approximately 3.2x[1,3] in the Netherlands.

The cards market is undergoing a long-term secular shift to online.

Estimated single greeting cards market 2019 – 2026[F]

UK:	2019 £m	2020 £m	2021 £m	2022 £m	2023[F] £m	2024[F] £m	2025[F] £m	2026[F] £m
UK offline	1,226	1,011	1,077	1,166	1,221	1,239	1,257	1,275
UK online	140	239	243	199	208	234	261	289
Total UK market	1,366	1,250	1,320	1,365	1.430	1.473	1.518	1.564
UK online share %	10%	19%	18%	15%	15%	16%	17%	19%

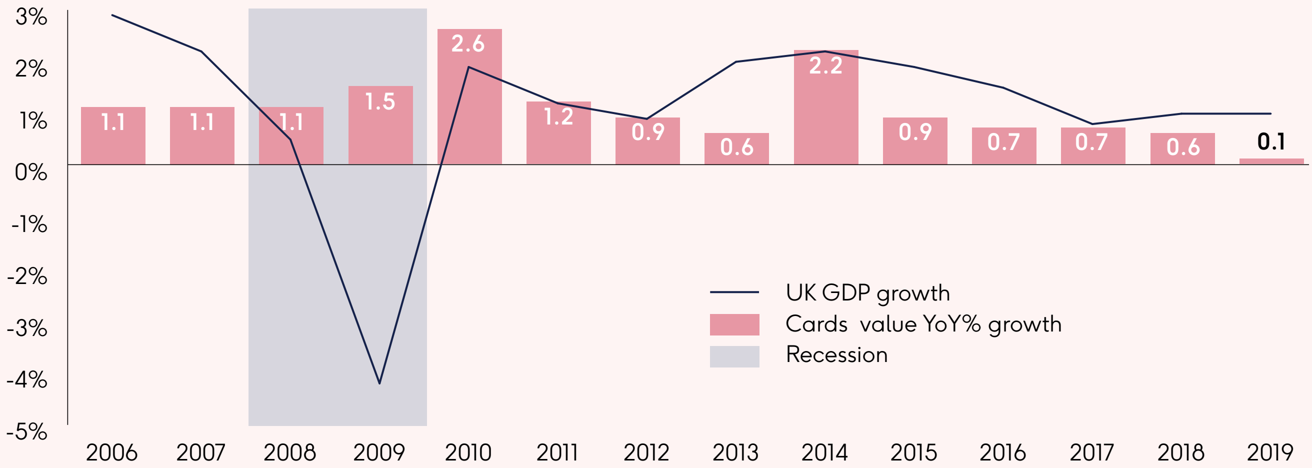
Netherlands:	2019 £m	2020 £m	2021 £m	2022 £m	2023[F] £m	2024[F] £m	2025[F] £m	2026[F] £m
NL offline	262	194	210	233	239	237	238	240
NL online	39	73	83	64	64	71	75	79
Total NL market	301	267	293	297	302	308	313	319
NL online share %	13%	27%	28%	21%	21%	23%	24%	25%

There has been an enduring step-up in online penetration of the greeting cards market since 2019, to 15% in the UK and 21% in the Netherlands for 2022. Online market penetration is forecast to reach 19% (UK) and 25% (Netherlands) in 2026.

1 Source: OC&C, June 2023.
2 For the UK, data for 2019 and 2021 has been updated for additional public disclosure by competitors since the OC&C report produced in June 2022. Other includes Thortful, Funky Pigeon, Card Factory Online, TouchNote, Clintons, Paperchase, Hallmark, Boomf and Papier. Excludes non-card specialists which accounted for £16m of the £199m total online segment in 2022.
3 For the Netherlands, the total market share of the three largest online specialist greeting cards operators (Greetz, Kaartje2go and Hallmark) equals c.65% of the total online cards market.
F OC&C forecast.

Large, stable and resilient cards market.

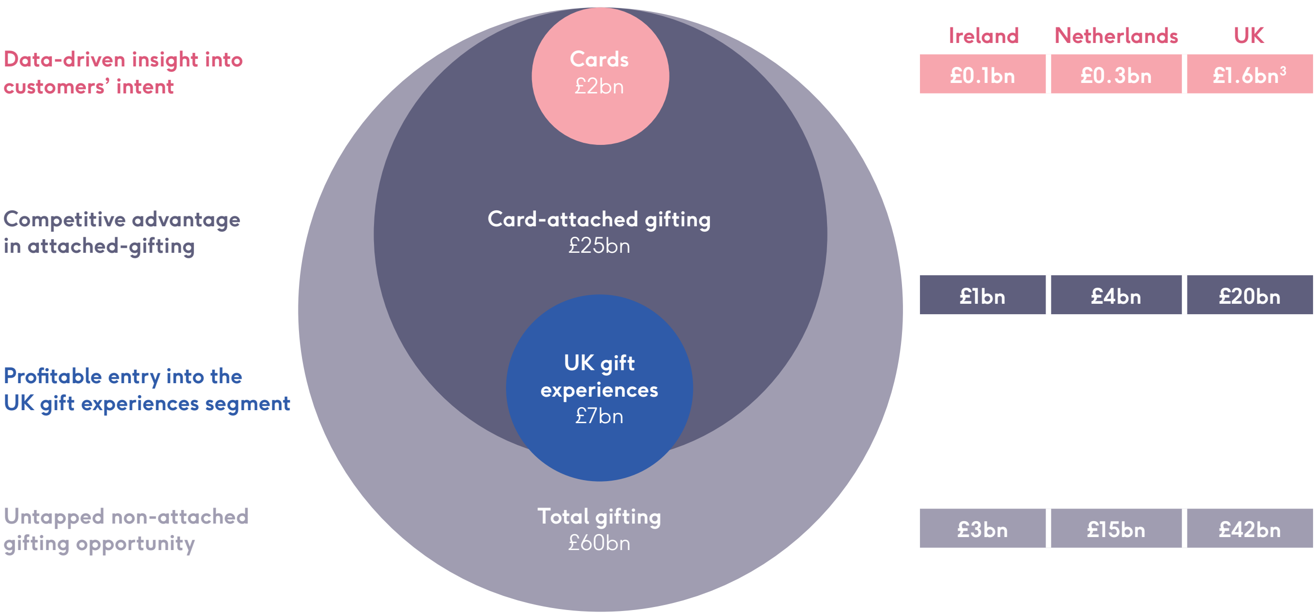
UK single greeting cards market, year-on-year growth 2006 – 2019[1]



There is an ingrained culture of sending cards in the UK and the Netherlands. The average Moonpig and Greetz customer (across the UK and Netherlands) sends 23 cards[4] each year from all retail sources. The overall UK greeting card market has historically proven to be non-cyclical and resistant to recessions, demonstrating growth through the 2008-2009 economic downturn.

The overall gifting market is large and underpenetrated.

Total addressable market size – UK, Ireland and the Netherlands[1, 2]



The Group's leading position in online cards provides a competitive advantage in the market for card-attached gifting. Online penetration of gifting is low, at 12%[4] for card-attached gifting and 22%[4] for total gifting (driven primarily by Christmas gifting). Within the UK gifting market, the gift experiences segment is worth £7bn[1].

1 Source: OC&C, June 2023.
2 Of the £60bn total gifting market, £33bn is standalone gifts, £25bn is gifts attached to a card and £2bn is greeting cards.
3 UK total cards market of £1.6bn in 2019 comprises £1.4bn single greeting cards and £0.2bn boxed card sets.
4 Source: OC&C, December 2020. The weighted average number of cards sent based on 24 cards per UK customer and 18 per Netherlands customer.

Our strategy

Our strategy is to become the ultimate gifting companion.

Strategic focus

Building our brands

What this means

We aim to ensure that customers feel excited to send Moonpig, Greetz, Red Letter Days and Buyagift products while recipients are delighted to receive them.

To achieve this, we invest in strengthening our brands and building trust in our quality and service. This trust underpins customer loyalty and drives growth in our customer base as recipients become customers themselves, generating a virtuous cycle of growth.

What we have done

- We have continued to make substantial investments in brand marketing and customer acquisition throughout FY23, despite flexing marketing activity down to maintain payback thresholds through the economic downturn.
- Following the migration of Greetz onto our unified technology platform, our Dutch customers can use our high-quality iOS and Android apps for the first time.
- After testing throughout FY23, we launched the Moonpig Plus subscription service for all UK customers in May 2023.
- We have grown our database of customer occasion reminders across Moonpig and Greetz from 72m at April 2022 to 84m at April 2023.
- In addition, we acquired Experiences, adding the Red Letter Days and Buyagift brands to the Group.

Strategic focus

Enhancing our range

What this means

We strive to offer the perfect card and gift for every relationship and every occasion.

To achieve this, we continuously improve our range for both cards and gifts, and the recent acquisition of Experiences has further strengthened our gifting offering. As we refine and optimise the algorithms that we leverage to help customers discover the full extent of our range, we aim to capture a greater share of their gifting wallet, raising purchase frequency and gift attach rate.

What we have done

- We are enhancing our greeting cards through the development of innovative features such as video messages, digital gifting and group cards at Moonpig. Meanwhile, both Greetz and Moonpig have introduced stickers and flexible photographs to the inside of cards. These advancements are part of an ongoing roadmap of new features that will set our greeting cards apart from online and offline competitors.
- For gifts, we've expanded the number of SKUs to 8,800 at April 2023 (April 2022: 2,400) through Moonpig and Greetz range expansion and the acquisition of Experiences.
- Given the current economic climate, we've strengthened our lower-priced gift offering, which now includes a more comprehensive selection at £15 or less, a new letterbox range at Greetz and expanded Moonpig ranges of balloons (78 new designs) and personalised mugs (171 new designs).
- Our new facilities at Tamworth, which consolidate operations previously outsourced to multiple locations, present opportunities for us to drive sales of gift bundles and multi-gift basket sizes.

Strategic focus

Leveraging data and technology

What this means

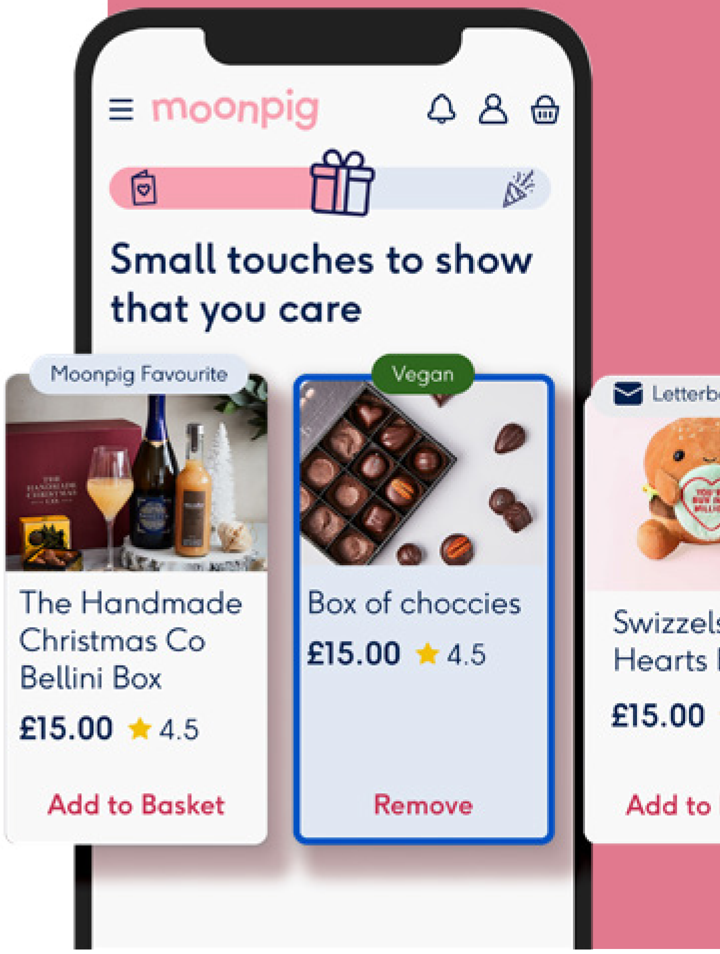
We aim to use technology to harness our extensive and unique dataset on customers' gifting behaviour, to generate highly relevant, personalised gifting recommendations.

Our algorithms are optimised across 266m cumulative transactions as at April 2023 (April 2022: over 230m)[1]. As market leaders in the online segment of the greeting card market, Moonpig captures approximately six times and Greetz captures more than three times[2] the amount of customer data every day compared to our closest competitors.

What we have done

- In 2018, we embarked on a journey to transform Moonpig and Greetz into technology and data-led businesses, which culminated in September 2022 with the completion of a unified technology platform.
- With this milestone achieved, Greetz can now leverage the Group's investments in technology and data to progressively improve customer retention, customer purchase frequency and gift attachment rates.
- After four years of laying the foundations, the majority of our skilled data scientists, analysts and engineers are now focused on accelerating the development of growth initiatives that can be leveraged across both of our card-first brands.
- At Experiences, we are investing to modernise the technology platform as the first step in a multi-year plan to transform it from an ecommerce marketing operator into a technology and data-led platform. The focus of this strategy is on building a growth flywheel that converts gift experience recipients into future customers.

During the year, Moonpig strengthened its range of gifts at £15 or less. Our flexible business model allows us to react quickly to changes in customer demand.



1 Cumulative transactions as of April 2023. All-time for Moonpig, from 1 September 2018 (post acquisition) to April 2023 for Greetz and from 13 July 2022 (post acquisition) for Experiences.
2 By virtue of the ratio of Moonpig and Greetz share of the online segment of the market, relative to that of their closest competitor.

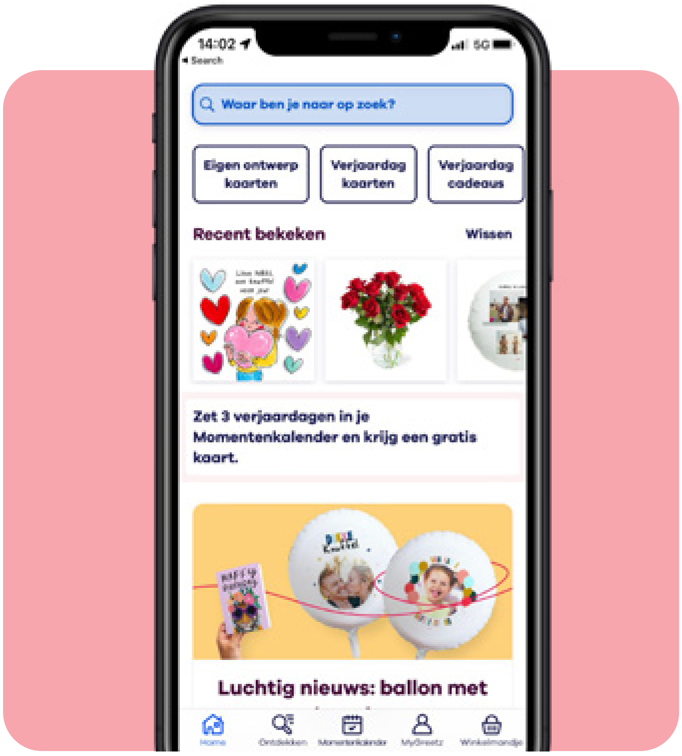
Strategy in action

Introducing new Greetz iOS and Android apps

A key aspect of our strategy at Moonpig has been to encourage customers to use our market-leading apps. Whenever we transition groups of customers to our apps, we see an uplift in average purchase frequency.

In FY23, 41% of Moonpig orders (FY22: 43%) were completed via our apps. Taking into account that many customers utilise multiple devices and interfaces, the majority of Moonpig customers place some of their orders using our apps.

With the migration of Greetz onto the Group's unified technology platform, our Dutch customers are now able to access our dedicated iOS and Android apps. We have begun the process of encouraging and incentivising them to migrate to the app.



Launching subscriptions with Moonpig Plus

One of our key growth drivers is raising share of wallet. On average, UK consumers purchase 20 cards per year, with only three of these ordered from Moonpig.

Across recent years we have focused our brand messaging around convenience and expanded our selection of greeting card designs that do not require personalisation on the front of the card. We have encouraged customers to use our apps. We have also captured 84m occasion reminders (up from 72m as at April 2022) offering discounts to incentivise customers to order by clicking through from a reminder.

To target loyal customers who already use Moonpig several times per year, we have introduced Moonpig Plus subscriptions. This scheme offers discounts on greeting card purchases in return for an annual fee, incentivising and rewarding increased use. Based on testing across FY23, we expect that it will positively impact purchase frequency.

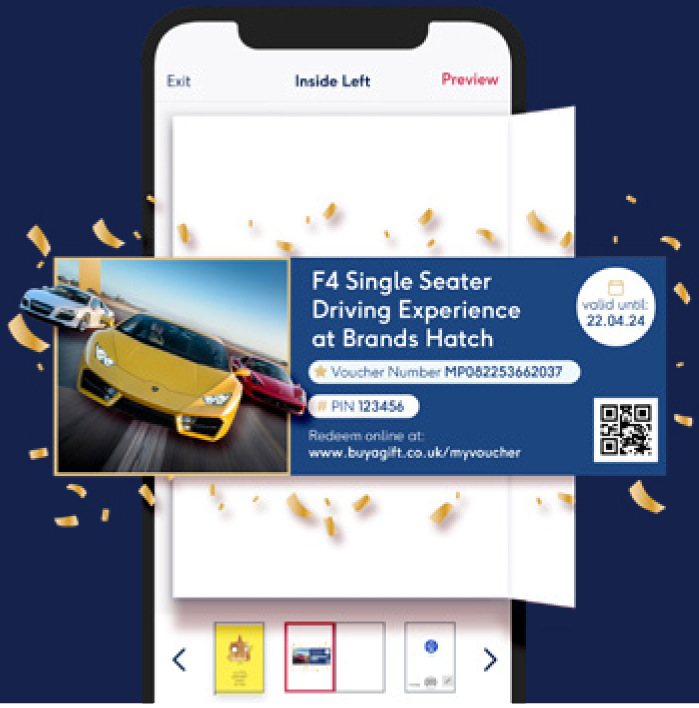
Over the course of FY24 we will continue to refine and enhance the scheme, adding benefits and features to encourage more subscription uptake and enhance retention rates.

Digital delivery of gifts through code-in-a-card

We have taken our first step towards realising the potential for digital gifting by launching gift experiences delivered through a code inside Moonpig greeting cards.

Moonpig has a dedicated technology team building digital gifting capability. "Gifts-in-a-card" is the start of a roadmap covering all stages of the customer journey, including how we make gift experiences more browsable and how we leverage Moonpig's proprietary dataset on gifting intent to drive highly relevant gift recommendations across the UK's leading range of physical and experiential gifts. Beyond direct revenue synergies from integrating Experiences products into Moonpig's platform, digital gift experiences offer potential for stronger network effects as gift redemption brings recipients into the Moonpig ecosystem.

At the same time, we have increased investment in the technology team at the Experiences segment, initiating the modernisation of the Experiences platform to improve the booking and redemption journey for gift-first customers on the Red Letter Days and Buyagift websites.



Expanding our range with personalised balloons at Greetz

A key aspect of our strategy is to extend our range, so that we have the perfect gift for every relationship and every occasion.

Whilst personalised cards are highly scalable, individual customisation of different personalised gifts can disrupt economies of scale, necessitating bespoke production processes. Likewise, offering customers varied editing options for each product can add complexity to the technology platform. If executed without discipline, personalised gifting can lead to unprofitable revenue growth.

Our approach is to align the appeal of customisation with the efficiency of large-scale production. We focus our personalised gift offerings within selected categories where we can deliver personalised products at scale. Our current range includes personalised mugs and personalised alcohol.

In line with this strategy, we introduced personalised balloons at Greetz in FY23. This required innovative production technology to enable the mass-volume production of balloons with personalised images, while avoiding digital jet printing which causes micro-pores that hasten balloon deflation.

We intend to launch personalised balloons for Moonpig during FY24.

Key drivers of growth

A compelling growth opportunity with clear, compounding growth drivers.

Moonpig and Greetz Segments

Growth drivers

Customer acquisition

What this means

There are an estimated 53.8m[1] card purchasers in the Group's existing core markets of the UK and the Netherlands. As online market leaders, the Group expects to continue to capitalise on the structural shift to online.

The Group's superior online proposition drives significant competitive advantage versus the offline market.

Future priorities

- Continue aligning Greetz to a card-first acquisition strategy.
- Improving the recipient experience to accelerate network effects.
- Maintain and grow consumer brand awareness.

Share of wallet (order frequency)

What this means

The Group's active customers are estimated to purchase, on average, 23 cards per annum[1] (versus 20 cards per annum for consumers in the market as a whole), of which only a small proportion are purchased from the Group.

We aim to make gifting for every occasion easy to remember, to choose, to create and to purchase.

Future priorities

- Data-driven personalisation of the customer journey.
- Enhancements to reminders programme.
- Greetz customer migration to the new iOS and Android apps.
- Moonpig Plus subscription service.

Driving gift attachment

What this means

In the UK, approximately 72%[1] of cards are given with a gift. The card-first journey enables highly relevant gift recommendations. Purchase intent is high following card creation.

Cross-selling gifts means negligible incremental marketing costs, sidestepping expensive online competition in paid marketing for gifts and flowers.

Future priorities

- Further range enhancement, including digital delivery of gift experiences.
- Ongoing programme of improvements in user experience and personalised gift recommendations.
- Drive gift bundling, taking advantage of centralisation of fulfilment in our two new in-house operational facilities.

Enabler

Technology and data platform

What this means

The Group has scalable, custom-built technology and proprietary algorithms optimised across millions of data points.

Our platform drives a flywheel of historical data on gifting intent driving future purchases, through highly relevant gifting recommendations.

Future priorities

- With Moonpig and Greetz operating from our unified technology platform, most of our technology resource is now focused on innovation and growth initiatives.
- We intend to continue to grow the Group's technology headcount.

1 Source: OC&C, December 2020. The weighted average number of cards sent based on 24 cards per UK customer and 18 per Netherlands customer.

Experiences Segment

Growth drivers		
Customer acquisition	**What this means** The UK gift experiences segment of the market is estimated at £7 billion[1] and we believe there is a long-term secular trend from physical towards experiential gifting. Platforms are better positioned than direct suppliers and category specialists to continue increasing overall market share, given their superior customer proposition for both givers and recipients.	**Future priorities** • Optimisation of performance marketing capabilities. • Investment to further strengthen and differentiate the Red Letter Days and Buyagift brands. • Emphasise complete flexibility to exchange, giving peace of mind to the giver.
Recipient-to-customer conversion	**What this means** We want to leverage the redemption and booking touchpoints to capture recipient data consents and convert recipients into customers. The key to this is building a compelling range of experiences that can be booked online, so that recipients browse the best range, have a great recipient experience and interact directly with Red Letter Days and Buyagift during the redemption journey.	**Future priorities** • Continue to expand our range of experience suppliers to ensure we have the broadest and best offering. • Expand the proportion of the range that can be booked online, so that redemption is on the Red Letter Days and Buyagift platforms. • Add new opportunities for upsell at redemption so that recipients become customers.
Leveraging synergy with Moonpig	**What this means** We have begun to leverage Moonpig's proprietary dataset on gifting intent to drive sales of gift experiences on the Moonpig website and app. At the same time, we are leveraging the Group's capabilities in technology, data and marketing with the intention of accelerating growth at Experiences.	**Future priorities** • Roadmap of technology development to improve the way that we recommend and present experience gifts during the card-first journey on the Moonpig website and apps. • Digital delivery of gift experiences to Moonpig customers, including through redemption codes in greeting cards and pure digital gifting.

Enabler		
Technology and data platform	**What this means** We are investing in the Experiences segment to transform it from being a transactional online retailer into a customer relationship technology platform. Key areas of focus are to fully digitalise the redemption experience to further drive upsell and online booking across categories to enable recipient-to-customer conversion.	**Future priorities** • Focus on improving conversion rate (the rate at which the website converts traffic into orders) and on search engine optimisation ("SEO"). • Website functionality improvements to increase the retention of both customers and recipients. • Investment in booking integration with experience providers to raise the proportion of experiences that are redeemed on our platform.

1 Source: OC&C, June 2023.

Section 172 statement and stakeholder engagement

Section 172(1) statement

The Directors of the Company (and those of all UK companies) are required to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, whilst also having regard to the matters listed in Section 172 of the Companies Act 2006.

The interests of key stakeholders and the Board's approach to these are explained below. Further information on the Board's approach during FY23 to the matters set out in s172 of the Act and on decisions made by the Board, are set out in the Governance Report at pages 76 to 129 and forms part of this s172(1) statement and is thereby incorporated by reference in this Strategic report.

Stakeholder	What matters to them	How we engage
Customers **At Moonpig and Greetz, our business model is built around the progressive accumulation of loyal customer cohorts.** **The use of data and technology to create a gifting companion ecosystem differentiates the Group from its competitors.**	• Ability to express that they care about the recipient • The right card design • Relevant gifting recommendations • Ability to personalise • Convenience, including same day despatch and digital delivery • Product quality • Timely delivery • Data protection	• We collect continuous customer feedback for each of our brands through multivariate testing, on-site surveys, consumer research, reviews on third party websites and brand awareness tracking. • We extensively A/B test new products like Moonpig Plus subscriptions, video messages in greeting cards and digital gift experiences before rolling them out to all customers. • The Group aims to maintain a customer Net Promoter Score of at least 70 and surveys NPS on an ongoing basis. • Our customer service team operates seven days per week at each of our four brands. Issues and themes from customer feedback are communicated to our operational teams daily. • We engage with customers through multi-channel marketing and provide personalised reminders by email and app notification. • Our unified technology platform now leverages AI and data to provide a personalised online customer experience at Moonpig and Greetz. • We have started investing in the Experiences technology platform to enable a better and more personalised online customer experience. • Following the Greetz technology platform migration, we prioritised rolling out the feature developments that matter most to Dutch customers based on their feedback, such as a more flexible layout for messages on the inside of each greeting card. • We communicated clearly with customers in the UK about the adverse impact of industrial action at Royal Mail on greeting card delivery times. We worked to help mitigate this impact where possible, for instance by implementing a lower cost tracked and guaranteed Christmas card delivery service in December. • We are committed to prioritising technology security and data protection as explained on page 71.
Recipients **We want recipients to be delighted to open their card or gift. Positive recipient experience drives viral customer acquisition through word-of-mouth.** **At Experiences, we plan to accelerate recipient-to-customer conversion by investing in the online redemption experience.**	• A memorable and enjoyable experience • Convenient and reliable delivery • High quality products and packaging • Sustainability and ease of recycling • Ease of redemption for gift experiences	• The breadth of our card design range means that recipients should see a highly relevant card upon opening their envelope. • The Group is investing in technology development to deliver innovations such as group cards, video messages in greeting cards and digital gifting. These differentiate our offerings from those of our offline and online competitors. • We have launched new flowers and gifts ranges, for instance letterbox gifts at Greetz and an extended flowers range at Moonpig, including more bundled sets that include both flowers and gifts. • In both the UK and the Netherlands, we offer seven or eight days' guaranteed freshness on cut flowers. • We offer a seven-day parcel delivery service in the UK and the Netherlands. • To enhance our customers' experience, we have invested in expanding the proportion of gift experience categories that can be redeemed on the Red Letter Days and Buyagift websites, rather than with the merchant.

Stakeholder	What matters to them	How we engage
Employees **The Group's delivery against its strategic objectives is dependent upon it being able to attract, recruit, motivate and retain its highly skilled workforce.**	• Career and personal development • Reward • Employee engagement • Health and wellbeing • Safe working conditions • Dignity, respect and inclusivity	• We foster an open, transparent culture through regular "All Hands" meetings and an annual all-employee strategy conference, both of which are led by the Executive Committee. • We conduct twice-annual employee engagement surveys, which are used to build engagement action plans at divisional and functional level. • Management engages with Employee Resource Groups, which provide supportive forums for under-represented employee groups. • Regular health and safety assessments are carried out to ensure the wellbeing of all employees. • Employee consultation was performed ahead of the co-location of Experiences employees at the Group's head office in Farringdon, the outsourcing of Experiences customer service and the relocation of Experiences fulfilment to the Tamworth operational facility. • The Board engages with employees both through a clearly defined programme of meetings carried out by the Designated Non-Executive Director for workforce engagement ("DNED") and through direct engagement with employees by the other NEDs. The full Board engages in oversight of employee engagement through reviewing employee engagement survey results and receiving regular feedback from the DNED. Further details are set out on page 84. • The Group provides an independent whistleblowing service to encourage employees to raise relevant concerns confidentially. No concerns were raised during the year (FY22: none).
Investors **Access to capital is crucial for the Group's long-term performance.** **To provide investors and analysts with a clear understanding of our strategy, business model, culture, performance and governance, we aim to provide fair, balanced and understandable information.**	• High governance standards • A balanced and fair representation of financial results and prospects • Confidence in the Company's leadership • Clarity around principal risks and uncertainties • Total shareholder return • Progress on business and ESG strategy delivery	• We maintain open communication with investors through disclosures in the Annual Report, investor presentations and trading updates. These are readily available on our corporate website, along with other market-related information via the regulatory news service. • The Executive Directors interact with investors at formal roadshows, investor meetings and attendance at investor conferences. See page 85 for further details. • All Directors attended the Annual General Meeting held on 20 September 2022. • Proactive shareholder engagement by the Non-Executive Directors is carried out whenever the Board or its Committees identify matters arising that merit discussion with shareholders. See page 85 of the Corporate Governance Statement. • Regular updates are provided to the Board on market sentiment, investor relations activity and equity research reports. • Exponent has one representative on the Board who has been actively involved in Board decision making since their appointment in January 2021. • A Relationship Agreement ensures that the Company is capable at all times of carrying on its business independently of Exponent, its former controlling shareholder. See page 88 for further details.

Section 172 statement and stakeholder engagement

Stakeholder	What matters to them	How we engage
Suppliers **Strong relationships with suppliers are critical to the Group's success.** **We prioritise building long-term, mutually-beneficial relationships with our suppliers, collaborating with them to uphold high standards and expectations of business conduct.**	• Long-term collaborative relationships • Growth opportunities • Fair terms and conditions • Responsible, ethical procurement • Prompt and accurate payment	• The Group engages with suppliers and partners regularly, including through members of the Executive Committee, to ensure ongoing collaboration and mutual success. • Our supplier onboarding process is rigorous and includes technology security and data protection due diligence, as well as checks on financial viability, modern slavery, anti-facilitation of tax evasion, anti-bribery and sanctions. • A Supplier Code of Conduct is available on our corporate website, which outlines our expectations for ethical conduct, environmental sustainability and social responsibility. • We collaborate with key outsourcing partners to raise operational performance. • We partner with gift suppliers to expand our gifting proposition and drive increased gift attach rates. • The Group's Global Design Platform provides independent designers with opportunities to make their card designs available to our customers in return for royalties. • We report on supplier payment practices. • We have set a goal to obtain commitments from suppliers representing 67% of Scope 3 emissions to set net zero targets by April 2030 and will commence a related programme of supplier engagement in FY24.
Communities and environment **The Group is committed to making a positive impact on the communities and the environment in which it operates.**	• Positive impact on the community • Energy usage and carbon emissions • Sustainability	• The Group has a long-standing commitment to charitable activity. For details on our charitable donations in FY23, see page 31. • The Group continues to pursue a strategy to support the wider technology sector. This includes extending our successful apprenticeship programme and recruiting a diverse range of candidates to participate in our coding bootcamps. • Our new operational facilities at Tamworth and Almere are designed with the environment in mind. The UK facility has achieved a "BREEAM Excellent" rating, and the Netherlands facility has been retrofitted in line with best practice. • The Group is committed to sustainable sourcing and continues to ensure that 100% (FY22: 100%) of our card, envelope and paper packaging SKUs for our core UK and Netherlands markets are 100% sustainably sourced, either through FSC or PEFC certification or containing more than 75% recycled content. • In FY23, the Group planted 85 hectares of woodland in partnership with Tree-Nation, in addition to offsetting Scope 1 and 2 emissions. • The Group measured its Scope 3 emissions baseline in FY23 and has set a target to reduce Scope 3 emissions by 97% tCO_2/Gross Profit by 2050 versus FY22. • The Board has approved the Group's inaugural climate transition plan, which sets out how the business plans to adapt as the world transitions to a low carbon economy.

Transforming the inside of our greeting cards

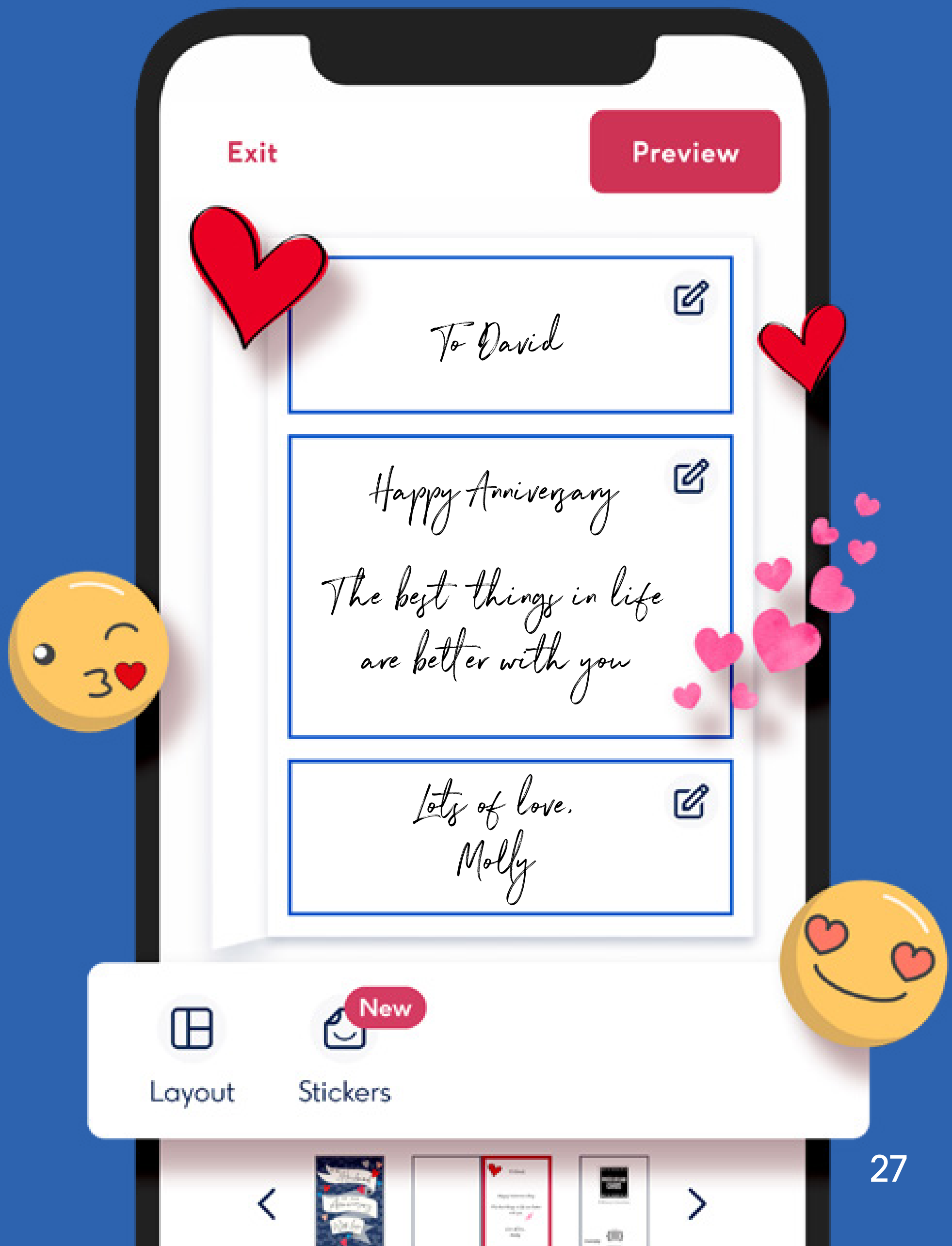
In recent years our commitment to offering the best and most diverse range of cards has led us to expand our range to 47,000 unique designs as at April 2023. This work continues, with a current focus on integrating globally licensed properties such as Marvel, Disney and Star Wars, which are already popular on Moonpig, into our Greetz collection.

Having set a market-leading standard for the outside of greeting cards, we want to transform the customer and recipient experience relating to the inside of each card.

As our technology team has transitioned from foundational projects to growth initiatives, we have commenced a roadmap of work to differentiate the inside of our greeting cards from competitors. This includes video messages, code-in-a-card digital gifting and will include future enhancements in digital handwriting.

As part of this initiative, we have introduced stickers and flexible photos to the greeting card editor at both Moonpig and Greetz.

Link to strategy



Environmental, social and governance

The Group's ESG strategy focuses on making a difference to the environment, its people and its communities.

Across an extended period, Moonpig Group has contributed to society through its core purpose, which is to create better, more personal, connections between people that care about each other and through its support for charities.

We have built on these strong foundations during the past two years through ongoing delivery against the Group's ESG strategy.

Key areas of ESG focus for FY23 have been:

- **Continued delivery against eight ESG goals.**
  The Group's ESG strategy commits it to eight long-term goals focused on the environment, its people and its communities. In setting the strategy, the Board chose to focus on six of the United Nations' 17 Sustainable Development Goals that it considers most relevant to the business.
- **Measuring value chain greenhouse gas ("GHG") emissions.**
  We have measured the Group's Scope 3 emissions by category to create a FY22 baseline and have set a new ESG goal to reduce the emissions intensity by 97%tCO_2e/£1m Gross Profit by 2050. To help achieve this, we plan to obtain commitments from suppliers to set emissions reduction targets aligned with SBTi criteria. By April 2030, we aim for suppliers covering 67% of our Scope 3 emissions to have such commitments in place.
- **Developing a climate transition plan.**
  The Board has approved the Group's inaugural climate transition plan, which sets out how the business plans to adapt as the world transitions to a low carbon economy.
- **Strengthening ESG disclosure.**
  This year, the Group has commenced disclosure of climate-related metrics and targets in accordance with the Task Force on Climate-related Financial Disclosures ("TCFD") and made its inaugural voluntary disclosure applying the SASB Standards.

ESG goals
See pages 29 to 31

Environment
See page 32 to 47

TCFD
See pages 32 to 47

Energy and carbon reporting
See page 41 to 42

People
See page 48 to 49

Diversity and gender pay gap
See pages 48 to 49

Communities
See page 50 to 51

SASB Standards
See page 52 to 53

UN Sustainable Development Goals

We focus on six of the United Nations' 17 Sustainable Development Goals that we consider most relevant to the business.

SDG 4 – Quality education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Goal 7: Technology representation
SDG 5 – Gender equality Achieve gender equality and empower all women and girls	• Goal 4: Leadership representation • Goal 7: Technology representation
SDG 8 – Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• Goal 5: Employee engagement
SDG 12 – Responsible consumption and production Protect, restore and promote sustainable use of terrestrial ecosystems and sustainably manage forests	• Goal 3: Forest positive
SDG 13 – Climate action Take urgent action to combat climate change and its impacts	• Goal 1: Net zero operational emissions • Goal 2: Net zero value chain emissions
SDG 15 – Life on land Protect, restore and promote sustainable use of terrestrial ecosystems and sustainably manage forests	• Goal 3: Forest positive

Moonpig Group's ESG Goals for FY24

The Group's ESG strategy focuses on eight long-term goals. For FY24, we have updated goal 1 and goal 2 to extend our emissions reduction targets so that they incorporate net zero for both operational and value chain emissions by 2050.

Environment	People	Communities
Consume resources more sustainably, and move towards a positive impact on the environment.	Promote high performance, high engagement and high levels of inclusion.	Generate a positive impact in the communities that the Group serves and hires from.
Goal 1: Net zero operational emissions[1]	**Goal 4: Leadership representation**	**Goal 6: Charitable giving**
Reduce operational greenhouse gas emissions (Scope 1 and 2) by at least 50% by 2030, and achieve at least a 90% reduction by 2050, in each case offsetting any remaining emissions and using FY20 as the baseline year.	Maintain the combined representation of women and ethnic minorities on the Leadership Team[4] at around 50%.	Invest £1m between 2020 and 2025 leveraging the Moonpig Group Foundation.
Goal 2: Net zero value chain emissions[2]	**Goal 5: Employee engagement**	**Goal 7: Technology representation[5]**
Obtain commitment from suppliers representing 67% of Scope 3 emissions to set net zero targets by April 2030[3] and reduce Scope 3 emissions intensity by 97% tCO_2e/£1m of Gross Profit by 2050, using FY22 as the baseline year.	Reach and maintain an employee engagement score at or above 72%.	Maintain the level of new hires into technical roles[5] at around 45% women.
Goal 3: Forest positive		**Goal 8: Customer satisfaction**
Reforest at least 330 hectares of woodland by the end of calendar year 2025.		Reach and maintain a top-quartile Customer NPS score of at least 70.

1 For FY24, we have updated this goal to incorporate net zero by 2050. In FY23 it focused solely on emissions reduction by at least 50% by 2030.
2 This is a new ESG goal for FY24. It replaces the now-delivered goal to more accurately measure value chain emissions and set Scope 3 reduction targets by the end of FY23.
3 Obtain commitment from suppliers representing 67% of Scope 3 emissions to set net zero emissions reduction targets aligned with SBTi criteria by 30 April 2030.
4 Comprises the Executive Committee (including Executive Directors) and their direct reports who are also members of the Extended Leadership Team.
5 Technical roles for these purposes comprise those in technology security, engineering, product and analytics. For FY24 we have updated this goal to "Maintain the level of new hires into technical roles at around 45% women" as this goal was achieved during FY23.

Environmental, social and governance

Delivery against the Group's ESG Goals in FY23

Goal	Progress to date	Next steps for FY24
Goal 1 – Reduce operational greenhouse gas emissions (Scope 1 and Scope 2) by at least 50% by 2030, aligned to the SBTi near-term target. **The Group is committed to: (a) reduce absolute emissions arising from its own operations (Scope 1 and Scope 2) by at least 50% by 2030 versus total emissions of 677tCO_2e in the baseline year of FY20[1,2]; and (b) offset any emissions that cannot be reduced. This has been validated by the Science Based Targets initiative ("SBTi").**	In FY23, the Group's total Scope 1 and 2 emissions were 531tCO_2e, (FY22: 548tCO_2e) representing a reduction of 22% from FY20 baseline[1] emissions of 677tCO_2e in FY20. The Scope 1 and 2 baseline validated by the SBTi was for total emissions of 635tCO_2e at Moonpig and Greetz in FY20[1], which has been re-calculated for the acquisition of Experiences. On a comparable basis with the original baseline, relevant emissions in FY23 were 504tCO_2e (FY22: 518tCO_2e). The reduction in emissions was driven by moving to two new fulfilment sites with high environmental standards (including a BREEAM Excellent-rated facility in the UK and a Netherlands facility retrofitted in line with best practice) and making continuous improvements such as the use of LED lighting sensors, energy-efficient IT equipment procurement and onsite electric vehicles. Additionally, we procured a renewable electricity tariff at our Amsterdam office and Almere operational facility in the Netherlands. In FY23, we invested through Climate Impact Partners to offset Scope 1 and 2 emissions from the previous year (FY22: The Woodland Trust). Each project in which the Group has invested, through Climate Impact Partners, is reviewed by an internationally recognised accreditation body and verified prior to our investment.	For FY24, we have updated this goal: we aim to reduce our operational greenhouse gas emissions (Scope 1 and 2) by at least 50% by 2030, and achieve at least a 90% reduction by 2050, in each case offsetting any remaining emissions and using FY20 as the baseline year. In FY24 we plan to conduct energy audits to identify energy efficiency solutions for high consumption areas.
Goal 2 – More accurately measure value chain emissions and set Scope 3 reduction targets by the end of FY23. **The Group aims to reduce indirect emissions, integrating positive environmental actions into our business strategy.**	We have measured Scope 3 emissions for our baseline year of FY22[1] at 80,928tCO_2e and 433tCO_2e/£1m of Gross Profit. We have set out information on emissions by category and measurement methodologies at pages 41 to 47. We have set a long-term goal to reduce Scope 3 emissions by 97% tCO_2e/£1m of Gross Profit by 2050. We plan to obtain commitment from suppliers in setting emissions reduction targets aligned with SBTi criteria. By April 2030, we aim for suppliers covering 67% of our Scope 3 emissions to have such targets in place. As part of our process of measuring value chain emissions, we held workshops with key suppliers to introduce carbon foot printing and tools for capturing emissions data. Our GHG emissions disclosure on pages 41 to 42 includes details of our Scope 3 categories, our organisational and operational boundaries and the methodologies we use to measure value chain emissions.	For FY24, this goal will be replaced with a new goal to deliver Net Zero value chain emissions by 2050: • Obtain commitment from suppliers representing 67% of Scope 3 emissions to set net zero emissions reduction targets aligned with SBTi criteria by 30 April 2030. • Reduce Scope 3 emissions intensity by 97% tCO_2e/£1m of Gross Profit by 2050, using FY22 as the baseline year.
Goal 3 – Reforest at least 330 hectares of woodland by the end of calendar year 2025. **The Group relies on wood pulp to make its products and therefore aims to be "forest positive". This means that we will plant more trees than we use in our operations and value chain.**	In FY23, we achieved 46% cumulative delivery against this five-year goal (FY22: 20%). In partnership with Tree-Nation, we planted 85 hectares of woodland, comprising of 99,000 trees (FY22: 106,000), in addition to any emissions offsetting conducted within Goal 1. During FY23, we worked with Tree-Nation to focus planting activity in ecologically sensitive areas and safeguard the long-term impact of tree planting by managing the forests. In FY23 we contributed to projects in Madagascar, Nepal, Tanzania, Columbia, Thailand, India and the UK.	The Group intends to plant a further 66 hectares of forest in FY24.

1 For Scope 1 and Scope 2 emissions, the baseline year is FY20 and this has been validated by the SBTi. The FY20 baseline has been re-calculated for FY20 emissions at Experiences, following the acquisition of that segment. For Scope 3, the baseline year is FY22, calculated to include FY22 Experiences data.
2 Scope 2 emissions are calculated using the "location-based" method. For comparatives using the "market-based" method, see page 41.

Environmental, social and governance

Goal	Progress to date	Next steps for FY24
Goal 4 – Maintain the combined representation of women and ethnic minorities on the Leadership Team[1] at around 50%. **The Group wants to be representative of its customers and the communities in which it operates.**	As at 30 April 2023, the combined representation of women and ethnic minorities on the Leadership Team[1] was 52% (FY22: 53%). In FY23 we launched two new development programmes, aimed at building leadership effectiveness and supporting high potential talent to progress to director level. Across the Group, 42% of individuals newly appointed into Leadership Team[1] roles were female (FY22: 67%).	We will continue to develop our next generation of female leaders and monitor the retention of women and ethnic minorities currently in leadership roles.
Goal 5 – Reach and maintain an employee engagement score at or above 72%[3]. **Improving engagement in our teams will improve productivity and hence business performance. It will help to ensure that employees are retained for longer, reducing recruitment costs.**	In FY23, our average engagement score across two surveys for Moonpig and Greetz was 61%, which was below the prior year (65%) and our goal (72%). This reflects the challenges of operating in an economic downturn, characterised by more disciplined cost control and greater pressure to meet targets. The surveys continued to show many positive aspects including 77% of our employees say they would recommend a friend to work for the Group (FY22: 81%).	We intend to capture engagement data for the whole Group, including Experiences, in FY24. We will also commence a staged process of aligning Experiences employee benefits with the rest of the Group.
Goal 6 – Invest £1m between 2020-2025 through the Moonpig Group Foundation. **Through the Moonpig Group Foundation, we want to support initiatives that create connections and spark moments of joy in our communities.**	During FY23 the Moonpig Group Foundation made charitable donations totalling £211,000 (FY22: £189,000). As at 30 April 2023 the Foundation has cumulatively donated £444,000 (30 April 2022: £233,000) to third-party charities since being set up in FY21. The Group also made charitable donations on its own account totalling £70,000 all of which was to the CAF (FY22: £81,000, of which £75,000 was to the CAF).	Employees in each of our locations have chosen a cause to support in FY24. The chosen charities are Campaign Against Living Miserably (UK), Guernsey Society for Cancer Relief (Guernsey) and Stichting Jarige Job (Netherlands).
Goal 7 – New hires into technical roles[2] to be at least 45% women by the end of calendar year 2025. **To deliver the Group's strategy, we need to hire highly skilled technology workers from all areas of society.**	In FY23 45% of new hires into technical roles across the Group were female (FY22: 37%). As at 30 April 2023, 34% of employees in these teams are female (2022: 33%). To support gender diversity, we have expanded coaching and mentoring programmes, partnered with women's networking events like SheCanCode and Women In Tech, and encouraged women to pursue technology roles through our apprenticeship scheme. Our London and Manchester offices also held interactive workshops in partnership with Stemettes, a charity that supports women and non-binary individuals in the early stages of their tech careers.	For FY24 this goal will be updated to "Maintain the level of new hires into technical roles at around 45% women".
Goal 8 – Reach and maintain a top-quartile Customer NPS score of at least 70[3]. **The Group's mission is to help people connect and it is important that the Group's customers believe it is doing this.**	In FY23, the weighted average customer NPS score across Moonpig and Greetz was 60 (FY22: 71). Lower customer NPS primarily reflects the impact of repeated industrial action at Royal Mail. We have since implemented further features to improve Greetz user experience, including new iOS and Android apps for Dutch customers. In the UK, we implemented a low-cost, market-leading guaranteed delivery service for the period running up to Christmas to partially mitigate the service impact from Royal Mail industrial action.	The roll-out of significant new technology functionality is expected to support improvements in customer NPS in FY24. We intend to report NPS data for the whole Group, including Experiences, in FY24.

1 Comprises the Executive Committee (including Executive Directors) and their direct reports who are also members of the Extended Leadership Team.
2 Technical roles for these purposes comprise those in technology security, engineering, product and analytics.
3 For FY23, delivery against Goal 5 (employee engagement) and Goal 8 (Customer NPS) has been measured for Moonpig and Greetz only. Measurement will be extended across the whole Group, including Experiences, for FY24.

The environment

The Group aims to reduce emissions across its value chain and proactively manage the transition to a lower-carbon economy.

Environmental impact of products and services

The Group is committed to phasing out single-use plastic packaging throughout its value chain and has a packaging waste-management programme in place. In FY23, the proportion of sustainably sourced paper, card and packaging was 100% (FY22: 100%) in the UK and the Netherlands and 98% (FY22: 98%) globally. All cards, envelopes and packaging procured by Moonpig and Greetz is reusable, recyclable or compostable. At Experiences, all experience gift cards are made of compressed paper rather than plastic and 100% of packaging is sustainably sourced.

Statement of the extent of consistency with the TCFD framework

The Group has reviewed and included disclosure requirements as set out in "Recommendations of the Task Force on Climate-related Financial Disclosures" published in June 2017 and in "Implementing the Recommendations of the TCFD" published in June 2021 by the TCFD. The following table sets out the extent of consistency of Group's disclosures with the four recommendations and the eleven recommended disclosures set out in the initial report. Disclosure outlined in the "Guidance for All Sectors", included within the updated report published in 2021, has been presented against each Pillar section of this TCFD report on pages 33 to 47:

TCFD pillar	TCFD recommended disclosure	Status	
1. Climate governance **The organisation's governance around climate-related risks and opportunities**	a) Describe the Board's oversight of climate-related risks and opportunities.	●	The Board's oversight is described at pages 33 to 34.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	●	Management's role is described at pages 33 to 34.
2. Climate strategy **The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material**	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	●	The Group's climate-related risks and opportunities are disclosed across pages 35 to 39.
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	●	The impact of this risk assessment on business strategy and financial planning is set out at page 36.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios.	◐	The Group has qualitatively assessed its resilience to individual climate risks, but has not prepared integrated, quantified climate scenarios due to transitional challenges in embedding the relevant capabilities. We intend to explore this requirement further during FY24. Refer to page 46.
3. Climate risk management **How the organisation identifies, assesses and manages climate-related risks**	a) Describe the organisation's processes for identifying and assessing climate-related risks.	●	The Group's processes for identifying and assessing climate-related risks are set out at page 40.
	b) Describe the organisation's processes for managing climate-related risks.	●	The Group's processes for managing climate-related risks are set out at page 40.
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	●	Climate risk management is fully embedded within the Group's overall risk management framework. Refer to statement on page 40 and summary of the Group's risk management process at pages 66 to 71.
4. Climate metrics and targets **The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material**	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	●	The Group's climate-related metrics are disclosed at pages 41 to 47. One TCFD cross-industry metric category (internal carbon prices) is not disclosed, however this is because the Group does not use internal carbon prices.
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions and the related risks.	●	Disclosure of absolute Scope 1, 2 and 3 GHG emissions for FY23 and FY23 is set out on page 41 to 42.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	●	The Group has set targets for Scope 1, 2 and 3 emissions and the proportion of Scope 3 emissions from suppliers with an emissions reduction target aligned with SBTi criteria. Refer to page 41 to 42.

Disclosure level: ● Full consistency ◐ Partial consistency ○ Omitted disclosure

Voluntary assurance over TCFD disclosures

The Group has not obtained voluntary assurance over any area of FY23 TCFD reporting.

TCFD Pillar 1: climate governance

Disclosures (a) and (b) – Board oversight and management role

The following governance arrangements are place relating to the assessment and management of climate-related risks and opportunities:

Area	Disclosure (a) – Board oversight	Disclosure (b) – Management role
Structure **Effective integration of climate-related risk and opportunity assessment and management into the Group's governance structure.**	The Board has collective responsibility for risk, including climate-related risk. The Board does not consider it currently necessary to establish a dedicated sustainability committee, given the size and composition of the Board (in which all Independent Non-Executive Directors sit on all committees). The Board has appointed Susan Hooper as the lead Independent Non-Executive Director in relation to oversight of ESG-related matters, including climate-related matters.	A management Sustainability Working Group meets regularly throughout the year to coordinate climate-related planning, delivery against those plans and climate-related disclosure. The management Sustainability Working Group comprises the Chief Financial Officer ("CFO") and the Chief Operations Officer ("COO") together with individuals in finance and ESG roles. The CFO oversees maintenance of the climate risk register. The COO oversees the updating of and delivery against the Group's climate transition plan.
Expertise **Possession of knowledge, skills, experience and background to ensure awareness and understanding of climate-related risks and opportunities.**	As at 30 April 2023, eight Board members had ESG skills and experience, including relating to climate matters, as identified by the Board skills evaluation summarised in the Nomination Committee report on page 100. The Audit Committee has received external updates on the roadmap for potential future climate-related regulatory reporting requirements. The Remuneration Committee obtained independent remuneration advice prior to setting a climate-related bonus measure and target for FY23.	There is relevant knowledge and skills within the Group's finance and ESG teams. Management obtains specialist advice relating to climate-related matters where appropriate. The Executive Directors obtained external advice on the development of the Group's ESG Strategy in FY21 and on the initial implementation of TCFD framework disclosures in FY22.
Accountability **Recognition of duties to shareholders concerning to climate change.**	The Board recognises its duties to shareholders for the long-term stewardship of the Group and holds itself accountable for ensuring long-term resilience with respect to potential shifts in business landscape that may result from climate change.	Management is responsible for ensuring that the Board has access to the information required to enable the Board to discharge its duties in relation to climate change. For this reason, improved disclosure of climate related metrics has been a key focus for FY23, including the initial measurement of Scope 3 emissions.
Strategic integration **Systemic consideration of climate in strategic planning and decision-making and embedding into risk management.**	The Board receives annual, scheduled updates from the Chief Operations Officer on climate-related strategy and delivery against it. Climate risk is not procedurally embedded into processes for strategic planning, budgets, capex and M&A on grounds of materiality. However, there is routine discussion and challenge on climate-related impacts during Board and Committee discussions.	The Group is progressively embedding climate-related risk into the "three lines of defence" of its risk management framework. The focus to date has been on second-line oversight provided by the Finance and ESG functions. In FY24 we plan to strengthen first-line procedures and controls, acting on the recommendations of a sustainable procurement maturity assessment performed in FY23 by the Group's outsourced internal auditors.
Materiality **Structures are in place for reviewing the materiality of climate-related risks and opportunities and ensuring a proportionate response.**	The Group's climate-related risks and opportunities are assessed and approved by the Board twice each year, based on advice from the Audit Committee. The basis on which the Group has assessed materiality for the purposes of climate-related disclosures is set out on page 35.	The CFO is responsible for maintaining a register of climate-related risks and opportunities, as part of the Group's risk management process. The CFO presents the Group's primary climate-related risks to the Audit Committee and the Board twice each year.

TCFD Pillar 1: climate governance (continued)

Disclosures (a) and (b) – Board oversight and management role (continued)

Area	Disclosure (a) – Board oversight	Disclosure (b) – Management role
Remuneration **Incorporation of climate-related measures and targets in management remuneration.**	The annual bonus scheme for the Executive Directors includes ESG-related measures and targets. In FY23, one of these ESG bonus measures was climate-related, requiring both delivery against a quantified renewable energy target and the implementation of processes for the measurement of indirect emissions.	In FY23, climate-related bonus measures and targets applied for certain members of the Executive Committee. For FY24, the annual bonus scheme includes a climate-related target that applies for all members of the Executive Committee and for the Extended Leadership Team.
Reporting **Consistent and transparent disclosure of material climate-related risks and opportunities.**	The Board approves the Group's TCFD disclosures as part of the process for the approval of the Annual Report and Accounts, on advice from the Audit Committee. Disclosure has been expanded for FY23 and this Annual Report additionally covers reporting of Scope 3 emissions, climate-related metrics and targets and the Group's climate transition plan.	Management is responsible for the preparation of the Group's climate-related reporting.
Stakeholder exchange **Appropriate engagement and dialogue with stakeholders.**	The Independent Non-Executive Director with responsibility for oversight of ESG matters is a founding director of Chapter Zero, an organisation which promotes corporate awareness of climate change.	The Executive Directors discuss sustainability and other ESG topics as part of their ongoing programme of meetings with investors, fund managers and analysts. Management engages with selected third-party organisations that monitor company ESG performance. The Group's carbon emissions reduction target was validated by the Science Based Targets initiative ("SBTi") during FY21. During FY23, the Group submitted its inaugural disclosure to the Carbon Disclosure Project ("CDP").

TCFD Pillar 2: climate strategy

Disclosure (a) – description of climate-related risks and opportunities

The Group has identified the following key climate-related risks and opportunities, which are further described on pages 37 to 39:

Category	Theme	Risk or opportunity
Physical risks	Acute and chronic physical risks	R1 Operational sites and distribution exposure to physical risks
Transition risks	Price analysis and regulatory changes	R2 Carbon tax and pricing mechanisms in a Paris Agreement Aligned scenario
	The path to decarbonisation	R3 Potential consumer preference changes in a Paris Agreement Aligned scenario
		R4 Future failure of suppliers to decarbonise in a Paris Agreement Aligned scenario
Transition opportunities	Price analysis and regulatory changes	O1 Increased usage of renewable energy and on-site solar generation
	The path to decarbonisation	O2 Decarbonisation of distribution
		O3 Lower carbon product portfolio, sustainable wood products and packaging
		O4 Increased consumer demand for recycled content
		O5 Reforesting initiatives

The Group considers that the above risks are common to all the Group's segments and principal geographies.

For operational risks, the Group considers impact over three years, which aligns to the Group's viability statement period. However, climate risks and opportunities may crystallise over a longer period, therefore our assessment of climate-related risks considers three time horizons:

- **Short term (up to 3 years) –** climate-related risks which are identified as material within this time frame will additionally be categorised as a principal risk, in line with our overall risk management process.
- **Medium term (3 to 10 years) –** climate-related risks which are identified as material during this time frame are monitored and assessed.
- **Long term (over 10 years) –** the Group recognises that it must consider and address longer-terms risks as it formulates business strategy.

When assessing climate-related risks and opportunities, the Group applies the "double materiality" approach recommended by the Global Reporting Initiative. This recognises that the impacts of an organisation's activities extend beyond its own operations and financial performance, and that sustainability issues can have both external and internal materiality. Materiality is determined based on the assessed potential impact (for each of the two temperature pathways) on both:

- **Group financial performance –** categorised as either High (>10% impact), Medium (>5% <=10% impact) or Low (<=5%) impact on consolidated Adjusted EBITDA.
- **Relevance to stakeholders –** the risk classification is raised where management judgement determines a matter as having become sufficiently important to stakeholders.

TCFD Pillar 2: climate strategy (continued)

Disclosure (b) – impact of climate-related risks and opportunities

Area	Impact of the Group's assessment of climate-related risks and opportunities
Revenue and costs	• No material impact on revenue and costs associated with business operations. • In the long term, in a transition scenario, there is a scenario in which changes in consumer preferences might cause a reduction in demand for the Group's product offering. The Group's development of digital gifting solutions following the acquisition of Experiences, represent potential mitigation in this regard.
Products and services	• The Group's climate transition plan includes a work-stream for reducing energy consumption within the Group's in-house manufacturing and fulfilment operations, and for decarbonising the sourcing of gifts and cards.
Value chain	• The Group's climate transition plan includes obtaining commitments from suppliers and delivery service providers to reduce Scope 3 emissions.
Research and development	• Management does not consider climate-risk when prioritising research and development on grounds of materiality. • The Group is working to develop solutions for digital gifting, leveraging the capabilities of the Experiences segment. Whilst the reason for investing in this area is to capture customer demand, an ancillary benefit of the development work will be the lower carbon emissions associated with digital delivery of a gift.
Capital allocation	• No current or anticipated implications for access to either debt or equity capital. • No material impact on planned capital expenditure. As part of its existing programme of tangible capital expenditure, management will consider opportunities for reductions in Scope 2 emissions, for instance through installation of solar panels. • No material impact on the Group's approach to M&A. The acquisition of Experiences brings capability in digital gifting (which reduces the Scope 3 emissions associated with physical delivery to a gift recipient) however this did not form part of the acquisition rationale or business case.
Financial planning	• In general, climate risk is not procedurally embedded into processes for strategic and financial planning on grounds of materiality but is addressed through discussion at Board meetings. • In April 2023 the Board approved a climate transition plan which is aimed at reducing GHG emissions to address the long term, assessed medium impact market and technology risks in a Paris Agreement Aligned (below 1.5°C) scenario, which envisage potential reputation impact from failure to decarbonise the Group's products and/or value chain.
Implications for financial statements	• The Group has considered the impact of climate change in preparing the financial statements in the Notes to the Consolidation Financial Statements on page 145. • The nature of the Group's business model and the low assessed materiality of climate-related risks meant that there were no significant judgements and estimates relating to climate change in FY23. • The Board considered the carrying amount of freehold land and buildings in Guernsey, which is the Group's site most exposed to physical risk. It was concluded that no impairment or accelerated depreciation is required. This was not deemed to involve the exercise of significant judgement given the low probability of impact.

Disclosure (c) – resilience under different climate scenarios

The Group analyses risks and opportunities using two climate scenarios:

- **Scenario 1** – "Paris Agreement Aligned": Under this transition scenario, there is sustained and coordinated collective action, with emissions reductions meeting the required levels to keep global average temperature increases to below 1.5°C by 2100. There is a lower likelihood of severe climate-change-related weather events, but potential impact from the climate change policies implemented globally to align to the 1.5°C warming pathway.
- **Scenario 2** – "Business as Usual": Under this scenario, there is inadequate action to limit emissions and modelling reflects a world where increasing concentrations of CO_2 put global average temperature increases on a trajectory towards 4°C by 2100. There is no further climate policy intervention, but increased risk of physical impacts due to the severity and frequency of climate-change-related weather events.

The Group has qualitatively assessed its resilience to key climate risks, as detailed on page 40. In both the short and medium term these risks have a low impact whilst in the long term, they do not exceed a medium impact. Consequently, the Board considers that the Group's resilience to climate-related risks is high in both scenarios.

This assessment relies on our evaluation of risk R2, which pertains to carbon taxation and pricing mechanisms in a Paris Agreement Aligned scenario. By applying carbon price projections from the International Energy Agency's World Energy Model, we have estimated the financial impact of Scope 3 emissions to be approximately £34m per year by 2050, which initially indicates a "High" risk rating. However, we believe it is improbable that governments would in practice enforce such substantial carbon taxes on a relatively non-energy-intensive sector, considering the devastating consequences that this would have for the wider economy. Therefore, we have exercised discretion to classify the risk as "Medium" for the long term.

The Group is not yet able to perform comprehensive, quantitative scenario analysis and we state on page 32 that this is an area where disclosure is not yet consistent with the TCFD framework. This reflects transitional challenges in embedding the relevant capabilities, given the complexity inherent in modelling such scenarios. We intend to explore this requirement further during FY24.

Primary climate-related opportunities

The Group's primary climate-related opportunities are summarised below. The Group does not assess the potential revenue or profit upside from climate opportunities to be material.

Opportunity	Potential impact	Next steps
O1 **Increased usage of renewable energy; on-site solar generation**	The cost of energy from traditional sources is expected to rise due to the transition to a lower carbon economy, causing a relative fall in costs for renewable energy. Shifting to 100% renewable energy could enable the Group to take advantage of cheaper power and lower its Scope 2 emissions.	• In FY24, we plan to undertake energy audits at our sites to identify areas where energy consumption can be reduced.
O2 **Decarbonisation of distribution**	The UK and EU are committing to reduce emissions across forms of transport leading to an increase in adoption of electric vehicles. This may provide an opportunity for the Group to decarbonise its distribution channels more easily.	• The Group intends to continue to work with its delivery partners, especially those that do not have publicly available reduction targets. We have set a near-term target to engage with suppliers covering 67% of Scope 3 emissions by April 2030.
O3 **Lower carbon product portfolio; sustainable paper packaging**	Changes in consumer habits might provide opportunities to capitalise on a growing market for sustainable or zero-carbon gifting.	• We acted in FY22 to ensure substantially all card, envelopes and packaging are from sustainable sources. This has reduced the likelihood of deforestation in the supply chain and associated emissions. • The Group plans to continue its existing work on the development of its digital gifting proposition, which has been accelerated following the acquisition of Experiences.
O4 **Increased consumer demand for recycled content**	In the Paris Agreement Aligned scenario, greater demand for circularity is expected. There may be opportunities to take advantage of this trend by improving the prominence of labelling and recycling instructions.	• The Group plans to continue engaging with suppliers to increase the quality of labelling and recycling instruction on products and investigate opportunities to increase the level of recycled content in its products where possible. • We are working to display Forest Stewardship Council "FSC" and recycling logos on all cards.
O5 **Reforesting initiatives**	By meeting its reforesting goal (see page 29), the Group can improve its reputation amongst consumers.	• The Group intends to plant a further 66 hectares of forest in FY24.

TCFD Pillar 2: climate strategy (continued)

Primary climate-related risks

TCFD category	Risk	Potential impact
Physical (acute and chronic)	R1 **Operational sites and distribution exposure to physical risks**	An increase in the frequency and severity of extreme weather conditions could result in damage and/or interruption to manufacturing and distribution facilities. Third-party analysis suggests coastal inundation is likely the most significant hazard in both scenarios. The highest levels of exposure relate to the Group's Guernsey operations. Levels of impact for the Group's Dutch operations are low within the time horizons considered by our assessment, owing to strong coastal defences in the Netherlands. Coastal inundation is a risk for the UK mainland; however, key in-house and outsourced facilities are either located well inland (Tamworth, Milton Keynes, Northampton) or in locations not expected to be at risk of inundation prior to 2050 in a Business as Usual scenario (Sleaford).
Policy and legal	R2 **Carbon tax and pricing mechanisms in a Paris Agreement Aligned scenario**	Carbon taxation is assumed to be the primary lever by which governments around the globe will incentivise decarbonisation. Increases to carbon tariffs could lead to additional operational costs, through direct carbon costs on Scope 1 and 2 emissions or indirectly through increased input costs from suppliers (Scope 3). Quantification of potential future liabilities for Scope 1 and 2 emissions show the financial impact to the Group is not expected to be significant out to 2050 even if the Group fails to meet decarbonisation goals (less than £2m EBITDA impact in a Business as Usual scenario). Applying carbon price projections from the International Energy Agency's World Energy Model, we have calculated the financial impact of Scope 3 emissions to be approximately £34m per year by 2050, which initially indicates a "High" risk rating. However, we believe it is unlikely that governments could in practice impose such significant carbon taxes on a comparatively non-energy-intensive sector, as the repercussions of such a policy for the broader economy could be devastating. As a result, we have exercised discretion and classified the long term risk as "Medium" in this case.
Market	R3 **Potential future consumer preference changes in a Paris Agreement Aligned scenario**	Shifts in consumption habits are expected to be a prerequisite for the transition to a lower-carbon economy and limiting global warming to 1.5°C. In the Paris Agreement Aligned scenario, there is a possibility that consumer preferences might change in future in ways that could reduce demand for the Group's product offering. Given that pulpwood is a very small proportion of the Group's value chain, this would require continued high carbon emissions in other services consumed by the Group, for instance postal services. Should transition not be achieved in the relevant industry sectors, then there may be an impact over the long term.
Technology	R4 **Future failure of suppliers to decarbonise in a Paris Agreement Aligned scenario**	A future failure of the Group's suppliers to decarbonise at sufficient speed and scale could impact the Group's reputation with consumers leading to a fall in demand in the long term. Decarbonising the Group's product offering in a 1.5°C scenario will be dependent on efforts by third-party suppliers.

Note: the Group applies the "double materiality" approach recommended by the Global Reporting Initiative, in the first instance, RAG ratings are based on financial impact, with each risk classified as either High (>10% impact on Group EBITDA), Medium (>5% <=10% impact on Group EBITDA) or Low (<=5% impact on Group EBITDA) within each time horizon. The risk classification is raised where a matter is assessed as having become sufficiently important to stakeholders.

Potential mitigation	Impact assessment			
		Short term	Medium term	Long term
• The Group has significant flexibility in its production network, which would enable it to mitigate business interruptions by shifting production to unaffected sites. The Group temporarily rerouted Guernsey volumes to different sites during periods of 2020 and 2021 when lockdown restrictions imposed by the States of Guernsey significantly limited production capacity at the site. • The Group will consider coastal flood risk when considering future changes to the Group's operational network, making site-specific assessments at the appropriate time.	1.5°C	Low	Low	Low
	4.0°C	Low	Low	Low
		Short term	Medium term	Long term
• Successful implementation of the Group's Scope 1 and 2 emissions reduction goals would mitigate any increase in direct carbon costs. • The Group's climate transition plan (pages 46 to 47) sets out the areas of focus which management intends to pursue to reduce Scope 3 emissions.	1.5°C	Low	Low	Medium
	4.0°C	N/a	N/a	N/a
		Short term	Medium term	Long term
• Delivery of the Group's climate transition plan (page 46), and hence its decarbonisation targets, will drive a reduction in the emissions intensity of its product offering. • The Group will continue its existing work on the development of its digital gifting proposition. Progress in this area has been accelerated by the acquisition of Experiences.	1.5°C	Low	Low	Medium
	4.0°C	N/a	N/a	N/a
		Short term	Medium term	Long term
• The Group has proactively engaged with gift suppliers on emissions, with two supplier workshops held to date. The Group has dedicated resource to further activity in this area. • The Group has set a target to obtain commitments from suppliers in setting emissions reduction targets aligned with SBTi criteria. The aim is for suppliers covering 67% of Scope 3 emissions to have such commitments in place by April 2030.	1.5°C	Low	Low	Medium
	4.0°C	N/a	N/a	N/a

TCFD Pillar 3: climate risk management

Disclosure (a) – processes for identifying and assessing climate-related risks

In FY22, we established a working group to conduct the Group's inaugural climate risk management assessment. With support from a third-party specialist and with executive-level sponsorship we identified the Group's material climate-related risks and opportunities as follows:

- For physical risks and for transition risks related to price analysis and regulatory changes, the Group performed a quantitative assessment of individual key risks under two scenarios, with support from external advisers.
- For physical risks, the Group considered acute physical risks (coastal inundation, extreme wind, extreme heat, riverine and surface water flooding and forest fires) across its UK and Netherlands operations. The Group also performed site-specific analysis on its Guernsey manufacturing site.
- Potential physical impacts were assessed through two metrics, site damage (the potential impact of hazards on site infrastructure) and business interruption (the potential revenue loss associated with hazards).
- For transition risks related to price analysis and regulatory change, these were analysed using climate scenario modelling to assess the potential financial impact in both the Paris Agreement Aligned and the Business as Usual scenarios.
- For transition risks related to the path to decarbonisation, and for climate opportunities, we have performed a qualitative assessment of risk and impact, using available internal data and external literature.

Thereafter, a climate risk register has been maintained on an ongoing basis with oversight from the CFO. Twice each year, the primary climate-related risks and opportunities are considered and approved by the Board on recommendation from the Audit Committee. This process follows the Group's risk management process, which is set out at page 66.

The Group's assessment of its material climate-related risks and opportunities summarised at pages 35 to 39. The only change made in FY23 has been to increase the long-term impact assessment of R2 (carbon tax and pricing mechanisms) from Low to Medium in light of the measurement of the Group's Scope 3 baseline.

Disclosure (b) – processes for managing climate-related risks

The Group's processes for managing climate-related risks are as follows:

- **Managing risks:** The climate risk register is the primary mechanism for the management of climate-related risks. Mitigation of identified risks is considered first by executive management and then presented for discussion with the Audit Committee and Board, in accordance with the Group's overall risk management process.
- **Mitigate, transfer, accept or control risks:** Most of the identified climate-related risks have been assessed as low materiality for all timeframes and scenarios, and the Group's approach has been to accept these risks. However, there are two long-term, assessed medium impact market and technology risks (labelled R3 and R4 on page 41) in a Paris Agreement Aligned (below 1.5°C) scenario, which envisage potential reputation impact from failure to decarbonise the Group's products and/or value chain. The Group's mechanism for mitigation of these risks is through the climate transition plan set out on page 46.
- **Prioritisation of risks and materiality determination:** The organisation prioritises climate-related risks based on the materiality of impact and likelihood of occurrence. Materiality determination is performed on a "double materiality" basis as set out on page 35, considering the potential impact on its financial performance and reputation, as well as the expectations of stakeholders.
- **Assessment of climate-related issues:** Assessment of climate-related issues is performed by a management Sustainability Working Group that meets across the year and comprises the CFO and the Chief Operations Officer together with individuals in finance and ESG roles. No new climate-related issues arose during the year.

Disclosure (c) – climate risk integration into overall risk management

The Group's climate risk management procedures are fully integrated into its overall risk management framework, as set out at page 66. The Group's climate risk register was approved by the Board alongside the principal risk register at Board meetings in June 2022, December 2022 and June 2023.

There are differences in approach for the assessment of climate-related risks, compared to the assessment of principal risks and uncertainties. Principal risks and uncertainties are assessed based on the materiality of their potential financial impact, with a focus on a three-year horizon, whereas climate-related risks are assessed based on "double materiality" over an extended time horizon.

None of the Group's climate-related risks are currently classified as principal risks as none have been assessed as having a material impact on the Group's business model, strategy or the Directors' assessment of viability (as set out in the viability statement on pages 72 to 73).

TCFD Pillar 4: climate metrics and targets

Disclosure (a) – climate-related metrics

The following table sets out the metrics used by the Group to assess climate-related risks and opportunities. These are drawn from the seven cross-industry metric categories identified by TCFD, together with five metrics which are specific to the Group's climate transition plan. An internal carbon price is not disclosed, as the Group has not defined and does not currently use internal carbon prices.

Metric category	Metric	Risk or Opportunity	Unit of measure	FY23[2]	FY22[2]
Cross-industry metrics:					
Absolute GHG emissions	Absolute Scope 1 emissions	R2 R3	tCO_2e	26	168
Absolute GHG emissions	Absolute Scope 2 emissions[1]	R2 R3 O1	tCO_2e	505	380
Absolute GHG emissions	Absolute Scope 3 emissions	R2 R3 R4	tCO_2e	87,486	80,928
Transition risks	Proportion of fixed assets exposed to transition risks	N/a	%	-	-
Physical risks	Proportion of fixed assets exposed to physical risks	R1	%	27	45
Climate-related opportunities	Revenues from products or services that support transition to a lower-carbon economy	O3 O4 O5	%	–	–
Capital deployment	Percentage of annual revenue invested in R&D of low-carbon products/services	O3 O4	%	–	–
Internal carbon prices	Internal carbon price	R2	N/a[3]	N/a[3]	N/a[3]
Remuneration	Proportion of executive management remuneration linked to climate considerations	O1 O2 O3	%	6.7	–
Company-specific metrics:					
Sustainably sourced cards and gifts	Proportion of Scope 3 emissions from suppliers with an emissions reduction commitment aligned with SBTi criteria	R4	%	9.7	N/a[4]
Sustainably sourced cards and gifts	Scope 3 economic emissions intensity (tCO_2e/£1m of Gross Profit)	R3 R4	tCO_2e/£1m of Gross Profit	471	433
Low carbon delivery	Distribution emission per 1,000 orders	O2	tCO_2e/order	0.115	0.110
Low carbon manufacturing and fulfilment	Proportion of energy consumption from renewable sources	O1	%	59	33
More accurate emissions measurement	Proportion of Scope 3 emissions measured using primary data[5]	O2	%	41	43

Disclosure (b) – greenhouse gas emissions

The tables below set out the Group's mandatory reporting on greenhouse gas emissions and global energy use pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implement the Government's policy on Streamlined Energy and Carbon Reporting ("SECR").

	FY23[2]				FY22[2]			
Energy consumption (kWh)	UK & Ireland[6]	NL	Total	% Renewable	UK & Ireland[6]	NL	Total	% Renewable
Gas	4,894	140,936	145,830	0%	4,921	912,195	917,116	0%
Electricity (purchased)	1,135,881	772,044	1,907,925	59%	877,878	775,209	1,653,087	33%
Total energy consumption	1,140,775	912,980	2,053,755	59%	882,799	1,687,404	2,570,203	33%
Mileage claims (miles)	33,359	8,426	41,785		27,487	12,595	40,082	

The greenhouse gas reporting period is aligned to the financial reporting year. The Group reports emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol") and Corporate Value Chain (Scope 3) Accounting and Reporting Standard ("Scope 3 Standard"). The 2021 (for FY22) and 2022 (for FY23) UK Government GHG Conversion Factors for Company Reporting are used to convert energy use in operations to emissions of tCO_2e.

1 Absolute Scope 2 emissions calculated using the "market-based" method were 114tCO2e in FY23, a 58.5% decrease year-on-year compared to 275 tCO2e in FY22.
2 FY22 emissions are stated pro forma, inclusive of Experiences data. FY23 data is stated pro forma, inclusive of Experiences data for the full financial year.
3 The Group has not defined and does not currently use internal carbon prices.
4 FY23 is the first year in which the Group measured its Scope 3 emissions. The comparable data for FY22 is therefore not available.
5 Primary data is data provided by suppliers or others that directly relate to specific activities within the value chain.
6 The UK data also includes energy used within the factory located in Guernsey.

TCFD Pillar 4: climate metrics and targets (continued)

Disclosure (b) – greenhouse gas emissions (continued)

	FY23[3]				FY22[3]			
GHG emissions (tCO_2e)	UK & Ireland[1]	NL	Rest of world	Total	UK & Ireland[1]	NL	Rest of world	Total
Scope 1: Emissions from combustion of gas	1	25	–	**26**	1	167	–	**168**
Scope 2: Emissions from purchased electricity	220	285	–	**505**	90	290	–	**380**
Total operational emissions (tCO_2e)	221	310	–	**531**	91	457	–	**548**
Scope 1 and 2 Intensity ratio: tCO_2e/£1m of Gross Profit	2.29	11.97	–	**2.86**	1.33	13.43	–	**2.93**
Scope 3: Emissions from indirect sources								
Category 1: Purchased goods and services	56,795	15,856	–	**72,651**	52,541	15,877	–	**68,418**
Category 2: Capital goods	3,523	2,758	–	**6,281**	969	601	–	**1,570**
Category 3: Fuel and energy related activities	63	16	–	**79**	66	87	–	**153**
Category 4: Upstream transportation and distribution	248	22	–	**270**	1,654	28	–	**1,682**
Category 5: Waste generated in operations	8	9	–	**17**	7	12	–	**19**
Category 6: Business travel	66	16	–	**82**	64	6	–	**70**
Category 7: Employee commuting	1,095	236	–	**1,331**	1,052	252	–	**1,304**
Category 8: Upstream leased assets	57	–	–	**57**	57	–	–	**57**
Category 9: Downstream transportation and distribution	2,699	1,168	188	**4,055**	2,895	1,504	136	**4,535**
Category 10: Processing of sold products[2]	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Category 11: Use of sold products	11	1	–	**12**	28	–	–	**28**
Category 12: End of life treatment of sold products	1,596	1,017	–	**2,613**	1,742	1,313	–	**3,055**
Category 13: Downstream leased assets	37	–	–	**37**	37	–	–	**37**
Category 14: Franchises[2]	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Category 15: Investments[2]	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Scope 3: Emissions from indirect sources	66,199	21,099	188	**87,486**	61,112	19,680	136	**80,928**
Total emissions (tCO_2e)	66,420	21,409	188	**88,017**	61,203	20,137	136	**81,476**
Scope 3 Intensity ratio: tCO_2e/£1m of Gross Profit	356.70	113.69	1.01	**471.40**	326.80	105.24	0.73	**432.77**

1 The UK data also includes emissions produced within the factory located in Guernsey.
2 Categories 10, 14 and 15 are not applicable for the Group, as explained on page 44.
3 FY22 emissions are stated pro forma, inclusive of Experiences data. FY23 emissions are stated pro forma, inclusive of Experiences data for the full financial year.

Baseline years and reporting boundary

The baseline year for Scope 1 and 2 is FY20; this has been re-expressed to additionally capture Experiences following the acquisition of this segment. For Scope 3 emissions, the baseline year is FY22, which was selected because it is the first year for which the Group had the necessary understanding and data for each respective emissions category.

To ensure accurate progress tracking toward our targets, we may adjust the baseline year due to significant changes, such as acquisitions or divestments, methodology or activity changes, or data errors. Restatement will only occur if the recalculated emissions differ by more than 10% from the previously reported baseline year emissions. The Group will review and, if needed, recalculate and validate our baseline and targets at least once every five years.

Our organisational emissions reporting boundary, as defined by the GHG Protocol, includes Moonpig Group and its subsidiaries, taking an operational control approach. This method allows us to "manage what we measure". As of 30 April 2023, Moonpig Group consisted of eight controlled entities. Additional information on our subsidiary undertakings and controlled entities can be found in the Note 25 to the Consolidated Financial Statements on page 180.

Our operational boundary covers Scope 1, Scope 2 and all twelve of the fifteen Scope 3 reporting categories set out in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for which there are relevant activities in our value chain.

Category	Methodology, data sources and quality, uncertainties, exclusions
Scope 1	
Direct emissions from owned or controlled sources	We calculate natural gas consumption for our UK and Netherlands sites using data collected from supplier invoices and the Group's environmental management system. For transport, there were no vehicles under the Group's operational control and therefore no direct emissions related to transportation.
Scope 2	
Indirect emissions from the generation of purchased electricity, steam, heating and cooling	We calculate carbon emission factors for purchased electricity according to the "location-based" method, which reflects the average emissions intensity of grids on which energy consumption occurs. Data sources include billing, invoices and the Group's internal environmental management system.
Scope 3	
Category 1: Purchased goods and services	We use the "supplier specific" and "'average-data" methods to calculate Category 1 emissions. We gather primary weight data for purchased goods, secondary financial data for services, emission factors and allocate emission data captured directly from suppliers where possible. By spend, 80% of gift suppliers and 100% of packaging suppliers have provided the Group with primary or secondary data. Where weight data is not available, we estimate emissions using other SKUs from the same product category or use an average weight estimate calculated using similar products. For complex products, we use the primary component material of the SKU to calculate emissions. Where suppliers don't provide emission factors, we obtain them from sources such as *Sphera GaBi LCA, WRAP Emissions Factor Database for Scope 3 GHG Measurement & Reporting Database, and UK Government GHG Conversion Factors for Company Reporting 2019 and 2021.* For gift experiences, we calculate emissions per experience using internal data. For packaging we track the tonnage of materials used. We also track expenditure on office and IT equipment and average cloud data storage used. We use the "spend-based" method to capture service supplier emissions across the Group.
Category 2: Capital goods	This category relates to the use of IT equipment, plant and machinery, and fixtures and fittings. Emissions are estimated using the Quantis Scope 3 Evaluator tool based on spend data per asset category obtained from the fixed asset register.
Category 3: Fuel and energy related activities	This category includes emissions relating to the production of fuels and energy purchased and consumed that are not included in Scope 1 or Scope 2. Total emissions are determined using the "average-data" method outlined GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Industry average Scope 3 emissions factors for each fuel type or natural gas/electricity source are applied to the relevant consumption volumes captured using emissions management software.
Category 4: Upstream transportation and distribution	This category includes emissions from upstream transportation and distribution between our suppliers. By spend, we have captured emissions for the top 80% of gift suppliers and 100% of packaging suppliers. We use the distance-based method to calculate total emissions in this category. This method calculates emissions by multiplying internal data on the distance transported, the weight of goods transported and relevant emission factors (average fuel consumption, average utilisation, average vehicle size and associated GHG emissions). We calculate the weight of products and packaging delivered using a weighted average, assuming delivery from a single location per supplier.

TCFD Pillar 4: climate metrics and targets (continued)

Disclosure (b) – greenhouse gas emissions (continued)

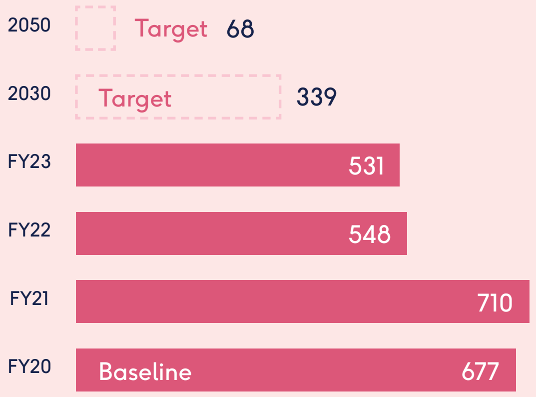
Baseline years and reporting boundary (continued)

Category	Methodology, data sources and quality, uncertainties, exclusions
Scope 3 (continued)	
Category 5: Waste generated in operations	Emissions include waste treatment in facilities owned or operated by third parties only. This is categorised as an upstream Scope 3 category as waste management services are purchased by the Group and includes all future emissions that result from waste generated in the year. To calculate emissions, we use the "average-data" method by capturing total waste and disposal methods in our ESG reporting tool, applying average emission factors for each disposal method.
Category 6: Business travel	We apply the distance-based method to calculate flight and car emissions, using data from our internal finance systems and expense claims together with industry average emissions factors from the UK Government GHG Conversion Factors for Company Reporting 2021 based on the distance travelled. Likewise, for accommodation we have obtained internal data and applied an industry average emission factor. Rail travel emissions were not significant in FY22 due to Covid-related restrictions and subsequent hybrid working practices. However these have been captured in FY23 and we intend to continue to capture rail travel emissions in FY24.
Category 7: Employee commuting	We estimate emissions from employee commuting using the Quantis Scope 3 Evaluator tool, based on the average number of employees and average commuter distances. We also calculate homeworking emissions considering office equipment and heating per FTE working hour using emissions factors from the UK Government GHG Conversion Factors for Company Reporting.
Category 8: Upstream leased assets	Category 8 emissions relate to licensed co-working office space and are calculated based on the number of desks leased, average square footage per desk and average emission factors from the Quantis Scope 3 Evaluator tool.
Category 9: Downstream transportation and distribution	To collect Group emissions data, we reach out to suppliers where possible. Many of our supply chain partners provide average emission factors per letter and parcel. In cases where we are unable to obtain primary data, we use emission factors from similar transport and fulfilment suppliers as a proxy. For air freight from our Guernsey factory to the Royal Mail depot on the mainland, we use the "distance-based" method to calculate emissions. This method involves multiplying the appropriate emission factor to the mass of the freight and a distance multiplier. While Royal Mail includes the Guernsey-to-mainland UK flight in their overall average emissions per letter, this is an average for all letters delivered (not just for Moonpig). We include this as part of our baseline calculation (given it is a significant element of our downstream transport), whilst acknowledging the possibility of some double counting.
Category 10: Processing of sold products	Not applicable. The Group does not sell products that require further processing.
Category 11: Use of sold products	To calculate emissions from our products we use a methodology that multiplies the lifetime number of uses of each product by the quantity sold and an emission factor per use obtained from *UK Government GHG Conversion Factors for Company Reporting 2021.* To estimate the lifetime number of uses and energy usage per hour for each product category, we follow the "average-data" method. We use average specifications for each product category to estimate energy usage per hour, and secondary data for electricity consumed per use to estimate energy usage for electronics. For alcohol usage, we use calculations based on wine, and we exclude indirect emissions from beauty products as they are deemed immaterial.
Category 12: End of life treatment of sold products	To calculate emissions arising from the disposal of cards, gifts, and packaging we use using the "waste-type-specific" method. We obtain weight data for specific product categories from suppliers and internal systems. Average emission factors from the *UK Government GHG Conversion Factors for Company Reporting 2021 and WRAP Emissions Factor Database for Scope 3 GFG Measurement and Reporting Database* are used to determine the emissions associated with the proportion of waste treated using various methods. When weight data is unavailable, we estimate this using data from other products within the same category.
Category 13: Downstream leased assets	This includes Scope 1 and 2 emissions of the sub-tenant that occupies space on the Group's head office building. Primary data is obtained from the lessee.
Category 14: Franchises	Not applicable. The Group does not operate as a franchiser.
Category 15: Investments	The Group only operates a defined contribution pension scheme for its employees. As such, and in accordance with the relevant regulations, we believe it is not appropriate to include this category within our disclosure as the Group does not directly manage of control the investment decisions within the pension plan.

Disclosure (c) – climate-related targets

The targets used by the Group to manage climate-related risks and opportunities are summarised below, together with performance against these targets. These targets align to the Group's ESG Goals 1 and 2, set out on page 29.

Absolute Scope 1 and 2 emissions (tCO2e)



We have set a goal to reduce absolute Scope 1 and 2 emissions by at least 50% by 2030, and achieve at least a 90% reduction by 2050, using FY20 as the baseline year.

The Scope 1 and 2 baseline validated by the SBTi was for Moonpig and Greetz in FY20, which has been re-expressed for the acquisition of Experiences (see page 30).

We reduced absolute Scope 1 emissions by 84.4% from 168tCO_2e in FY22 to 26tCO_2e in FY23. This reflects the closure of our former Amsterdam office and fulfilment centre, which enabled a decrease in our gas usage.

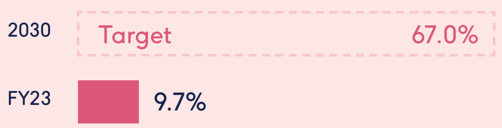
Absolute Scope 2 emissions increased by 32.9% from 380tCO_2e in FY22 to 505tCO_2e in FY23, as measured on a location-based methodology. This was due to the opening of our new Tamworth fulfilment centre in the UK and the shift from our old gas-powered Amsterdam office and fulfilment centre to the new Almere Fulfilment centre and Amsterdam office, both contributing to increased electricity demand.

Scope 3 economic emissions intensity (tCO2e/£1m of Gross Profit)

We have set a long term goal to reduce Scope 3 emissions intensity by 97% tCO_2e/£1m of Gross Profit by 2050, using FY22 as a baseline.

Absolute location-based Scope 3 emissions increased from 80,927tCO_2e in FY22 to 87,486tCO_2e in FY23, a rise of 8.1%. This was primarily due to higher gift volumes, impacting category 1 (Purchased Goods and Services), and capital investments in fulfilment centres during FY23, affecting category 2 (Capital Goods). Efforts to engage suppliers to reduce emissions will start in FY24 are expected to contribute to reductions in the future.

Proportion of Scope 3 emissions from suppliers with an emissions reduction commitment aligned with SBTi criteria (%)



We have set a goal to obtain commitment from suppliers representing 67% of Scope 3 emissions in setting net zero emissions reduction targets aligned with SBTi criteria by 30 April 2030.

As at 30 April 2023, the Group had identified suppliers with SBTi-aligned net zero commitments in place covering 9.7% of its Scope 3 emissions.

TCFD Pillar 4: climate metrics and targets (continued)

Disclosure (c) – climate-related targets

Climate transition plan

The Group is committed to achieving its climate-related targets set out above. As part of this commitment, the Board approved our climate transition plan in April 2023. It is intended to address the long-term, assessed Medium impact market and technology risks (labelled R2, R3 and R4 on pages 38 to 39) in a Paris Agreement Aligned (below 1.5°C) scenario, which envisage potential financial impact from carbon tax and pricing mechanisms as well as potential reputation impact from failure to decarbonise the Group's products and/or value chain. It focuses on four pathways: sustainably sourced cards and gifts, low carbon delivery, low carbon manufacturing and fulfilment, and more accurate emissions data measurement.

Pathway	Objectives	Areas of focus
Sustainably sourced cards and gifts	Cards and gifts represent the greatest proportion of our Scope 3 emissions and so reducing the emissions footprint of our purchased goods is the highest priority in our transition plan. We aim to evolve a lower carbon product portfolio, continue to source sustainable paper and packaging, and motivate our suppliers to set and deliver specific emission reduction goals. We will initially focus on three product categories: flowers and plants, (24% of our Scope 3 emissions in our FY22 baseline year), food and drink (12% of our Scope 3 emissions in our FY22 baseline year) and card, paper, and packaging (6% of our Scope 3 emissions in our FY22 baseline year).	• **Sustainable floristry:** work with our flower and plant suppliers, which have sustainability roadmaps already in place. We will develop specific emission reduction plans, and support initiatives to deliver these goals including water usage reduction, waste reduction, and single-use plastic reduction. • **Sustainable food gifts:** increase the proportion of food gifts (comprising food, drink, alcohol and chocolate categories) sold with carbon reduction plans in place focusing on risk areas including being deforestation-free and containing only sustainable palm oil, cocoa, and wood products. Source products with verified certifications where possible. • **Sustainable card, paper and packaging:** continue to sustainably source card, paper, and cardboard packaging certified as FSC, PEFC or >80% recycled content. Reduce single-use plastic packaging and increase recycled content across our packaging range. Reduce packaging void space to reduce transport emissions.
Low carbon delivery	Upstream and downstream transport and distribution together account for 6,216tCO_2e and 8% of our Scope 3 footprint in our FY22 baseline year. The ability to order late and for the recipient to receive their gift the next day is a key part of our offering. To mitigate the risk that delivery partners fail to decarbonise through their own ambition, we are committed to engaging with those partners on decarbonising their distribution networks, to reducing the number of delivery miles required, and increase the carbon efficiency of those miles. We will also expand our digital gifting offering to reduce the need for physical transportation.	• **Digital gifting:** we will expand our gifting offering to increase the proportion of electronically fulfilled products to reduce the need for physical product deliveries. • **Reduce the number of shipments:** we will minimise void space in our packaging and combine orders into single packages to reduce the number of shipments required. • **Reduce transport miles:** we will locate our operations close to distribution hubs to reduce the distance travelled by our deliveries. • **Work with our partners:** we will collaborate with our delivery and third-party logistics partners on reducing emissions from distribution by focusing on low carbon distribution, low carbon last mile delivery, and low carbon distribution centre operations.

Pathway	Objectives	Areas of focus
Low carbon manufacturing and fulfilment	Our Scope 1 and 2 emissions represent a small proportion of our total footprint, but they are areas within our direct control. We aim to further reduce our emissions in these areas, both through absolute reductions in energy consumption and by increasing renewable energy mix of consumption.	• **Increase energy efficiency of our sites:** we plan to minimise on-site data processing in favour of more efficient cloud computing, manage energy demand between renewable and non-renewable energy sources, and use technology to reduce energy demand. • **Power our sites through renewable energy:** we will source renewable electricity in all locations and use on-site solar generation where possible. • **Procurement:** we will prioritise energy-efficiency when procuring new assets or operating locations. • **Implement low carbon transportation:** we will invest in low-emissions vehicles and optimise transportation routes to reduce our emissions. • **Engage employees:** we will educate and engage employees in low-carbon practices, such as turning off equipment when not in use.
More accurate emissions measurement	More accurate measurement of Scope 3 emissions will enable us to develop more effective emissions reduction strategies, and better manage climate-related risks. At present, we have a robust baseline calculated on a consistent basis with the GHG Protocol, and we have leveraged industry-specific standards and frameworks to measure emissions in our value chain. However, as best practices evolve and we support our suppliers to improve procedures, we aim to progressively increase the accuracy of our Scope 3 emissions data.	• **Primary data:** we will increase the proportion of Scope 3 emissions that are measured using primary data, which is provided by suppliers or others and directly relates to specific activities within the value chain. • **Data protocols:** we will work closely with our suppliers to establish clear and consistent data collection protocols, ensuring that we receive accurate and complete data that aligns with our requirements. • **Data verification:** we will establish procedures to validate and verify data to ensure its accuracy, including verifying data provided by suppliers, as well as conducting internal audits to ensure that emissions from all relevant sources are included. • **Data management systems:** we will continue to invest in systems that allow for efficient data collection, analysis, and reporting. This will involve using software tools and platforms to collect and analyse data from a range of sources, such as supplier surveys and customer data.

Environmental, social and governance

Our people

Our people strategy is focused on promoting high performance, high engagement and high levels of inclusion.

Training and development

The Group's people are critical to the delivery of its strategy. We invest in both formal and informal delivery of learning and development and recorded 1,715 hours of formal learning in FY23 (excluding mandatory compliance and systems training) (FY22: 890 hours).

Reward and pay

We pay all employees in the UK and Guernsey at or above both the legal minimum wage (National Living Wage) and the Real Living Wage as defined by the Living Wage Foundation*. In the Netherlands we pay at or above the legal minimum wage (Minimumloon). There is a Works Council in place at Greetz.

Gender and ethnicity data – leadership[6]

As at 30 April 2023	Male	Female	Total	% Female	Non-minority ethnic[5]	Minority ethnic[5]	Total	% Minority ethnic[5]	Non-ethnic minority male[5]	Women & ethnic minority[5]	Total[5]	% Women & ethnic minority[5]
Board[1]	5	3	8	38%	6	2	8	25%	4	4	8	50%
Executive Committee[2]	5	2	7	29%	6	1	7	14%	4	3	7	43%
Extended Leadership[3]	19	14	33	42%	28	5	33	15%	15	18	33	55%
Combined Leadership Team[4]	26	16	42	38%	35	7	42	17%	20	22	42	52%
As at 30 April 2022												
Board[1]	5	2	7	29%	6	1	7	14%	4	3	7	43%
Executive Committee[2]	5	2	7	29%	5	2	7	29%	4	3	7	43%
Extended Leadership[3]	14	11	25	44%	21	4	25	16%	11	14	25	56%
Combined Leadership Team[4]	21	13	34	38%	27	7	34	21%	16	18	34	53%

Gender representation – whole business

	As at 30 April 2023				As at 30 April 2022			
As at 30 April 2023	Male	Female	Total	% Female	Male	Female	Total	% Female
Board[1]	5	3	8	38%	5	2	7	29%
Executive Committee[2]	5	2	7	29%	5	2	7	29%
Extended Leadership[3]	19	14	33	42%	14	11	25	44%
Total Group	360	375	735	51%	237	243	480	51%

1 Includes Executive Directors. All Board members have British nationality.
2 Comprises the Executive Committee excluding Executive Directors.
3 Comprises direct reports to the Executive Committee who are also members of the Extended Leadership Team.
4 Comprises the Executive Committee, Extended Leadership and the Executive Directors.
5 Ethnicity is special category data under Data Protection legislation and is therefore not collected and held for all employees. Data has been collected on the basis of explicit consent for the purposes of monitoring racial and ethnic diversity at senior levels. In any instance where a relevant employee has not consented to the collection of data, they are counted in the denominator but not the numerator for the percentage representation KPIs.
6 Data required to be disclosed under LR 9.8.6R(10) is shown in the Nomination Committee report on page 100.

* Guernsey employees are paid in line with the UK Real Living Wage as defined by the Living Wage Foundation for "rates outside London".

Gender pay

The UK Government requires all legal entities with 250 or more employees to annually disclose their gender pay gap. We provide the legally required disclosure for Moonpig.com Limited, together with voluntary disclosure for Moonpig Group.

The gender pay gap is not the same thing as equal pay. Equal pay relates to men and women performing the same job but being paid differently, whereas the gender pay gap looks across all jobs at all levels within an organisation. Companies are required to disclose the median gender pay gap and the mean gender pay gap, based on an annual "snapshot" of the employee population on 5 April.

Across Moonpig.com we have made progress in reducing the mean gender pay gap by 0.3%pts, with Moonpig Group maintaining its FY22 position, however we have seen an increase in the median by 1.7%pts at Moonpig.com whilst the median across the Group has decreased by 3.2%pts.

The gender pay gap at 5 April 2023 is largely due to relative under-representation of women in our technology function (which reflects the wider societal challenge of female under-representation in technical roles), together with the current gender composition of the Executive Committee. Whilst we have seen an increase in females in the upper pay quartile and a decrease in females in the lower pay quartile, the number of males in the upper middle quartile has also increased.

Our long-term aim is to close the Group's gender pay gap, through systemic action to balance gender representation across our business, as set out in ESG Goal 4 (leadership representation of women) and Goal 7 (female new hires into technology roles), however the impacts of these actions will take time to be fully realised.

Substantially all Moonpig and Greetz employees participate in an annual bonus scheme (which will be extended to Experiences for FY24), with payments made in July. The figures for the proportion of employees receiving a bonus (including the differences between male and female employees) simply reflect the fact that as at the snapshot date, employees hired during FY23 had not yet had their first annual bonus payment opportunity. This is especially the case during a period when the Group has expanded its number of employees.

Proportion of male and female employees across the Group on 5 April:

	April 2023		April 2022		YoY	
	Female	Male	Female	Male	Female	Male
Moonpig Group	50.6%	49.4%	50.1%	49.9%	0.5%pts	(0.5)%pts
Moonpig.com Limited	47.4%	52.6%	47.8%	52.2%	(0.4)%pts	0.4%pts

Difference in average pay for male and female employees, calculated in line with gender pay gap legislation:

		April 2023		April 2022		YoY	
		Mean	Median	Mean	Median	Mean	Median
Moonpig Group	Hourly rate	29.6%	29.2%	29.7%	32.4%	0.0%pts	3.2%pts
	Bonus rate	52.1%	41.6%	45.8%	46.1%	(6.3)%pts	4.5%pts
Moonpig.com Limited	Hourly rate	26.6%	32.3%	26.9%	30.6%	0.3%pts	(1.7)%pts
	Bonus rate	38.5%	35.9%	44.8%	45.8%	6.3%pts	10.2%pts

Proportion of male and female employees receiving a bonus:

	April 2023		April 2022		YoY	
	Female	Male	Female	Male	Female	Male
Moonpig Group	56.2%	55.8%	63.5%	63.8%	(7.3)%pts	(8.0)%pts
Moonpig.com Limited	63.9%	61.3%	58.2%	57.1%	5.7%pts	4.2%pts

The proportion of women and men in each payroll quartile:

		2023				2022			
		Upper quartile	Upper middle quartile	Lower middle quartile	Lower quartile	Upper quartile	Upper middle quartile	Lower middle quartile	Lower quartile
Moonpig Group	Female	39.3%	46.2%	60.9%	57.5%	30.2%	48.3%	56.9%	65.0%
	Male	60.7%	53.8%	39.1%	42.5%	69.8%	51.7%	43.1%	35.0%
Moonpig.com Limited	Female	30.4%	42.3%	60.6%	57.3%	27.4%	37.8%	51.4%	74.3%
	Male	69.6%	57.7%	39.4%	42.7%	72.6%	62.2%	48.6%	25.7%

Our communities

We support local community groups, the technology sector and customers.

Corporate citizenship and philanthropy

Through the Moonpig Group Foundation, we support initiatives that create connections and spark moments of joy in our communities. The Foundation is an account within the Charities Aid Foundation ("CAF"), a donor-advised fund and Registered Charity (Number 268369). Governance of the charity itself is provided by the trustees of the CAF. Giving requests for the Moonpig Group Foundation to donate to other charities are managed internally by a charity committee that is chaired by the CEO.

We have several mechanisms in place to facilitate employee engagement and involvement with our charitable partners. The Moonpig Group Foundation provides our employees with access to matched funding and payroll giving to increase the value of their donations. We also encourage our skilled and motivated workforce to volunteer for causes, allowing paid time off to do so.

£000	FY23	FY22	Cumulative[1]
Donations by Moonpig Group to the Foundation	70	75	
Donations by Moonpig Group to other charities	–	6	
Total donations made by Moonpig Group	**70**	**81**	
Donations by the Foundation to other charities	**211**	**189**	**444**

1 Cumulative since the Foundation was set up in January 2021

Kick starting careers in tech through apprenticeships

Our apprenticeship scheme focuses on people wanting to change careers into technology roles. Moonpig apprentices get hands-on experience and training to develop their coding skills and secure a career in technology. We ensure that a wide range of candidates can participate. Apprenticeships benefit the community, are a source of new technology talent for our growing business and we intend to expand the programme in future periods.

Inspiring young women to join the technology sector

We have partnered with Stemettes, a registered charity that works to encourage young women and non-binary individuals in the early stages of their careers in technology. At regular interactive workshops, held in our London and Manchester offices, participants learn to code and female Moonpig leaders take participants through technical challenges based on real-life business scenarios to encourage critical thinking. We have also provided agile certifications, leadership skills training and female mentors from our business.

We have partnered with Cajigo in FY23, a technology platform focused on empowering and up-skilling women into STEM careers, we have been able to provide a structured mentoring programme that has supported over 1,500 females. Through the delivery of collaborative digital workshops, panels, talks and mentoring sessions on topics from software engineering to cyber security we continue to help our attendees develop the skills and knowledge to approach the technology industry with confidence.

Representing our communities in card designs

At Moonpig and Greetz, we place importance upon inclusivity in our greeting card designs. To achieve this, we use placeholder images that represent a diverse range of ethnicities, sexual orientations, physical abilities and religious beliefs and we encourage our publishing partners to do the same.

We also use the Group's Global Design Platform to cater to different segments of our customer base. In previous years, we have for instance introduced an expanded range of LGBTQ+ cards, Diwali cards and Welsh language designs. In FY23, we introduced new designs featuring sign language and wheelchair use, as well as sentiment cards for difficult situations such as baby loss and IVF treatment.

Alcohol sales

We are aware that some investors require visibility of exposure to alcohol sales. The proportion of revenue generated from alcohol products during FY23 was 5.2% (FY22: 6.5%). We expect this percentage to be lower in future years, reflecting the acquisition of Experiences and the ongoing broadening of the Group's gifting range.

Environmental, social and governance

SASB Standards

This is the Group's inaugural disclosure against the SASB Standards maintained by the International Sustainability Standards Board of the IFRS Foundation and is aligned to the E-Commerce SASB Standard. Use of SASB Standards is voluntary, and the standards specify that it is for the reporting entity to determine which disclosure topics are financially material to its business and which associated metrics to report. Where the Group does not currently provide disclosure metrics, this is indicated in the table below.

Topic	SASB Accounting or Activity Metric	SASB Code	Moonpig Group Disclosure
Hardware, Infrastructure Energy & Water Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	CG-EC-130a.1	(1) 2,053,755kWh (FY22: 2,570,203kWh). (2) 36% (FY22: 49%). (3) 64% (FY22: 51%).
	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	CG-EC-130a.2	(1) 6,394 (FY22: 3,403). (2) 6,394 (FY22: 3,403).
	Discussion of the integration of environmental considerations into strategic planning for data centre needs	CG-EC-130a.3	We handle most of our data in the cloud and during the year, we reduced the number of internal data centres from two to one. Our Cloud services are provided by AWS, who have committed to 100% renewable energy by 2025. Our one remaining internal data centre in the Netherlands is powered by 100% renewable electricity. We have no plans to expand the number of data centres or increase energy consumption at the existing data centre.
Data Privacy & Advertising Standards	Number of users whose information is used for secondary purposes	CG-EC-220a.1	The Group does not provide quantitative disclosure. The Group provides its customers transparency where personal data is collected within our privacy and cookies notices. Where a customer opts in, data collected is primarily used to improve our services and enable users to enjoy a personalised user experience on our own website and app. As soon as personal data is no longer required, it is either deleted or anonymised.
	Description of policies and practices relating to behavioural advertising and user privacy	CG-EC-220a.2	We are committed to protecting the privacy of our customers and the confidentiality of the data processed in the course of our business. Our privacy notice is provided to all customers. It clearly and transparently details how and for what purpose, customer data is processed and sets out customer rights in relation to this processing. Additionally, our customers are provided access to our Cookie policy and can manage and update their preferences in relation to them. The Group has a dedicated Technology Security Team and Protection Office who carry out privacy impact assessments.
Data Security	Description of approach to identifying and addressing data security risks	CG-EC-230a.1	The Group operates a "three lines of defence" model for the management and mitigation of risks relating to data security, including robust data security procedures and the maintenance of a detailed data security risk register. Further detail is set out in our Technology Security and Data Protection disclosure on page 71.
	(1) Number of data breaches, (2) percentage involving personally identifiable information ("PII"), (3) number of users affected	CG-EC-230a.2	The Group does not disclose this.

Topic	SASB Accounting or Activity Metric	SASB Code	Moonpig Group Disclosure
Employee Recruitment, Inclusion & Performance	Employee engagement as a percentage	CG-EC-330a.1	Engagement score[1] averaged 61% across two surveys conducted in FY23 (FY22: 65%).
	(1) Voluntary and (2) involuntary turnover rate for all employees	CG-EC-330a.2	Voluntary staff turnover for FY23 was 22.8% (FY22: 22.6%). Involuntary staff turnover for FY23 was 13.1% (FY22: 7.3%). These figures are stated excluding the direct workforce at our fulfilment and production centres and exclude casual and fixed-term staff and contractors.
	Percentage of gender and racial/ ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	CG-EC-330a.3	Percentage of female employees in the respective roles at 30 April 2023 was: (1) 39.6% (FY22: 38.5%); (2) 34.0% (FY22: 33.3%); (3) 61.2% (FY22: 59.6%). The Group discloses ethnicity data for senior leaders on page 48. Equivalent data is not provided for all employees due to legal restrictions on the ability to gather a reliable dataset of such information.
	Percentage of technical employees who are foreign nationals[2]	CG-EC-330a.4	As at 30 April 2023, the percentage of visa holders was 5.9% of total employees (FY22: 1.4%). The Group ensures sponsorship requirements are met for all visa-holding employees.
Product Packaging & Distribution	Total GHG footprint of product shipments	CG-EC-410a.1	Scope 3 Category 9 emissions for the year were 4,055tCO_2e (FY22: 4,534tCO_2e).
	Discussion of strategies to reduce the environmental impact of product delivery	CG-EC-410a.2	The acquisition of Experiences introduced digital gifting to the Group's proposition. We have rolled out video messages in greeting cards across the Moonpig card design range and there is ongoing work to build digital gift experiences capability. In addition, our two new operational facilities were chosen close to transport networks, reducing product delivery emissions from warehouses to distributor depots.
Activity Metrics	Entity-defined measure of user activity	CG-EC-000.A	The Group's chosen disclosure is the number of orders fulfilled in the year at Moonpig and Greetz, which was 33.8m in FY23 (FY22: 39.8m).
	Data processing capacity, percentage outsourced	CG-EC-000.B	The Group does not disclose this.
	Number of shipments	CG-EC-000.C	The Group does not disclose this.

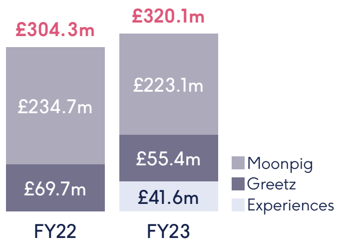
1 This metric is measured for Moonpig and Greetz only. Engagement data for the Experiences segment will be added in FY24.
2 This metric has been changed to reflect the jurisdictions where Moonpig Group operates.

Key performance indicators

The Group uses a range of financial and non-financial KPIs to measure strategic performance.

Revenue
(£m)

£320.1m

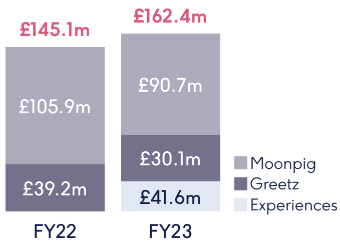


Revenue increased by 5.2% year-on-year. The growth was driven by incremental revenue from the Experiences acquisition, partially offset by annualisation against the positive impact from prior year lockdown restrictions at Moonpig and Greetz.

The year-on-year revenue decrease (8.5%) at Moonpig and Greetz also reflects the impact of the consumer economic downturn in the UK and the Netherlands from October 2022 onwards.

Gifting revenue
(£m)

£162.4m

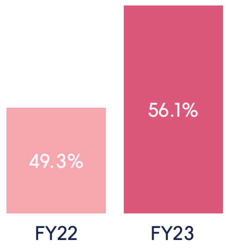


Gifting mix of revenue increased from 47.7% in FY22 to 50.7% in FY23, reflecting the acquisition of the Experiences segment.

Like-for-like gifting revenue mix for Moonpig and Greetz decreased to 43.4% in FY23. This primarily reflects card price rises, which resulted in higher cards revenue per order. It also reflects fewer card orders, due to annualisation against periods impacted by Covid. In a business model which starts with the card and inspires customers to attach a gift as a cross-sell, this reduces the opportunities for customers to purchase attached gifts. There was also an impact from consumers trading down to lower price points.

Gross margin rate
(% Total revenue)

56.1%

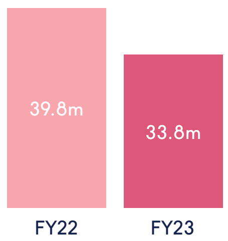


Like-for-like gross margin rate for Moonpig and Greetz increased from 49.3% in FY22 to 50.8% in FY23. This was driven by the prioritisation of resources towards higher-margin cards, management actions to improve intake margin and the use of our personalised promotions engine to target discounts.

Consolidated gross margin rate was 56.1%, which additionally reflected the mix impact from the acquisition of Experiences. This segment has a relatively high gross margin rate since it generates revenue through agency commissions earned from partners for the distribution of experiences, rather than the gross transaction value.

Orders
Moonpig and Greetz (m)

33.8m

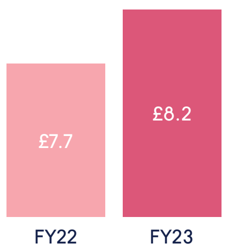


The number of orders at Moonpig and Greetz decreased by 14.9% year on year. The decrease reflects annualisation against the positive prior year impact from Covid restrictions.

We have also seen an impact from economic downturn in both the UK and the Netherlands, in particular impacting demand from new customers.

Average order value ("AOV")
Moonpig and Greetz (£ Revenue per order)

£8.2



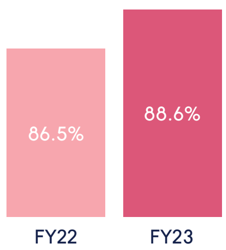
AOV at Moonpig and Greetz has increased by 7.6% year on year.

Card price increases were the primary driver of AOV growth, alongside more targeted use of promotional discounting. Lower-than-expected increases in average selling prices for gifting have partially offset this growth, as customers have traded down.

The Experiences segment is not included in the calculation of average order value as revenue per order is not directly comparable. It represents agency commission earned from suppliers rather than amounts earned from consumers.

Existing customer mix
Moonpig and Greetz (% Total revenue)

88.6%



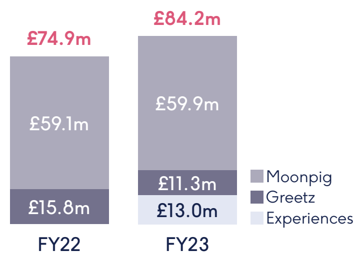
Our strategy at Moonpig and Greetz is centred around acquiring loyal customer cohorts that generate recurring revenue. In FY23, 88.6% of revenue at these brands came from existing customers (FY22: 86.5%).

The long-term value of these customer cohorts is strengthened by our data and technology platform. Our database of 84m reminders (April 2022: 72m) allows us to communicate directly with customers at key moments of purchase intent, providing a personalised experience and deepening our relationships with them.

This metric is less relevant for the Experiences segment, for which our strategy is focused around driving recipient-to-customer conversion.

Adjusted EBITDA[1]
(£m)

£84.2m



Adjusted EBITDA increased by 12.4% year-on-year, driven by the acquisition of Experiences.

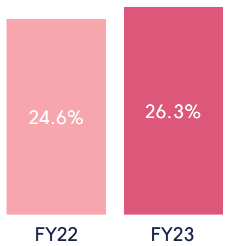
If Experiences had been owned from the start of the year, its contribution to consolidated Adjusted EBITDA would have been £14.0m.

Like-for-like Adjusted EBITDA for Moonpig and Greetz decreased from £74.9m in FY22 to £71.2m in FY23. This was driven by lower revenue at Greetz, reflecting annualisation against the positive impact of Covid on prior year trading and the impact of the consumer economic downturn from October 2022 onwards.

To mitigate the reduction in revenue, gross margin rate was improved, we maintained our existing payback thresholds for marketing activity and indirect costs were carefully managed.

Adjusted EBITDA margin[1]
(% Total revenue)

26.3%



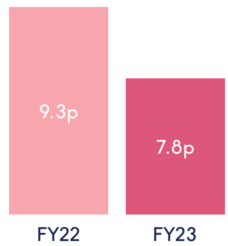
Adjusted EBITDA margin rate increased to 26.3% in FY23. This reflects actions taken to deliver absolute Adjusted EBITDA notwithstanding the challenging external environment. These actions included card price increases, a higher revenue mix of cards versus gifting, a moderate reduction in marketing spend and tight control of indirect costs.

At Moonpig, Adjusted EBITDA margin increased year-on-year by 1.6%pts as a result of these actions. It decreased by 2.4%pts at Greetz, reflecting atypically low intensity of promotional activity in FY22, in particular in the first half of the year.

There was also a 0.8%pts impact from consolidation of the Experiences segment, at which margins are higher as its revenue comprises agency commission earned from partners for the distribution of experiences, rather than the gross transaction value.

Basic earnings per share
(pence)

7.8p



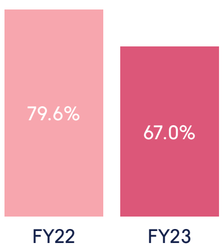
Basic EPS decreased from 9.3p in FY22 to 7.8p in FY23, primarily due to the impact of Adjusting Items, namely £8.7m of legacy pre-IPO remuneration and £4.4m of transaction costs relating to the acquisition of Experiences.

Adjusted basic EPS[1] was 12.3p in FY22 and 11.1p in FY23. The decrease reflected higher depreciation, driven by tangible investment in the Group's new leasehold operational facilities and higher amortisation driven by growth in technology function headcount and higher intangible capital expenditure.

There was also an increase in finance charges in FY23 resulting from base rate increases, interest rate hedging costs and additional debt to fund the acquisition of Experiences.

Operating cash conversion[1]
(%)

67.0%

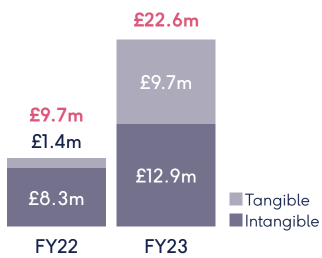


Operating cash conversion in FY23 reflected the year-on-year step-up in capital expenditure of £12.9m, which is equivalent to 15%pts of conversion rate. This included tangible capex on the fit-out of new operational facilities, which is not expected to recur in future periods.

Operating cash conversion in FY22 was affected by the unwind of an opening creditor position, as payments were made to suppliers in May 2021 for inventory and marketing relating to strong trading during full lockdown in Spring 2021.

Capital expenditure
(£m)

£22.6m



Capital expenditure comprises acquired tangible fixed assets and internally generated intangible assets. It excludes IFRS 16 right-of-use assets.

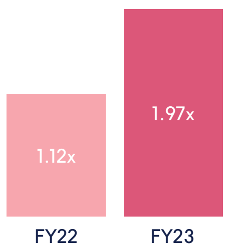
Tangible capital expenditure increased from £1.4m to £9.7m reflecting the fit-out of new operations facilities in the UK and the Netherlands on ten-year leases. Tangible capex is expected to reduce to below £2m per annum from FY24 onwards.

Intangible capital expenditure increased from £8.3m to £12.9m reflecting an increase in headcount within the Group's technology organisation. It is intended that this will remain in place.

Total capital expenditure is expected to decrease to approximately 5% of revenue in future years, which is broadly in line with the pre-Covid ratio.

Net debt to pro forma Adjusted EBITDA[1]
(Ratio)

1.97x



Net debt to pro forma Adjusted EBITDA was 1.97x at 30 April 2023. The year-on-year increase primarily reflects the acquisition of Experiences, which was funded through cash on balance sheet and additional senior debt.

The ratio reduced from 2.45x at 31 October 2022, with deleveraging driven by seasonally strong operating cash flow.

1 Adjusted EBITDA, Adjusted EBITDA margin, net debt, net debt to pro forma Adjusted EBITDA, Adjusted EPS and operating cash conversion are Alternative Performance Measures. Refer to pages 188 to 189.
2 In addition to the above, specific environmental and employee KPIs are set out in the ESG section on pages 28 to 53.

Chief Financial Officer's review

"The Group's profitable and cash-generative model has allowed us to continue investing in the drivers of expected future growth, whilst delivering resilient financial performance."

Overview

Throughout the year our resilient, profitable and cash-generative business model has enabled us to maintain investment in the drivers of expected long-term growth. We have increased the size of our technology team and transitioned its focus from re-platforming to customer-facing growth initiatives. We have invested in our operational network by opening new facilities on ten-year leases in Almere, Netherlands and Tamworth, UK. Although we reduced marketing spend to maintain its efficiency in the light of lower year-on-year online search engine impressions, we have maintained revenue from new customers above pre-pandemic levels.

We also completed the acquisition of Red Letter Days and Buyagift, welcoming them to the Group as our Experiences segment. Following acquisition, we have implemented significant operational changes, including appointing a new Managing Director and leadership team, commencing modernisation of the Experiences technology platform, relocating fulfilment to Tamworth, outsourcing customer services, and co-locating Experiences employees at the Group's head office.

As expected, the Group's robust generation of operating cash flows has driven rapid deleveraging. We increased borrowings to fund the acquisition of Experiences in July 2022, since when net debt to pro forma Adjusted EBITDA has reduced to 2.45x as at 31 October 2022 and 1.97x as at 30 April 2023, with further reduction expected in the year ahead. Both liquidity headroom and covenant headroom remain substantial.

Despite the economic downturn that impacted our business from October 2022, the Group delivered Adjusted EBITDA of £84.2m, with Moonpig and Greetz contributing £71.2m of the total. These figures surpass the level implied by guidance in the IPO Prospectus and demonstrate the key strengths of the Group's differentiated financial model, which are: resilience rooted in loyal customer cohorts and the characteristics of the greeting card market; flexibility to respond rapidly to market changes; sustainably high profit margins; and strong cash generation.

Financial performance – Group

	Year ended 30 April 2023	Year ended 30 April 2022	Year-on-year growth %
Revenue (£m)	**320.1**	304.3	5.2%
Gross profit (£m)	**179.7**	150.1	19.7%
Gross margin (%)	**56.1%**	49.3%	6.8%pts
Adjusted EBITDA (£m)[1]	**84.2**	74.9	12.4%
Adjusted EBITDA margin (%)[1]	**26.3%**	24.6%	1.7%pts
Reported profit before taxation (£m)	**34.9**	40.0	(12.6%)
Adjusted profit before taxation (£m)[1]	**48.0**	51.5	(6.9%)
Earnings per share – basic (pence)[2]	**7.8**	9.3	(15.6%)
Earnings per share – diluted (pence)[2]	**7.7**	9.1	(15.6%)
Net debt (£m)[3]	**(167.7)**	(83.8)	(100.0%)

1 Before adjusting items of £13.1m in FY23 and £11.6m in FY22. See Adjusting Items at Note 5 and definition of Alternative Performance Measures on page 188.
2 Earnings per share not disclosed for periods arising prior to the Group's formation because of the pre-IPO reorganisation in February 2021.
3 Net debt is defined as total borrowings, inclusive of lease liabilities, less cash and cash equivalents.

Trading performance in FY23 has demonstrated the resilience of our business with the Group delivering Adjusted EBITDA of £84.2m (FY22: £74.9m) despite the economic context. The acquisition of Experiences contributed £13.0m of Adjusted EBITDA which broadly offset the impact of the post-Covid reversion in trading at Moonpig and Greetz. The delivery of Adjusted EBITDA margin of 26.3% (FY22: 24.6%) was made possible through a combination of price optimisation, improvements to gross margin rate, resource allocation decisions (for instance shifting marketing activity into peak trading periods) and efficient management of indirect costs.

Year-on-year revenue growth of 5.2% reflects the acquisition of Experiences, partially offset by the positive impact on prior year from lockdown restrictions at Moonpig and Greetz. The most resilient areas of trading included greeting card orders (reflecting the overall market's low sensitivity to GDP changes), orders from existing customer cohorts and the proportion of orders with attached gifts. More challenging economic conditions have primarily impacted new customer acquisition levels and the average selling price of gifts, as some customers opted for lower-priced items.

Adjusted PBT was £48.0m (FY22: £51.5m), with the decrease resulting from higher finance charges and increases in depreciation and amortisation. Higher finance charges were driven by additional borrowings to fund the Experiences acquisition and rising interest rates, partially offset by the Group's hedging arrangements. The increase in depreciation and amortisation reflects the full year impact of the Group's technology development investments, and the depreciation of fit-out costs and right-of-use assets related to the new leasehold operational facilities. Reported PBT additionally reflected the impact of Adjusting Items, which comprised pre-IPO incentive scheme costs and M&A transaction costs.

Net debt is a non-GAAP measure and is defined as total borrowings, inclusive of lease liabilities, less cash and cash equivalents. Group net debt as at 30 April 2023 was £167.7m (FY22: £83.8m), resulting in a ratio of net debt to pro forma Adjusted EBITDA of 1.97x. The year-on-year increase in net debt reflects financing for the acquisition of Experiences and initial recognition of an additional lease for the new operational facility at Almere, Netherlands.

Chief Financial Officer's review

Revenue

	Year ended 30 April 2023	Year ended 30 April 2022	Year-on-year growth %
Moonpig and Greetz orders (m)	**33.8**	39.8	(14.9%)
Moonpig and Greetz AOV (£ per order)	**8.2**	7.7	7.6%
Moonpig and Greetz revenue (£m)	**278.5**	304.3	(8.5%)
Moonpig revenue (£m)	**223.1**	234.7	(4.9%)
Greetz revenue (£m)	**55.4**	69.7	(20.4%)
Moonpig and Greetz revenue (£m)	**278.5**	304.3	(8.5%)
Experiences revenue (£m)	**41.6**	–	N/a
Group revenue (£m)	**320.1**	304.3	5.2%

Group revenue increased by 5.2% year-on-year, reflecting annualisation against the prior year impact on sales from lockdown restrictions, offset in part by the consolidation of £41.6m revenue from Experiences from 13 July 2022 onwards.

Moonpig and Greetz revenue decreased year-on-year by 8.5%:

- Management estimates that FY22 revenue included approximately £39m resulting from the impact of Covid lockdowns on customer order frequency, translating to an approximate 13% effect on FY23 growth. This estimation is based on a comparison of actual customer behaviour at the individual cohort level against historical pre-Covid behaviour for similarly aged cohorts, which generally displayed consistency over time. Although rooted in analysis, this assessment unavoidably involves some subjectivity and should be considered a management belief statement.
- Orders decreased by 14.9%, primarily driven by the impact of annualisation against periods of Covid lockdown. The macroeconomic downturn from October 2022 onwards also affected the level of orders from new customers in the UK and the Netherlands. There was also a more limited impact in the UK from industrial action at Royal Mail affecting trading in the months leading up to Christmas 2022.
- Average Order Value increased by 7.6% year-on-year, reflecting card price increases and more targeted use of promotional discounting, offset in part by lower average selling prices on gifting as customers traded down to cheaper price points in view of macroeconomic pressures.

Consistent with previous periods, the movement in year-on-year revenue remained stronger at Moonpig than at Greetz, supported by sustained investment in technology over the last four years. Greetz was successfully migrated onto our unified technology platform during September 2022, which we expect will contribute to future revenue growth. Greetz also faced tougher prior year comparatives due to full lockdown measures in the Netherlands from November 2021 to February 2022, in contrast to voluntary social distancing guidelines effective in the UK during the same period.

Experiences revenue was £41.6m and represents agency commission earned from partners for the distribution of experiences rather than the gross transaction value. Full year revenue increased from £43.8m in FY22 to £47.9m in FY23, with year-on-year growth decelerating from 19.4% in H1 FY23 to 4.1% in H2 FY23 due to the macroeconomic downturn.

Gifting mix of revenue

	Year ended 30 April 2023	Year ended 30 April 2022	Year-on-year growth %
Moonpig and Greetz cards revenue (£m)	**157.7**	159.2	(1.0%)
Moonpig and Greetz attached gifting revenue (£m)	**109.4**	129.8	(15.8%)
Moonpig and Greetz standalone gifting revenue (£m)	**11.5**	15.3	(24.7%)
Moonpig and Greetz revenue (£m)	**278.5**	304.3	(8.5%)
Experiences gifting revenue (£m)	**41.6**	–	N/a
Group revenue (£m)	**320.1**	304.3	5.2%
Moonpig/Greetz total gifting revenue (£m)	**120.9**	145.1	(16.7%)
Moonpig/Greetz gifting revenue mix (%)	**43.4%**	47.7%	(4.3%pts)
Group gifting mix of revenue (%)	**50.7%**	47.7%	3.0%pts

The Group's gifting mix of revenue increased to 50.7% (FY22: 47.7%) driven by the acquisition of Experiences. At Moonpig and Greetz, gifting mix of revenue decreased to 43.4% (FY22: 47.7%). Cards revenue benefited from price changes in the UK, whilst gifting revenue was adversely impacted by consumers trading down to lower price points in both the UK and the Netherlands. Our inventory-light model enables us to flex our offering at short notice and we have reacted to changing demand patterns by strengthening the gifting range at lower price points.

Gross margin rate

	Year ended 30 April 2023	Year ended 30 April 2022	Year-on-year growth %
Moonpig gross margin (%)	**51.8%**	49.5%	2.3%pts
Greetz gross margin (%)	**46.8%**	48.9%	(2.1%pts)
Moonpig and Greetz gross margin (%)	**50.8%**	49.3%	1.5%pts
Experiences gross margin (%)	**92.0%**	N/a	N/a
Group gross margin (%)	**56.1%**	49.3%	6.8%pts

Gross margin rate strengthened year-on-year at Moonpig, reflecting greeting card price changes, management action to improve intake margin on gifts, the category mix impact of prioritising resources towards higher-margin cards and the use of our personalised promotions engine to target discounts. The year-on-year trend in gross margin rate at Greetz reflects atypically low intensity of promotional activity last year.

Experiences gross margin stood at 92.0%, with the cost of goods relating primarily to packaging and distribution for those orders requiring physical gift box delivery rather than digital fulfilment. Full year gross margin rate increased from 84.3% in FY22 to 92.3% in FY23, reflecting growth in high-margin revenue from upselling to recipients, consistent application of fees for voucher extension (waived during lockdown), revenue growth through third-party websites where retail partners cover shipping costs and an increase in the proportion of orders fulfilled digitally. In addition, we have seen redemptions of experience vouchers issued during the pandemic 5% lower than implied by the historical trend, causing an increase in the deferred liability when compared to normalised redemption levels. Experiences gross margin rate is expected to remain stable at around the FY23 level into next year and beyond.

Adjusted EBITDA margin

	Year ended 30 April 2023	Year ended 30 April 2022	Year-on-year growth %
Moonpig Adjusted EBITDA margin %	**26.8%**	25.2%	1.6%pts
Greetz Adjusted EBITDA margin %	**20.3%**	22.7%	(2.4%pts)
Moonpig and Greetz Adjusted EBITDA margin %	**25.5%**	24.6%	0.9%pts
Experiences Adjusted EBITDA margin %	**31.4%**	N/a	N/a
Group Adjusted EBITDA margin %	**26.3%**	24.6%	1.7%pts

Group Adjusted EBITDA margin rate was 26.3% (FY22: 24.6%) reflecting the first-time consolidation of Experiences and the actions taken by management to maintain absolute Adjusted EBITDA in more challenging trading conditions.

Moonpig Adjusted EBITDA margin rate increased by 1.6%pts to 26.8%, reflecting card price increases, gross margin discipline and careful management of indirect costs. Greetz Adjusted EBITDA margin decreased by 2.4% to 20.3% reflecting planned additional promotional activity to incentivise customer migration to the new Greetz apps.

Experiences Adjusted EBITDA margin rate was 31.4%, (FY22 full year: 31.1%). The impact of higher gross margin rate was offset by operational restructuring costs for customer service outsourcing, relocation of fulfilment, head office relocation and employee severance.

Alternative Performance Measures

The Group has identified certain Alternative Performance Measures ("APMs") that it believes provide additional useful information on the performance of the Group. These APMs are not defined within IFRS and are not intended to substitute or be considered as superior to IFRS measures. Furthermore, these APMs may not necessarily be comparable to similarly titled measures used by other companies. The Group's Directors and management use these APMs in conjunction with IFRS measures when budgeting, planning and reviewing business performance. Executive management bonus targets include an Adjusted EBITDA measure and long-term incentive plans include an Adjusted Basic Pre-Tax Earnings Per Share ("EPS") measure.

	Year ended 30 April 2023		Year ended 30 April 2022		Year-on-year growth %	
	IFRS Measures £m	Adjusted Measures[1] £m	IFRS Measures £m	Adjusted Measures[1] £m		
Pre-IPO share-based payment charges	–	(5.4)	–	(7.0)	–	23.0%
Pre-IPO bonus awards	–	(3.3)	–	(3.6)	–	9.8%
M&A related transaction costs	–	(4.4)	–	(0.9)	–	(373.7%)
Total Adjusting Items	–	(13.1)	–	(11.6)	–	(12.9%)
Revenue	**320.1**	320.1	304.3	304.3	5.2%	5.2%
PAT	**26.6**	37.9	31.4	41.7	(15.4%)	(9.1%)
Taxation	**(8.3)**	(10.1)	(8.5)	(9.9)	2.6%	(2.0%)
PBT	**34.9**	48.0	40.0	51.5	(12.6%)	(6.8%)
PBT margin	**10.9%**	15.0%	13.1%	16.9%	(2.2%pts)	(1.9%pts)
Finance costs	**(13.6)**	(13.6)	(9.0)	(9.0)	(51.2%)	(51.2%)
EBIT	**48.5**	61.5	48.9	60.5	(0.8%)	1.8%
EBIT margin	**15.2%**	19.2%	16.1%	19.9%	(0.9%pts)	(0.7%pts)
Depreciation and amortisation	**(22.7)**	(22.7)	(14.4)	(14.4)	(57.7%)	(57.7%)
EBITDA	**71.1**	84.2	63.3	74.9	12.3%	12.4%
EBITDA margin	**22.2%**	26.3%	20.8%	24.6%	1.4%pts	1.7%pts

1 See Adjusting Items at Note 5.

The definitions for the adjusted measures in the table are as follows:

- Adjusted PAT is profit after taxation and before Adjusting Items.
- Adjusted PBT is profit before taxation and Adjusting Items. Adjusted PBT margin is Adjusted PBT divided by total revenue.
- Adjusted EBIT is profit before taxation, interest and Adjusting Items. Adjusted EBIT margin is Adjusted EBIT divided by total revenue.
- Adjusted EBITDA is profit before taxation, interest, depreciation, amortisation and Adjusting Items. Adjusted EBITDA margin is Adjusted EBITDA divided by total revenue.

Adjusting Items comprise:

- Pre-IPO incentive scheme costs, consisting of £5.4m (FY22: £7.0m) share-based payment charges and £3.3m (FY22: £3.6m) cash bonus awards. These relate to one-off compensation arrangements granted prior to IPO and set out in the Prospectus. The Group treats these costs as Adjusting Items as they relate to one-off awards implemented whilst the Group was under private equity ownership and are not part of the Group's ongoing remuneration arrangements.
- M&A related transaction costs of £4.4m arising in FY23 comprise advisers' fees, stamp duty and other costs directly relating to the acquisition of Experiences. These are additional to the £0.9m of such costs recognised in the second half of FY22. The Group treats these costs as Adjusting Items as they are not part of normal business operations.

The charge relating to pre-IPO incentive schemes comprises £2.3m (FY22: £3.0m) relating to shares that were restricted and have now vested and £6.4m (FY22: £7.6m) relating to the "Pre-IPO Awards" which consist of cash and nil-cost options over shares. The Pre-IPO Awards vest in two tranches on 30 April 2023 and 30 April 2024, subject to FY23 revenue and Adjusted EBITDA performance conditions. The Group exceeded maximum performance for both measures, including on an organic basis without the post-acquisition revenue and profit from Experiences. The FY23 charge is lower than expected with an anticipated offsetting increase in FY24, reflecting the fact that when a participant leaves their award may be reallocated to another employee (excluding the Executive Directors) affecting the timing of charges to profit and loss. Cash outflows for each tranche of the Pre-IPO Award are expected to arise in the first quarter of FY24 and the first quarter of FY25 respectively.

Determining which items should be classified as Adjusting Items involves the exercise of judgement. Our classification of items as Adjusting Items has remained unchanged year-on-year. We do not classify the following as Adjusting Items on the basis that they are recurring costs associated with delivery of financial performance for the year. However, we have observed that certain users of our accounts adopt a different approach in their own financial modelling and have therefore provided the information below to assist these users:

	Year ended 30 April 2023	Year ended 30 April 2022
Amortisation of acquired intangible assets (£m)	**7.5**	1.8
Share-based payment charges relating to operation of post-IPO Remuneration Policy[1] (£m)	**2.5**	1.3

1 Share-based payment charges are stated inclusive of national insurance of £0.3m (FY22: £0.2m).

Profit before taxation ("PBT")

Although Adjusted EBITDA increased year-on-year, PBT decreased from £40.0m in FY22 to £34.9m in FY23 because of higher Adjusting Items, additional depreciation and amortisation and an increase in finance costs.

Depreciation and amortisation increased to £22.7m (FY22: £14.4m). The primary reason for this was a £5.6m increase in the amortisation of acquired intangible fixed assets arising on business combination with Experiences. The amortisation of internally generated intangible fixed assets also increased by £2.6m, due to the decision taken last financial year to expand the size of the technology team and increase investment in our technology. The depreciation of plant, property, and equipment also increased due to expenditure on fitting out new operational facilities. There has been no change in the Group's accounting policies or practices relating to the capitalisation of costs as internally generated intangible assets. We continue to amortise internally generated intangible assets over a relatively short useful life of three years.

Finance costs increased from £9.0m in FY22 to £13.6m in FY23:

- Interest on senior debt rose from £6.3m in FY22 to £11.6m in FY23 reflecting additional senior debt drawn down in July to finance the acquisition of the Experiences segment, together with increases in the SONIA reference rate. All amounts drawn under the revolving credit facilities were repaid in full as at 30 April 2023.
- Amortisation of fees increased from £1.4m in FY22 to £2.0m in FY23, reflecting the additional costs for arranging the Additional revolving credit facility ("Additional RCF") in July 2022 and putting in place interest rate hedging.
- Deemed interest on lease liabilities increased from £0.7m to £0.9m because of new leases relating to warehouses in Tamworth, UK and Almere, Netherlands.
- In addition, the Group recognised a £0.9m gain (FY22: £0.7m loss) in respect of the monetary foreign exchange gain on a Euro-denominated intercompany loan balance, with the corresponding intercompany loss recognised in Other Comprehensive Income in accordance with IAS 21.

The taxation charge was £8.3m (FY22: £8.5m), which represents an effective taxation rate of 23.8% (FY22: 21.3%). This exceeded the prevailing rate of corporation tax of 19.4% in the UK (19.0% until 1 April 2023 when the rate increased to 25.0%) primarily because of the non-deductible nature of the M&A-related transaction costs relating to the acquisition of the Experiences segment. Expressed as a percentage of Adjusted Profit Before Taxation, the effective tax rate was 21.0% (FY22: 19.2%).

Earnings Per Share ("EPS")

Basic EPS for FY23 was 7.8p (FY22: 9.3p) and Adjusted basic EPS, which is stated before Adjusting Items was 11.1p (FY22: 12.3p). After accounting for the effect of employee share arrangements, diluted earnings per share was 7.7p (FY22: 9.1p)

The calculation of basic EPS is based on the weighted average number of ordinary shares outstanding during the year of 340,061,402 (FY22: 339,036,292). Throughout both years, the total issued share capital was 342,111,621, however 3,075,329 shares issued to employees prior to the IPO remained subject to recall within a two-year period if employment conditions were not met. These shares were excluded from the number of ordinary shares outstanding in FY22 and the relevant portion of FY23 in accordance with paragraph 24 of IAS 33 on the basis that they were contingently returnable.

Chief Financial Officer's review

Cash flow

Cash generated from operating activities was £57.9m (FY22: £63.9m):

- There was a cash outflow in the year of £0.8m (FY22: £4.8m inflow), due to a temporary increase in inventories from the opening of our new operations facilities. Inventory acquired upon business combination with the Experiences segment was £1.4m. Total inventory at 30 April 2023 was £12.3m (FY22: £10.1m).
- There was a trade and other payables working capital outflow in the year of £22.1m (FY22: £10.8m). The outflow derived from Moonpig and Greetz was £7.7m (compared to the £10.8m outflow in FY22, which was driven by annualisation against periods of Covid-related lockdown restrictions). The remaining outflow of £14.5m (FY22: £nil) is driven by a reduction in Experiences trade and other payables since acquisition, reflecting the one-off settlement of legacy incentive obligations of £13.5m associated with the acquisition, which were fully provided for in the opening balance sheet, and movement in the merchant accrual during the year.

The merchant accrual balance acquired upon business combination with Experiences was £61.2m. A payables balance is recognised when a gift experience is sold to a consumer to reflect the expected future liability to the merchant; this balance is settled through the remittance of cash to the merchant following redemption of the voucher by the recipient.

The acquisition of Experiences (comprising the legal entity Experience More Limited) was completed on 13 July 2022 for net consideration of £88.6m, comprising gross cash consideration paid of £124.3m net of cash balances acquired of £35.7m. There was no deferred element to the purchase consideration. M&A transaction costs of £0.9m in FY22 and £4.4m in FY23 are recognised as Adjusting Items.

Capital expenditure increased year-on-year to £22.6m (FY22: £9.7m) reflecting one-off tangible capex to expand our operations footprint and higher intangible capex resulting from an increase in the size of the technology organisation that is intended to remain in place in future periods.

Adjusted Operating Cash Conversion

The Group generated an operating cash inflow of £56.2m in FY23, compared to £59.6m in the previous year. Adjusted Operating Cash Conversion decreased from 80% in FY22 to 67% in FY23, reflecting higher capital expenditure, including an increase in tangible capital expenditure to £9.7m due to the fit out of new operational facilities in the UK and the Netherlands. This is not expected to recur, and annual tangible capex is expected to be below £2m in future periods, with total expected tangible and intangible capex reverting to the pre-Covid trend of around 5% of revenue in FY24 and beyond.

	Year ended 30 April 2023 £m	Year ended 30 April 2022 £m
Profit before taxation	**34.9**	40.0
Add back: Finance costs	**13.6**	9.0
Add back: Adjusting items (excluding share-based payments)	**7.7**	4.5
Add back: Share-based payments	**5.4**	7.0
Add back: Depreciation and amortisation	**22.7**	14.4
Adjusted EBITDA	**84.2**	74.9
Less: Capital expenditure (fixed and intangible assets)	**(22.6)**	(9.7)
Adjust: Impact of share-based payments[1]	**1.9**	0.7
Add back: (Increase)/decrease in inventories[2]	**(0.8)**	4.8
Add back: Decrease/(increase) in trade and other receivables[2]	**5.3**	(0.3)
Add back: Decrease in trade and other payables[2]	**(11.8)**	(10.8)
Operating cash flow[3]	**56.2**	59.6
Adjusted Operating Cash Conversion	**67%**	80%
Add back: Capital expenditure	**22.6**	9.7
Add back: Loss on disposal and right-of-use asset impairment	**0.5**	–
Add back: Increase/(decrease) in debtors and creditors with undertakings formerly under common control	**0.3**	(0.4)
Less: Adjusting items (excluding share-based payments)	**(7.7)**	(4.5)
Less: Research and development tax credit	**(0.4)**	(0.5)
Cash generated from underlying operating activities	**71.4**	63.9
Settlement of M&A related employee bonuses at Experiences[3]	**(13.5)**	–
Cash generated from operating activities	**57.9**	63.9

1 Comprises non-cash share-based payment charges recognised within Adjusted EBITDA and relating to operation of post-IPO Remuneration Policy (£2.2m), net of employer's national insurance on the share-based payments relating to pre-IPO awards recognised below Adjusted EBITDA (£0.3m).
2 Working capital movements for the year ended 30 April 2023 have been adjusted for the opening balances arising upon acquisition of Experiences.
3 Operating cash flow excludes settlement of legacy incentive obligations associated with the acquisition, which were fully provided for in the opening balance sheet.

Operating cash flow and Adjusted Operating Cash Conversion are non-GAAP measures. Adjusted Operating Cash Conversion is defined as operating cash flow divided by Adjusted EBITDA, expressed as a ratio. Adjusted Operating Cash Conversion informs management and investors about the cash operating cycle of the business and how efficiently operating profit is converted into cash.

Capital structure

The Group deleveraged during the second half of the financial year, driven by H2 FY23 operating cash conversion of 111% (H2 FY22: 116%). Net debt decreased to £167.7m as at 30 April 2023, and the ratio of net debt to pro forma Adjusted EBITDA decreased to 1.97x. Net debt remained higher than at the start of the financial year, reflecting the acquisition of Experiences. Net debt is a non-GAAP measure and is defined as total borrowings, inclusive of lease liabilities, less cash and cash equivalents.

	As at 30 April 2023 £m	As at 31 October 2022 £m	As at 30 April 2022 £m
Borrowings[1]	**(170.5)**	(229.9)	(170.2)
Cash and cash equivalents	**22.4**	41.0	101.7
Borrowings less cash and cash equivalents	**(148.1)**	(188.9)	(68.5)
Lease liabilities	**(19.5)**	(19.8)	(15.3)
Net debt	**(167.7)**	(208.8)	(83.8)
Last twelve months Adjusted EBITDA	**84.2**	74.4	74.9
Net debt to last twelve months Adjusted EBITDA	**1.99:1**	2.80:1	1.12:1
Last twelve months pro forma Adjusted EBITDA[2]	**85.1**	85.1	74.9
Net debt to last twelve months pro forma Adjusted EBTIDA[2]	**1.97:1**	2.45:1	1.12:1
Senior debt facilities	**255.0**	255.0	195.0

1 Borrowings are stated net of capitalised loan arrangement fees and hedging instrument fees of £4.6m as at 30 April 2023 (31 Oct 2022: £5.2m, 30 April 2022: £5.1m).
2 Pro forma Adjusted EBITDA is stated inclusive of a full year of profit from acquired businesses.

The Group maintains considerable liquidity headroom, with senior facilities of £255.0m. These facilities consist of a Term Loan of £175.0m with a bullet repayment profile, an Original revolving credit facility (“Original RCF”) of £20.0m and an Additional RCF of £60.0m. The senior facilities agreement runs until 8 January 2026 with the facilities committed until 8 December 2025.

The Group has significant covenant headroom. Senior facilities are subject to a single covenant of net debt to last twelve months’ pro forma Adjusted EBITDA which is tested six-monthly. The covenant threshold it set at 4.00x for 30 April 2023 and 3.50x for all subsequent test dates. As the Senior Facilities Agreement was put in place under a previous ownership structure, the definition of Adjusted EBITDA for covenant purposes includes favourable add-backs that are typical of an acquisition finance facility, for instance the pre-acquisition profits of acquired businesses, the anticipated pro forma impact of any planned cost reduction actions, and the exclusion of recurring share-based expenses that are not treated by the Group as an Adjusting Item for reporting purposes.

The Group has in place an interest rate swap at a rate of 2.4725% with a floor strike rate of 0% on £90m notional until 1 December 2022 and £55m notional until the term expires on 30 November 2023 and an interest rate cap with a cap strike rate of 3.0000% on £70m notional until 30 November 2024. This is intended to hedge floating rate exposure to SONIA interest for broadly three quarters of expected senior debt (less cash) for the duration of the hedge.

The Group’s short term capital allocation priority is continued deleveraging. Net leverage remains on a strong downward trajectory. We do not intend to pay a dividend as we continue to invest in growth. We will continue to evaluate dividend policy over time.

Chief Financial Officer's review

Technical guidance

Adjusting items	We anticipate that Adjusting Items will include a charge of between £3m and £4m in FY24 and nil thereafter relating to the Pre-IPO Award. We had previously estimated the FY24 cost at around £3m, however there has been a re-phasing of costs from FY23 into FY24 due to the scheme's operation. As set out in the Prospectus, if a participant leaves employment, their award may be reallocated to another employee (excluding Executive Directors) and the charge relating to that award will be recognised from that point onwards. The pre-IPO award is conditional on employment and is subject to FY23 revenue and Adjusted EBITDA performance conditions. The Group exceeded maximum performance measures, including on an organic basis without the post-acquisition revenue and profit from Experiences. The Pre-IPO Award consists of two tranches that have either vested or will vest on 30 April 2023 and 30 April 2024. Payments are made after the respective vesting dates, resulting in expected cash outflows of approximately £4m in Q1 FY24 and £5m in Q1 FY25 (excluding national insurance costs).
Capital expenditure	We expect total tangible and intangible capital expenditure to revert to the pre-Covid trend level of around 5% of revenue in FY24 and we plan to maintain this ratio going forward. Within this, we expect that tangible capex will remain below £2m per year. The higher level of spend in FY23 was driven by investment in fitting-out two new operational facilities on ten-year leases terms and we currently have no plans for additional leasehold facilities. In FY22, we made the strategic decision to increase investment in technology, which led to a year-on-year increase in internally generated intangible capex in FY23. We believe this investment will serve as a sustained driver of medium-term revenue growth. Assuming we continue to see benefits from this investment, we plan to increase our investment in this area whilst maintaining total capex to revenue at a broadly constant ratio.
Depreciation and amortisation	For FY24, we expect a total charge for depreciation and amortisation of between £27m and £29m: • The combined charge for depreciation of purchased tangible fixed assets and amortisation of internally generated intangible fixed assets is expected to increase to between £16m and £18m in FY24, reflecting the fit-out of operational facilities in FY23 and ongoing increased technology investment. • We anticipate a charge of around £3m per annum for the depreciation of IFRS 16 right-of-use assets, reflecting the full-year impact of depreciation related to new leases for Tamworth and Almere. • We expect the amortisation of intangible fixed assets arising on business combination to be approximately £8m per annum (comprising approximately £6m relating to Experiences and approximately £2m relating to Greetz).
Net finance costs	We expect net finance costs in FY24 to be in the region of £15m. This assumes that the Group's £175m Term Loan will remain fully drawn throughout the year, as we have no current plans for partial repayment: • Senior interest payments are expected to be around £12m. This reflects higher average SONIA rates, as a portion of the Group's borrowings are unhedged and SONIA was below the strike rate of the interest rate cap throughout H1 FY23. We expect this to be partly offset by lower facility utilisation resulting from the full repayment of all amounts drawn under the Additional RCF as at 30 April 2023. • We expect the amortisation of fees to be approximately £2m. Deemed interest on lease liabilities is expected to be approximately £1m. We have assumed no monetary gain or loss on Euro-denominated intercompany loan balances.
Taxation	We expect the Group's effective tax rate to be approximately 26% of PBT in FY24 and 25% in FY25 and thereafter. The expected effective rate for FY24 is higher than the prevailing tax rate in the UK and in the Netherlands due to the impact of the Group's legacy share schemes.
Operating cash conversion	We expect an improved operating cash conversion rate in FY24 driven by lower capital expenditure, partially offset by cash outflows relating to the vesting of the first tranche of the Pre-IPO incentives. Net working capital is expected to increase in line with revenue on an annual basis. Operating cash conversion is expected to remain strongly weighted towards the second half of each financial year, as most peak trading occasions occur during this period, including Christmas, Valentine's Day and UK Mother's Day. In addition, operating cash flow at Experiences is stronger in H2, reflecting the seasonal importance of Christmas trading to its business.

Outlook

Trading since the start of the year has been in line with our expectations. In the context of the current macroeconomic environment, we expect pro forma revenue to grow at a low single digit percentage rate in the first half of FY24, underpinned by the Moonpig brand, which has been in growth since March.

For the full financial year, we expect consolidated revenue growth at a mid to high single digit percentage rate, with all of our brands returning to growth in the second half. Adjusted EBITDA margin is expected to remain resilient.

Andy MacKinnon

Chief Financial Officer
28 June 2023

Risk management

The Group's risk appetite is an expression of the amount and type of risks that it is willing to take to achieve its strategic objectives. The Group operates to a set of Board-approved risk appetite principles, which enable consistent, informed decision making that is aligned with strategy, define the risk culture that flows through the Group and support corporate governance by setting clear boundaries for risk taking.

The Group's risk management and internal control framework provides the Board with assurance that risks are being appropriately identified and managed in line with its risk appetite. The Board has collective responsibility for risk management and the Board does not have a separate risk committee.

We recognise both that excessive risk-taking could threaten our long-term success and that some level of risk is inherent or necessary to drive growth and value creation. The Group's risk management framework is therefore designed to manage, rather than eliminate, the risk of not meeting business objectives, providing reasonable rather than absolute protection.

Risk management framework

Board

- Overall responsibility for the Group's risk management and internal control framework.
- Determines the Group's risk appetite.
- Determines the Group's culture.
- Approves the risk register (and the register of climate-related risks) taking account of advice from the Audit Committee.

Audit Committee

- Assists the Board in reviewing the effectiveness of the risk management internal control framework.
- Advises the Board on risk appetite, tolerance and strategy and on principal and emerging risks.
- Agrees the scope of the internal audit and external audit functions and reviews their work.
- Advises the Board on the identification and assessment of climate-related risks.

First Line: Executive Committee

- Operational management has primary day-to-day responsibility for risk management.
- Ensures that risk management is an integral part of implementing the strategic objectives.
- Ensures that the Group operates within the set risk appetite and tolerances.
- Supported by and contributes to internal risk management systems and processes.

Second Line: Oversight functions

- Functions: Finance, Legal, Data Protection, Technology Security, Procurement, Human Resources, ESG.
- Establish appropriate policies.
- Guide, advise and challenge management on the implementation and operation of internal controls.
- Co-ordinate appropriate and timely delivery of risk management information to the Executive Committee.

Third Line: Independent assurance

- Provides independent assurance that risk is being appropriately managed.
- The internal audit programme is outsourced to KPMG LLP with its annual review plan aligned to identified risks.

Risk management process

- Twice-annual assessment of the Group's principal and emerging risks and the effectiveness of risk mitigations.
- Climate risk management is assessed as part of the Group's overall risk management framework.

Risk management framework

The Audit Committee supported the Board to complete its annual review of the effectiveness of the Group's risk management internal control framework in March 2023. The Audit Committee report (page 92 onwards) summarises the work carried out as part of this review as well as the activities performed by the Audit Committee to monitor the framework throughout the year.

During FY23, the Group undertook various initiatives to progress its management of risk, some of which are outlined below:

- The roll-out of the Group's risk management framework to the Experiences segment has been a priority since the acquisition. Group policies and procedures have been put in place as have key Group systems, such as the finance ERP system, contract management system and data privacy platform. An internal audit review is scheduled for FY24 to validate implementation of key processes and controls.
- The Group's Second Line oversight functions were reorganised as part of a Target Operating Model review. Finance, Legal and Data Protection now have Group-wide responsibility that includes Experiences. Human Resources and ESG remain organised at divisional level.
- The Group put in place a new treasury policy and formal documentation of its risk management strategy for hedging. This was in preparation for the inception of new interest rate hedging arrangements on 1 August 2022.
- The opening of a new leasehold operational facility in Tamworth means that the Moonpig segment is now responsible for inventory management across a wide range of SKUs of goods for resale. Good inventory management controls are in place, supported by a warehouse management system. An internal audit review is planned for FY24 to validate their implementation and identify areas for further improvement.
- A project to strengthen the Group's data privacy posture was completed, resulting in revised internal processes and controls and improved privacy policies. Data retention policies were also tightened and the operationalisation of shorter data retention periods for certain categories of personally identifiable information is currently underway.
- The Group has implemented new systems, including a new data privacy management platform and a system for measuring greenhouse gas emissions, to support the maintenance of the Group's internal control environment.
- Climate risk management was embedded into the Group's overall risk management framework.

Risk management process

Effective risk management is key in enabling the Group to achieve its strategic objectives and maintain long-term growth. The Group follows a five-step process to identify, monitor and manage risks. Management of climate-related risks is performed as part of this overall risk management process. Identified risks and mitigations are captured in a risk register:

1 Establish strategy

The Board approves the Group's strategy annually, which serves as the basis for the Group's risk identification process, enabling a focus on risks that could impact the achievement of strategic objectives.

2 Identify risks

A top-down and bottom-up approach is used to identify the principal and emerging risks facing the Group. The detailed work is performed by management and approved by the Board, taking account of advice from the Audit Committee.

3 Evaluate risks

Risks are evaluated based on the likelihood of occurrence over the next three years and their potential impact from a financial, reputational, compliance, ethical and safety perspective if they were to crystallise. Risks are categorised and rated based on the aggregate impact of these two parameters.

4 Manage and mitigate risks

Management identifies mitigating actions for each risk, based on an assessment of the effectiveness of the existing control environment. The control environment is reviewed and changes implemented when necessary.

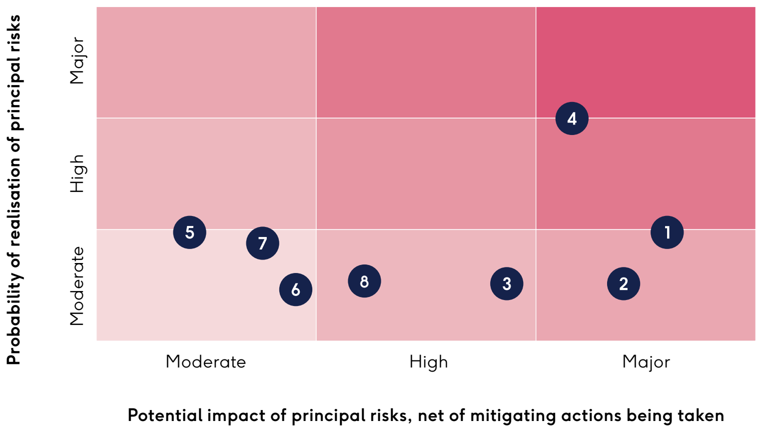
5 Monitor and review risks

On an ongoing basis, management monitors risks and mitigations, which are captured in the risk register. The Executive Committee is assisted in this monitoring process by the Group's internal audit programme, which is outsourced to KPMG LLP. The Board has most recently approved the risk register at Board meetings in June 2022, December 2022 and June 2023, with particular focus on the principal risks identified.

Risk management

Principal risks and uncertainties

The Board has carried out a thorough assessment of the Group's emerging and principal risks, evaluating the probability and potential impact of each risk while considering any mitigating actions that were being implemented. As part of this assessment, the Board reviewed and adjusted risk levels as necessary to reflect its current understanding of the significance of each risk.



Key

1. Technology security and data protection
2. Downward pressure on consumer demand
3. Delivery of strategic plan for Experiences
4. Leadership retention
5. Disruption to regulated postal services
6. Input cost inflation
7. Brand strength and reputation
8. Disruption to operations

The Group's principal risks and uncertainties are set out below. Additional risks and uncertainties for the Group, including those that are not currently known or are not considered material, may individually or cumulatively also have a material effect on the Group's business, results of operations and/or financial condition.

The Group's climate-related risks are set out on page 38. None of these risks are currently classified as a principal risk as none have been assessed as having a material impact on the Group's business model, strategy or the Directors' assessment of viability (as set out in the viability statement).

When considering principal risks, the Board has particular regard for the Group's three year viability assessment period (which aligns to its technology investment cycle).

The Board has approved amendments to its assessment of principal risks since prior year:

- A risk has been added in relation to the impact of disruption to regulated postal services.
- A risk has been added relating to the need to deliver the strategic plan for Experiences.
- The existing risk relating to retention of talent has been amended to focus on retention at senior leadership level, in view of evolution in the labour market environment over the last twelve months.
- The risk relating to the competitive environment is no longer classified as a principal risk given the Group's share of the online market has increased over the past three years. It continues to be captured on the risk register, as the Group competes with a range of companies.
- The risk relating to supply chain is no longer classified as a principal risk, as we have seen no such issues impacting our business and economy-wide supply chain issues have abated in recent months.

Key

Increasing   Decreasing   Stable

Risk	Description	Management and mitigation	Developments in FY23	Risk trend[1]
1 **Technology Security and data protection**	As a digital platform business, the Group requires its technology infrastructure in order to operate. Any downtime of the Group's systems resulting from a technology security breach would cause an interruption to trading. Either a technology security breach or a failure to appropriately process and control the data that the Group's customers share (whether because of internal failures or a malicious attack by a third party), could result in reputational damage, loss of customers, loss of revenue and financial losses from litigation or regulatory action.	Page 71 summarises how the Group manages technology security and data protection risks using a Three Lines of Defence model. Whilst risk cannot be eliminated, the Board attaches a high level of importance to how our risk management framework operates in relation to technology security and data protection.	The Group completed a comprehensive cross-functional project aimed at strengthening privacy posture at Moonpig and Greetz in the first half of FY23. Due diligence on technology security and data protection at the Experiences segment was performed prior to acquisition. Experiences is being brought within the Group's internal control framework, including in respect of technology security and data protection.	↔
2 **Downward pressure on consumer demand**	The downturn in the consumer economy has resulted in a more challenging trading environment at each of the Group's segments from October 2022 onwards. Trading has remained stable in the second half of FY23 and Management expects growth to accelerate once the impact of the downturn laps out in mid-FY24. However, given the heightened economic and geopolitical volatility seen in the past year, there remains a risk of a further downturn in consumer demand.	The overall UK greeting card market has historically proven recession-resilient, demonstrating consistent growth through the 2008-2009 downturn[2]. At Moonpig and Greetz, our approach is focused around acquiring loyal customer cohorts that drive recurring annual revenue, with 89% of revenue at these segments from existing customers. Our database of 84m reminders (April 2022: 72m) enables us to communicate directly with customers at times of maximum purchase intent.	The Group acted rapidly to strengthen the Moonpig and Greetz gifting range at lower price points to reflect changes in consumer preference. Resources have been prioritised towards higher margin greeting cards. We have maintained payback thresholds for marketing spend. We have taken a disciplined approach to cost management.	↔
3 **Delivery of the strategic plan for Experiences**	Our strategy is to transform Experiences from an ecommerce marketing operation into a technology and data-led platform, with an emphasis on building a recipient-into-customer growth flywheel. As with any business acquisition, the delivery of plans carries a higher level of execution risk compared to segments that have been operated by the Group for some time.	The Experiences segment has been integrated into the Group's business review framework to ensure regular challenge and discussion of performance. We have appointed a new Managing Director for Experiences, who has transferred from Moonpig. We have developed a new strategy for the segment, which has been approved by the Board. This includes a multi-year investment in the Experiences technology and data platform.	We have implemented several changes to improve operational effectiveness at Experiences. These include outsourcing customer service, transferring fulfilment to the Group's Tamworth site and co-locating other functions at the Group's head office. Development work to deliver revenue synergies from the Experiences acquisition is ongoing. During the year, Moonpig launched its first ever version of digital experience gifting on the inside of a card.	↑
4 **Leadership retention**	The Group's ability to achieve its strategic objectives relies on its ability to attract, recruit, motivate and retain a skilled workforce. In general the labour market has softened compared to the high intensity seen in FY22. However, talent retention for the leadership population has increased in risk given the final vesting of the legacy pre-IPO awards in April 2024 and the low likelihood that the TSR element of the existing LTIP awards will materially vest.	The Group has incentive schemes in place for all employees. For senior management, these include a blend of short and long-term incentives. The Remuneration Committee has responsibility for ongoing monitoring and management of the arrangements in place to ensure the retention and incentivisation of senior leadership, with support from the Group's independent remuneration advisers. The Group performs ongoing succession planning, which is overseen by the Nomination Committee, and invests in leadership development.	The legacy pre-IPO awards are an aggregate pool and (as outlined in the Prospectus) where any part of a pre-IPO award lapses on cessation of employment, it may be reallocated. During FY23, the Remuneration Committee has utilised the reallocation of pre-IPO awards as a means of ensuring incentivisation within the senior leadership population below Executive Director. The 2023 Remuneration Policy, which is to be put to shareholders for approval at the September 2023 AGM, has been designed for the retention and attraction of executive talent. Should the 2023 Remuneration Policy be approved, we will reduce the residual rating for this risk accordingly. Similar changes are to be implemented for key individuals in leadership roles below Board level. The Group's incentivisation structures have been rolled out to Experiences. All Experiences employees will participate in the annual bonus scheme for the first time in FY24.	↑

1 This risk trend is based on the risk position in the current year compared to the previous year, as assessed at the June 2022 and June 2023 Audit Committee meetings.
2 Source: OC&C, June 2023.

Risk management

Risk	Description	Management and mitigation	Developments in FY23	Risk trend[1]
5 **Disruption to regulated postal services**	Moonpig and Greetz both utilise regulated postal services for the final leg of delivery for greeting cards sent by envelope post. In the UK, there was service disruption at Royal Mail from August to December 2022 due to industrial action. It is possible that similar circumstances could recur in future periods. In addition, Royal Mail has initiated consultation on replacing mail flights from Jersey and the Isle of Man with a ferry service, in addition proposing that any future similar change in relation to Guernsey would not require consultation. We are engaging with Royal Mail on this matter.	We maintain good relationships with postal businesses and ensure regular, senior-level communication. Delivery against our strategy of driving gift attachment moves orders from regulated envelope post to parcel courier delivery for which there are multiple providers. We will continue to invest in the digital delivery of gift experiences, both at Experiences and at Moonpig.	We acquired Experiences, at which a significant proportion of orders are fulfilled digitally rather than physically. As part of our actions to mitigate the impact of Royal Mail industrial action on 22 and 23 December 2022 we introduced an innovative service for lower cost tracked delivery of greeting cards with guaranteed delivery by Christmas.	↑
6 **Input cost inflation**	The Group has not experienced significant inflation in its cost of goods sold, but has some exposure to rising costs, for instance labour costs in its fulfilment operations. Postal service providers may increase wholesale charges prior to the annual increase in retail stamp prices, impacting margin in the period before costs can be passed on to consumers. Direct energy consumption is not a significant component of the Group's cost base, however an increase in energy prices has the potential to cause broader input cost inflation.	The primary cost of sale for greeting cards is postage, which the Group passes on to customers as part of the annual increase in retail stamp prices. Historically, consumers have accepted postage price increases above inflation from both Royal Mail and PostNL. In addition, there is a high degree of substitutability between different gifting product lines. The Group's focus is to recommend the ideal gift for a specific occasion and recipient, such as a mother's birthday, rather than simply fulfilling demand for a particular product category.	The Group opened a new operational facility in Tamworth in the UK and has moved in-house various production and fulfilment processes that were previously performed by outsourced providers. With greater control over these processes, management considers that there is scope for realisation of operating efficiencies, which it expects should at least offset any inflation in cost of goods sold.	↔
7 **Brand strength and reputation**	The Group's continued success depends on the strength of its brands: Moonpig, Greetz, Red Letter Days and Buyagift. Any event that damages the Group's reputation or brands could adversely impact its business, results of operations, financial condition or prospects.	The Group's market-leading brands have high levels of brand awareness, maintained by investment in brand marketing. Brand awareness is further strengthened by the network effect from recipients receiving cards and gifts. Investment in data protection and technology security helps to protect the Group from the adverse impact of a data breach or cyber-attack.	Although we moderately reduced marketing activity in response to the economic downturn, the Group has continued to invest significantly in brand marketing. We have continued to invest significantly in our technology platform, with innovations such as video messages in cards and group cards which differentiate our brand from its online and offline competitors.	↓
8 **Disruption to operations**	Any disruption to in-house or third-party facilities within the Group's production and fulfilment network could have an adverse effect on trading. The Group uses select third-party suppliers for certain solutions on its platforms and any disruptions, outages or delays in these would affect the availability of, prevent or inhibit the ability of customers to access or complete purchases on its platforms.	We operate flexible fulfilment technology with application programming interface ("API") based data architecture which allows the addition of third-party suppliers to the production and fulfilment network with relative speed. Orders for UK and Dutch greeting cards and gifts are fulfilled from multiple locations for resilience. Flowers are fulfilled by a single supplier in both the UK and the Netherlands, however there is partial substitutability of demand between flowers and other gifting product categories. The Group carries out due diligence on all key suppliers at the onset of a relationship. This includes technology and data protection due diligence and checks on financial viability.	We continued to adopt a multi-site approach to ensure resilience for our UK and Dutch operations. The Group's new in-house facilities at Almere and Tamworth operate alongside our existing Guernsey site and continued use of outsourced partners.	↓

1 This risk trend is based on the risk position in the current year compared to the previous year, as assessed at the June 2022 and June 2023 Audit Committee meetings.

Technology security and data privacy

The Group operates a technology platform for gifting, with a strategy based upon utilising its unique data science capabilities to optimise and personalise customer experience. It processes significant volumes of data on customers' gifting intent and as such, technology and data security are key areas of risk management focus.

	Technology and information security	Protection of data privacy
Risk management objectives	*The Group's risk management framework incorporates controls to protect its technology systems and the data contained therein from damage, unauthorised use and exploitation (and in addition to enable restoration where needed), with the purpose of maintaining their confidentiality, integrity and availability.*	*The Group's risk management framework incorporates controls to ensure that its collection and processing of personal data is compliant with UK privacy laws and with equivalent laws in territories where it has operations.*
First line of defence	The Group has in place a comprehensive set of policies covering all aspects of technology and information security. Security incident response processes are regularly reviewed and with ransomware specific technical playbooks. Multi-Factor Authentication ("MFA") is in place across the Group for admin/privileged application access and remote access to infrastructure. Network segmentation is in place, reducing the ability for an impacted instance to infect other instances. Endpoint Detection and Response ("EDR") tooling and anti-virus tooling are in place across all Group infrastructure. Strong perimeter defences (including Web Application Firewalls) are in place to protect public-facing infrastructure. Security scanning of developed code is automated and in place across the Group. The Group implements patching within 7 days for Critical or High vulnerabilities across the Group. In most cases patching occurs in under 3 days. The Group works closely with suppliers to ensure that they only receive and store the minimum data for the purposes required; security audits are performed to confirm these suppliers operate at a high standard to protect and manage data. Annual technology security training is mandatory for all employees and contractors.	Data protection policies are in place that embed each of the key principles set out in UK GDPR. Key data flows are mapped and captured in a Record of Processing Activities ("RoPA"). The Data Protection Office works closely with stakeholders to embed privacy by design. Data Protection Impact Assessments ("DPIAs") and other regulatory impact assessments are completed as appropriate for proposed new data processing activities. External and internal privacy policies are in place. The website privacy policies include clear and accessible mechanisms for data subjects to manage their data sharing preferences, raise concerns, or to request that their accounts be amended, rectified or erased. We are committed to notifying data subjects in a timely manner in case of policy changes or breach of privacy of their personal data. There are clear processes in place to manage data handling by suppliers through implementation of robust contractual arrangements. A data retention policy is in place. Annual data protection training is mandatory for all employees and contractors.
Second line of defence	The Technology Security Team performs regular security testing of the key platform and applications and reviews internal processes and capabilities. Quarterly health checks ensure that critical security tools are configured and operating appropriately. The Group subscribes to bug bounty schemes that reward friendly hackers who uncover security vulnerabilities. A technology security risk register is maintained and regularly reviewed. This feeds into the Group's overall risk register. Technology Security continues to follow industry standards, aligning to the UK's National Institute of Standards and Technology ("NIST") Cyber Security Framework and utilising threat intelligence feeds from both Government and Private Sector to ensure defensive measures are up to date and appropriate for a business of our nature and scale.	Oversight is provided by the Group Data Protection Office, which leads a cross-functional Data Protection Governance Committee to drive continuous improvement. A data protection risk register is maintained. This feeds into the Group's overall risk register. Documented procedures are in place for data protection incident management.
Third line of defence	Independent third party review of the Group's technology security was performed in FY21, with the findings of this exercise reviewed by the Board. All recommendations have been implemented in full. The same independent third party specialist was commissioned to perform due diligence on the Experiences business prior to acquisition. The Audit Committee has determined that the internal audit programme for FY24 should include a review of key technology security controls at the Experiences segment.	Following the establishment of the Group's internal audit programme, data privacy posture at Moonpig and Greetz was the subject of the inaugural internal audit review in FY22. All recommendations have been implemented in full. The data protection control environment at the Experiences segment was scrutinised and reported on as part of pre-acquisition legal due diligence. The Audit Committee has determined that the internal audit programme for FY24 should include a review of key data privacy controls at the Experiences segment.

Viability statement

The Directors have assessed the prospects and viability of the Group over a period of three years, significantly longer than 12 months from the approval of these financial statements.

Assessment of prospects

The Directors have assessed the Group's prospects taking into account its current financial position, its recent historical financial performance, its business model (pages 12 to 13), its strategy (pages 18 to 23) and the principal risks and uncertainties (as described on pages 66 to 71).

The Group's prospects are assessed primarily through its strategic planning process. This includes an annual review which considers forecast monthly profitability, cash flows and liquidity over three years. The first year of the forecast is the Group's annual budget. The second and third years are prepared using the same calculation methodology as the budget with a top-down strategic overlay.

Financial forecasts for the Moonpig and Greetz segments are based on modelling of KPIs that include orders and revenue for each monthly cohort of customers that has (or is expected in future to be) acquired by the Group. For the Experiences segment, financial forecasts are developed based on the number of orders that can be generated from its marketing activity. Detailed monthly financial forecasts are then prepared for each segment that consider orders, revenue, profit, capital expenditure, working capital, cash flow and key financial ratios.

The Group's forecast liquidity headroom and forecast ongoing compliance with the six-monthly financial covenants set out in the Senior Facilities Agreement are both considered.

The planning process is led by the CEO and CFO through the Executive Committee. The Board participates fully in the annual process and considers whether the plan continues to take appropriate account of the external environment including technological, social and macroeconomic changes. The most recent plan was approved by the Board in April 2023.

As set out in the Audit Committee report at pages 92 to 99, the Audit Committee reviews and discusses with management the schedules supporting the assessments of going concern and viability.

The Senior Facilities Agreement runs until 8 January 2026, with facilities committed until 8 December 2025. This falls within the viability period. Planning for the prospective refinancing has not commenced and therefore for viability forecast purposes the assumption has been made that the Group will refinance in line with the current debt structure and terms. In practice, it is possible that smaller facilities may be required, taking into account deleveraging in FY23 and expected future net cash inflows.

The assessment period

The Directors have determined that three years to April 2026 is an appropriate period over which to provide the Board's viability statement. This was considered the appropriate timeframe by the Directors because:

- It is consistent with the three-year horizon of the Group's strategic planning process; and
- It aligns to the investment cycle of a technology platform business.

Assessment of viability

The output of the Group's strategic planning process reflects the Board's best estimate of the future prospects of the business. To make the assessment of viability, additional scenarios have been modelled over and above those in the ongoing plan. These scenarios were overlaid into the plan to quantify the potential impact of one or more of the Group's principal risks and uncertainties crystallising over the assessment period.

The Group's principal risks and uncertainties are set out on pages 68 to 71. The Board has approved a number of amendments of the Group's assessment of principal risks since the prior year, which are set out on page 68.

Each of the Group's principal risks has a potential impact and has therefore been considered as part of the assessment, however only those that represent severe but plausible scenarios have been modelled. These were:

Scenario modelled	Principal risks included in the scenario
1 **Data breach** The impact of a significant data breach has been considered. We modelled a reduction in revenue of 5% as a result of any reputational brand damage in each of the assessment years. It is additionally assumed that the Group receives the maximum possible fine of £17.5m under the General Data Protection Regulation ("GDPR") in one of its countries of operation.	• Technology security and data protection • Brand strength and reputation
2 **Significant trading shortfall or postal service disruption** To consider the possibility that a downturn in consumer demand (or other adverse external pressure such as substantial input cost inflation) could lead to a sustained adverse impact on trading, we have modelled a significant reduction in forecasted revenue of 15% throughout the viability period. This is intended to capture the possibility of either lower purchase frequency, reduction in new customers, reduced attach rates, lower average order value, reduction in percentage gross margin rate, disruption to fulfilment operations or disruption to regulated postal services.	• Downward pressure on consumer demand • Delivery of the strategic plan for Experiences • Brand strength and reputation • Disruption to regulated postal services • Disruption to operations

The results of the above scenario modelling showed that the business would be able to withstand a combination of both scenarios, without recourse to mitigating actions. This reflects the resilient nature of the Group's business model, its profitability and strong operating cash conversion, together with current strong liquidity headroom.

In the event of such a scenario, management would have a number of options available to maintain the Group's financial position including cost-reduction measures and reducing acquisition marketing spend.

The Directors also reviewed the results of reverse stress testing performed to provide an illustration of the extent to which existing customer purchase frequency and levels of new customer acquisition would need to deteriorate in order that their cumulative effect should either trigger a breach in the Group's covenants under the Senior Facilities Agreement or else exhaust liquidity. The probability of this scenario occurring was deemed to be remote given the resilient nature of the business model and strong cash conversion of the Group.

Viability statement

Based on the assessment above, the Directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the three-year period ending April 2026.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of preparation paragraph in Note 1 to the Financial Statements.

Non-financial information statement

The Group complies with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The below table outlines the Group's position on non-financial matters and provides signposts to where the information required is included in the report.

Reporting requirement	Policies and Standards which govern the Group's approach	Additional information and risk management
Description of business model	N/a	Business model pages 12 to 13
Non-financial KPIs	N/a	Key performance indicators pages 54 to 55
Stakeholders	Group Data Protection Policies Code of Conduct	Stakeholder engagement pages 24 to 26 s172 statement pages 24 to 26 Board activities page 90 Environmental, social and governance disclosures pages 28 to 53 Task Force for Climate-related Financial Disclosures ("TCFD") pages 32 to 47 Employee engagement page 25 Technology security and data privacy page 71 Corporate Governance report pages 82 to 91 Audit Committee report pages 92 to 99
Environmental	Environmental Policy	Environmental, social and governance disclosure pages 28 to 53
Employees	Code of Conduct Flexible Working Policy Whistleblowing Policy Health and Safety Policy Health, Safety and Environment Integrated Management System	Environmental, social and governance disclosure pages 28 to 53 s172 statement pages 24 to 26
Human rights	Anti-Slavery and Human Trafficking Policy Code of Conduct	Human rights page 75
Social matters	Anti-Slavery and Human Trafficking Policy	Environmental, social and governance disclosure pages 28 to 53 Directors' report pages 125 to 126
Anti-corruption and anti-bribery	Anti-Bribery and Anti-Corruption Policy (which includes clauses on hospitality, gifts, political involvement and political expenditure and charitable donations) Conflicts of Interest Policy Anti-Money Laundering Policy	Anti-bribery and anti-corruption, page 75
Principal risks and impact on the business	N/a	Risk management pages 66 to 71 Principal risks pages 69 to 70 Business model pages 12 to 13 Audit Committee report pages 92 to 99

Across the Group, policies and codes of conduct are in place to ensure consistent governance on a range of issues. For the purposes of the Non-Financial Reporting requirements, these include, but are not limited to the following:

People

The Group understands that its behaviour, operations and how it treats employees all have an impact on the environment and society. It recognises the importance of health and safety and the positive benefits to the Group.

The Group has a Health, Safety and Environment Integrated Management System which is communicated to all employees through a handbook, which is regularly reviewed and updated. A Code of Conduct applies to all employees and sets out the Group's commitment to:

- Behave ethically;
- Comply with relevant laws and regulations; and
- Do the right thing.

Disclosure concerning employment of disabled persons

We give full and fair consideration to applications for employment by the Company made by disabled persons, having regard to their particular aptitudes and abilities. We are also committed to continuing employment of, and for arranging appropriate training for, employees of the Company who have become disabled persons during the year for which they were employed by the Company. Training, development and promotion opportunities are provided for all employees.

Human rights

The Group's Code of Conduct confirms that it respects and upholds internationally proclaimed human rights principles as specified in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work ("ILO Convention") and the United Nations' Universal Declaration of Human Rights. The Group's Procurement Policy outlines how it procures goods and services. In addition, the Group has an Anti-Slavery and Human Trafficking Policy which applies to both suppliers and employees.

Training is provided to all employees on issues of modern slavery in an e-learning module.

The Group is committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its own business or in any of its supply chains.

The Group publishes its Modern Slavery Act Transparency Statement annually and this, together with previous statements, can be viewed on the Group's corporate website at www.moonpig.group.

Data protection

As a data-driven business, the Group is committed to respecting and protecting privacy and security of personal information. The Group's Privacy Statement governs how it collects, handles, stores, shares, uses and disposes of information about people, whether they are customers, employees or people in the Group's supply chain. Data Protection Policies are a key element of corporate governance within the Group.

Anti-bribery and anti-corruption

The Chief Financial Officer is the Board member with responsibility for executive oversight of anti-bribery and anti-corruption. The Group has an Anti-Bribery and Anti-Corruption Policy, a Conflict of Interest Policy and an Anti-Money Laundering Policy, as well as a Code of Conduct. Each policy incorporates the Group's key principles and standards, governing business conduct towards key stakeholder groups. The Anti-Bribery and Anti-Corruption Policy is supported by clear guidelines and processes for giving and accepting gifts and hospitality from third parties.

Whistleblowing

The Group's Whistleblowing Policy is supported by an external, confidential reporting hotline which enables employees to raise concerns in confidence. Any reported issues will be reported to the full Board and handled in the first instance by the Audit Committee and, where appropriate, remedial actions taken.

Tax strategy

The Group is committed to acting with integrity and transparency in all tax matters. The Group undertakes tax planning only where it supports genuine commercial activity and in doing so is committed to remaining compliant with all relevant tax laws and practices. A copy of the Group's tax strategy is available on the Group's corporate website at www.moonpig.group.

Dividend policy

Consistent with prior year, the Company's current policy is not to pay any dividends as the Group invests in growth. The Company may revisit its dividend policy in future.

The Strategic report was approved by the Board of Directors and signed on its behalf by:

Nickyl Raithatha

Chief Executive Officer
28 June 2023

Board of Directors

The right balance of skills and expertise to deliver our growth ambitions.

Kate Swann

Chair

Ⓝ

Appointed

Kate joined the Group as Chair in August 2019 and was appointed to the Board in January 2021. She is also the Chair of the Nomination Committee.

Background and experience

Kate has more than 30 years of experience leading businesses, having held many senior positions throughout her career. She was Chair of Secret Escapes from 2019 to 2021 and was previously Chancellor of the University of Bradford.

She has extensive listed company experience, having served as the Chief Executive Officer of SSP Group from 2013 to 2019 and of WH Smith from 2003 to 2013. Prior to this, Kate held roles as Managing Director of Homebase and of Argos.

Kate holds a Bachelor of Science with honours in Business Management from the University of Bradford and, in 2007, was awarded an honorary doctorate from the University of Bradford.

Current external appointments

Listed appointments: Chair of Beijer Ref.

Other appointments: Chair of IVC Evidensia and Chair of Parques Reunidos.

Nickyl Raithatha

Chief Executive Officer

Appointed

Nickyl is the Chief Executive Officer of the Group, having held the role since June 2018. Nickyl was appointed to the Board at incorporation on 23 December 2020.

Background and experience

Nickyl has significant e-commerce leadership experience, having founded Finery, an online British womenswear brand in 2014 and holding the role of Chief Executive Officer until 2017. Nickyl served as the Chief Executive Officer of the e-commerce business, Rocket Internet, a company that incubates and invests in internet and technology companies globally, from 2012 to 2014.

Nickyl spent the early part of his career in financial services, where he was Vice President at Goldman Sachs until 2010 and then worked at Arrowgrass Capital Partners until 2012, leading research and investments into global technology, media and telecoms companies.

Nickyl holds an MBA from Harvard Business School and a bachelor's degree in Economics from Cambridge University.

Current external appointments

Listed appointments: None.

Other appointments: None.

Committee Key

A Audit N Nomination R Remuneration ◯ Chair

Andy MacKinnon

Chief Financial Officer

Appointed

Andy is the Chief Financial Officer of the Group, having held the role since January 2019. Andy was appointed to the Board at incorporation on 23 December 2020.

Background and experience

Andy has extensive operational and financial leadership experience in e-commerce, having previously held roles as Chief Financial Officer of Wowcher, an online consumer business, from 2015 to 2018 and as Chief Financial Officer of The LateRooms Group, an online travel agency, from 2012 until 2015. Prior to that, he worked at Shop Direct Group (now The Very Group).

Andy spent his early career working in corporate finance with professional service firm Deloitte and at HSBC's investment banking division.

Andy holds a Bachelor of Science with honours in Management Sciences from the University of Manchester and has, since 2009, been a Fellow of the ICAEW, having qualified as a Chartered Accountant with KPMG in 1999.

Current external appointments

Listed appointments: None.

Other appointments: None.

David Keens

Senior Independent Non-Executive Director

A N R

Appointed

David joined the Board as an Independent Non-Executive Director in January 2021. David is the Senior Independent Non-Executive Director, Chair of the Audit Committee, and a member of the Remuneration and Nomination Committees.

Background and experience

David brings a breadth of experience in online, consumer-facing businesses, together with core skills in finance. He was Independent Non-Executive Director and Chair of the Audit Committee of J Sainsbury from 2015 until July 2021. He was formerly Group Finance Director of NEXT from 1991 to 2015 and Group Treasurer from 1986 to 1991. Previous management experience also includes nine years in the United Kingdom and overseas operations of multinational food manufacturer Nabisco and, prior to that, seven years in the accountancy profession.

David is a member of the Association of Chartered Certified Accountants and of the Association of Corporate Treasurers.

Current external appointments

Listed appointments: Senior Independent Director and Chair of the Audit Committee of Auto Trader Group.

Other appointments: None.

Board of Directors

Susan Hooper

Independent
Non-Executive Director

A N R

Appointed

Susan joined the Board as an Independent Non-Executive Director in January 2021. Susan is the Chair of the Remuneration Committee, the Designated Non-Executive Director for workforce engagement ("DNED") and the Non-Executive Director responsible for oversight of ESG matters. She is also a member of the Audit and Nomination Committees.

Background and experience

Susan has broad non-executive experience. She has a focus upon ESG and is a founding Director of Chapter Zero, which promotes corporate awareness of climate change.

Susan has previously been a Non-Executive Director and Chair of the Remuneration Committee of Affinity Water and a Non-Executive Director of Rank Group, Caresourcer, Wizz Air and the Department for Exiting the European Union. Prior to this, she was Managing Director of British Gas Residential Services and Chief Executive of Acromas Group's travel division (including the brands Saga and the AA). She has also held senior roles at Royal Caribbean International, Avis Europe, PepsiCo International, McKinsey & Co and Saatchi & Saatchi.

Susan holds bachelor's and master's degrees in International Politics and Economics from the John Hopkins University.

Current external appointments

Listed appointments: Non-Executive Director of W.A.G. Payment Solutions

Other appointments: Chair of Carbon Gap and Tangle Teezer and Non-Executive Director of Uber Britannia. Director of Chapter Zero.

Niall Wass

Independent
Non-Executive Director

A N R

Appointed

Niall joined the Board as an Independent Non-Executive Director in January 2021. He is a member of the Audit, Nomination and Remuneration Committees.

Background and experience

Niall has deep experience in the online consumer business space both as an executive, investor and now as a Chair and NED. He is currently Chair of a number of growth stage tech businesses, as well as previously Chair of Glovo (sold to Delivery Hero), and Trouva (sold to Made). He was also previously a Partner at Atomico, a pan-European venture capital fund, leading consumer investments and remains an advisor there. In his executive career, Niall spent over 15 years as a CEO, COO and SVP in early-stage tech-enabled consumer businesses, such as Betfair (now listed as Flutter: LSE). His last executive role was as part of the Executive Team at Uber, leading the international business into 50 countries.

Current external appointments

Listed appointments: None.

Other appointments: Chair at Vay.io, World of Books Group and Jobandtalent. Non-Executive Director at Koru Kids.

Committee Key

A Audit N Nomination R Remuneration ◯ Chair

ShanMae Teo

Independent Non-Executive Director

A N R

Appointed

ShanMae joined the Board as an Independent Non-Executive Director on 27 June 2022. She is a member of the Audit, Nomination and Remuneration Committees.

Background and experience

ShanMae has extensive experience in driving growth with organic and M&A strategies through executive and investor roles. She is currently Chief Financial Officer at Climate Impact Partners. Prior to that, she was Chief Financial Officer at Third Bridge Group, a primary research provider and expert network and before that, she was Chief Financial Officer at the Ambassador Theatre Group.

She has over ten years of experience as a private equity and venture capital investor at Providence Equity Partners and M/C Venture Partners, focusing on consumer, media and technology sectors. Prior to that, she held roles in strategy consulting and investment banking at Bain & Company and Salomon Smith Barney.

ShanMae holds a Bachelor of Science degree in Accounting and Finance from Boston College and an MBA from INSEAD.

Current external appointments

Listed appointments: None.

Other appointments: Chief Financial Officer of Climate Impact Partners and Director of Opera Holland Park.

Simon Davidson

Non-Executive Director

Appointed

Simon has been a Director of the Group since 2016 and was appointed as a Non-Executive Director in January 2021. He serves as a Nominee Director, appointed under the terms of the Relationship Agreement with Exponent.

Background and experience

Simon Davidson is a Senior Partner at Exponent, where he invests in the consumer sector. In addition to leading Exponent's investment into Moonpig in 2016, his other realised investments at Exponent include the Ambassador Theatre Group and Quorn Foods. Prior to joining Exponent in 2008, Simon worked at Apax Partners and OC&C Strategy Consultants.

Simon holds an MBA from the Wharton School and a bachelor's degree in Politics, Philosophy and Economics from Oriel College, Oxford.

Current external appointments

Listed appointments: None.

Other appointments: Senior Partner, Exponent.
Non-Executive Director (in his capacity as a Partner of Exponent) in albelli-Photobox Group, Evergreen Garden Care, Gü, Vibrant Foods, Warp Snacks and Wowcher.

Chair's corporate governance introduction

"The Board is committed to maintaining high standards of corporate governance."

On behalf of the Board, I am pleased to present the Group's corporate governance statement for the year ended 30 April 2023.

The following report explains the key features of the Group's governance framework and how it complies with the UK Corporate Governance Code 2018 (the "Code").

Code compliance

The Board is committed to maintaining high standards of corporate governance. We have a clear governance structure, which ensures that the Board and the business act responsibly in decision-making, risk management and delivery of objectives. We have applied the principles of the Code and complied with its provisions in full during the year and up to the date of publication of this report.

Culture and purpose

The Board sets the tone and culture for the Group and the expectations placed on its people. The Group has a clear purpose, which focuses on creating better, more personal, connections between people. It combines this with a dynamic growth culture that emphasises high performance, employee engagement and inclusion. Our corporate values are described more fully in the corporate governance statement on pages 82 to 91.

Board changes

We welcomed ShanMae Teo as an Independent Non-Executive Director in June 2022. She brings to the Board extensive experience in strategy and finance through executive and investor roles. ShanMae's induction is described in the Nomination Committee report on page 102.

During the year the Board reviewed the composition of all its Committees and, given the Board's evolution since Admission in 2021, it was determined that I would step down from the Remuneration Committee with effect from 29 March 2023. Since that date, the Committee has been composed solely of the four Independent Non-Executive Directors.

Board diversity

Board appointments are based on merit with the objective of ensuring an appropriate balance of skills and knowledge. The Board's Diversity Policy, which is available on the Group's website at www.moonpig.group/investors, sets out our policy on diversity with respect to the Board of Directors, the Executive Committee and their direct reports within the Extended Leadership Team.

I am pleased to report that as at 30 April 2023 and at the date of this report, the Board has 38% female representation and we meet the new Listing Rule targets for at least one senior board position to be held by a woman (by virtue of my appointment as Chair) and for at least one Board member to be from a minority ethnic background (as the Board currently has two minority ethnic directors).

We acknowledge that the Company does not currently meet the new Listing Rule target for at least 40% of individuals on the Board to be women. If we were to exclude from our calculation the Nominee Director appointed by Exponent under the terms of the Relationship Agreement (which is explained on page 88), female representation would be 43%. Exponent's shareholding is currently 12.0%, and it has the right to appoint a Nominee Director for so long as its holding is 10.0% or above.

We value having a diverse and balanced Board and the benefits of diversity will be a key consideration in any future Board recruitment.

Board evaluation

The outcomes from our second internal Board and committee evaluation were discussed at our March 2023 Board meeting and are summarised in the corporate governance statement on page 89. We intend to conduct an externally facilitated performance review in FY24.

Stakeholder engagement

The success of the Group's strategy is reliant on stakeholder engagement. The Board considers the impact on stakeholders in key decision-making discussions. A full review of stakeholder engagement can be found in the Strategic report on pages 24 to 26.

Remuneration policy

The key terms of the Group's existing remuneration policy were developed in late 2020 and formally published in the Prospectus in early February 2021. As it is approaching three years since then, the Committee has considered the terms of policy renewal.

The overall architecture of the existing policy is considered to remain appropriate and it is proposed to renew the policy with four changes, which include changes to LTIP grant levels.

The Committee's aim has been to ensure that the Executive Directors are motivated and retained for at least the next three to five years. The management team has a strong track record, having increased both revenue and Adjusted EBITDA fourfold since joining the business and having continued to outperform the financial targets set at IPO notwithstanding economic downturn and rising interest rates. We want them to remain in place, leverage the foundations that have been put in place in the past few years, and deliver an exciting period of growth.

Both myself and Susan Hooper, Chair of the Remuneration Committee, have consulted with our largest shareholders regarding the proposed changes. I would like to express my thanks for their pragmatic and constructive input during this process. The Board considers that the 2023 Remuneration Policy is aligned to the interests of shareholders.

I encourage you to read the commentary in the Directors' Remuneration Report from page 104 onwards and the 2023 Remuneration Policy on pages 108 to 116. We hope to have your support when you consider how to vote on the matter at the AGM.

Annual General Meeting

The 2023 AGM is scheduled to take place at 10:00am on 19 September 2023 and will be held at the offices of our registrars, Link Group, 6th Floor, 65 Gresham St, London EC2V 7NQ. Details of the resolutions and the business of the meeting are set out in the Notice of Meeting. The Board encourages all shareholders to vote on the resolutions whether or not they intend to attend the meeting.

Kate Swann

Non-Executive Chair
28 June 2023

Governance framework

The Board	• Sets the Group's purpose, values and strategy and satisfies itself that these are aligned with culture. • Provides entrepreneurial leadership, promoting long-term sustainable success and shareholder value creation. • Oversees the Group's risk management and internal control framework.
Board Committees	• The Board delegates certain matters to its three permanent Committees, the terms of reference of which are available at www.moonpig.group/investors.
Audit Committee	• Reviews and reports to the Board on the Group's financial reporting, internal control, whistleblowing, internal audit and the independence and effectiveness of the external auditors. **Audit Committee report – Pages 92 to 99**
Nomination Committee	• Reviews the structure, size and composition of the Board and its Committees and makes recommendations to the Board. Reviews diversity, talent development and succession planning. **Nomination Committee report – Pages 100 to 103**
Remuneration Committee	• Responsible for all elements of the remuneration of the Executive Directors, the Chair and the Executive Committee. Also reviews workforce remuneration policies and practices. **Remuneration Committee report – Pages 104 to 124**
Executive Committee	• Supports the CEO in the development and delivery of strategy. • Responsible for day-to-day management of the Group's operations. • Comprises the Executive Directors, the Moonpig and Greetz leadership team and the Managing Director of Experiences.

To assist the Board in discharging its obligations relating to monitoring the existence of inside information and its disclosure, the Group has a Disclosure Committee which is convened on an ad hoc basis as required. The committee has a quorum of two and its current members are Kate Swann, David Keens, Nickyl Raithatha and Andy MacKinnon.

Corporate governance statement

This statement explains key features of the Company's governance framework and how it complies with the UK Corporate Governance Code 2018.

Board leadership and company purpose

Purpose, values and culture

The Board is responsible for setting the Group's purpose, values and strategy and ensuring alignment with the Group's culture.

Our purpose

Creating better, more personal connections between people that care about each other.

Be Brave

When we see opportunities, big or small, we grab them. Our strong judgement and the knowledge that others have our back means we feel confident to take risks. Being brave comes in all shapes and sizes; sometimes it's "just" speaking up or giving a colleague some feedback that you know will help them grow. It's about challenging, getting involved and making yourself heard.

Raise the Bar

We take ownership, deliver on our promises and continuously strive to raise the bar in everything we do. We don't just meet our goals, we exceed them - and we're always thinking five steps ahead to figure out how we can increase our impact even further.

Keep it Simple

We always strive to simplify both what we do and how we do it. That means that we focus on the things that will have the most impact, figure out the simplest way to deliver them and don't over-complicate things.

Think Team

We do what's right to help everyone thrive – not what feeds our ego. We think beyond the boundaries of our immediate team and call on others to make magic happen across teams. We have deep levels of trust with one another and share information generously, but never excessively. We win together because we think of the "we" before the "I".

Our strategy

To become the ultimate gifting companion to our customers.

This is reflected in an entrepreneurial, high-performance, growth-oriented culture with high inclusivity. Our culture is what makes Moonpig Group a great place to work and attracts talent to the business. Our culture also sets our approach to engaging with our stakeholders.

Following last year's project to re-articulate the Group's values, executive management has continued to embed these values across the business. For instance, the values have been implemented within the newly acquired Experiences segment. The Group's leadership development programmes focused for FY23 on "Brave Conversations", covering all four values with a particular focus on Be Brave. For prospective and new employees, the four values have been embedded in the Group's candidate attraction, hiring and onboarding activities, whilst for existing employees they have been embedded in recognition programmes, for instance "Values shout outs" in regular All Hands meetings. During the year ahead, executive management intends to embed the Group's values in its performance appraisal and management process.

The Board uses a variety of methods for monitoring the Group's culture, which include:

- Reviewing the results of the twice-annual employee engagement survey carried out by executive management. For FY23, five questions were added to the survey to assess how the Group's values are resonating. In particular, the Board was pleased to note that, across the two surveys carried out during the year, 80%[1] (FY22: N/a[2]) of respondents agreed that "I have a good understanding of what our company values mean."
- Reviewing KPI data including employee turnover, vacancies and promotions.
- Reviewing whistleblowing reports, where these arise. There have been no whistleblowing reports during FY23.
- As part of an open and transparent culture, the Board has access not just to the Executive Committee but to employees at all levels and makes its own assessment of the culture from seeing employees in Board presentations, one-on-one meetings and from spending time in the Group's open-plan working environment.
- In addition, part of the role of the DNED is understanding how culture is manifested by the employee population and bringing the views of employees back to the Boardroom.
- During the financial year, the Group has incurred nil (FY22: nil) fines associated with violations of bribery, corruption, or anti-competitive standards.

On this basis, the Board is satisfied that policy, practices and behaviour throughout the business are aligned with the Company's purpose, values and strategy. For FY23, specific examples of alignment with values include:

- **Be Brave** is reflected in the delivery of significant projects including the migration of Greetz onto the Group's unified technology platform, the opening of new operational facilities in Almere and Tamworth and the acquisition of the Experiences segment.
- **Raise the Bar** is apparent both in the ambitious pace of operational delivery seen in during the year and in the accelerating pace of technology development.
- **Keep It Simple** is reflected in changes that we have made to the organisation structure for Moonpig and Greetz following technology platform migration, implementing a new target operating model in which certain functions now operate as a single team across both segments.
- **Think Team** can be seen in the way all parts of the business have collaborated to protect absolute levels of Adjusted EBITDA despite the adverse short-term impact on the Group's revenue from the consumer economic downturn and Royal Mail strikes.

For the year ahead, a particular area of focus will be the value Keep it Simple. As might be expected following a period of milestone operational delivery (and therefore rapid change across multiple areas of the business), the lowest-scoring question relating to values across the two employee surveys during the year was "This company really demonstrates a day-to-day commitment to 'Keep it Simple'" at 50% (FY22: N/a[2]).

The Group's values (as described on pages 82 and 83) are also reflected in its approach to executive remuneration, and to the incentive schemes that operate across the Group more generally. For instance:

- **Raise the Bar** is reflected in the design of the 2023 Remuneration Policy (see page 108), which is intended to encourage exceptional performance delivery within an acceptable risk profile.
- **Keep It Simple** is reflected in the simplicity of the weightings, measures and targets for the annual bonus scheme and LTIP. In addition, all Moonpig and Greetz employees share the same financial targets for the annual bonus scheme (with targets for the Executive Directors fully aligned to these, expressed on a Group basis). These financial targets will apply for Experiences' employees from FY24.
- **Think Team** is reflected in a strong emphasis on the fairness of remuneration outcomes across the Executive Directors, the Executive Committee and the wider workforce, and in the fact that we ensure coherence of targets across the business irrespective of seniority.

1 For FY23 these surveys operated across Moonpig and Greetz; they will additionally be rolled-out to the recently acquired Experiences segment in FY24.
2 Question surveyed for the first time in the two employee engagement surveys carried out in FY23.

Corporate governance statement

Workforce engagement

Day-to-day workforce engagement is the responsibility of executive management. Alongside this, the Board also engages with employees throughout the year, and keeps engagement mechanisms under review to ensure they remain effective. The current arrangements are as follows:

DNED engagement **There is a clearly defined programme for workforce engagement by the Designated Non-Executive Director for workforce engagement ("DNED").**	• Susan Hooper is appointed as the DNED in accordance with the Code. • The FY23 DNED workforce engagement schedule included meetings with groups of Moonpig employees from Guernsey, Manchester and Tamworth and with employees of the Experiences segment. • The topics covered included the outcomes of employee engagement surveys and location-specific feedback from employees. The Board was provided with feedback from those sessions. • The DNED also met with the leadership of the People Team (human resources function) to review the output from employee engagement surveys. • A defined programme of workforce engagement meetings has been drawn up for FY24. • From H2 FY23 onwards, the DNED has and will join several employee "All Hands" meetings each year for Moonpig, Greetz and Experiences as an observer. • For FY24 we have increased the frequency of reporting to the Board on workforce engagement activities.
Wider Board engagement **The NEDs engage directly with the workforce in ways that are relevant and provide the full Board with insight into employee engagement.**	• To ensure that all members of the Board have good visibility of the key business operations, Executive Committee members attend Board meetings regularly to provide updates on their areas of expertise and the execution of the Group's strategy. • All Board members participated in a visit to the new Tamworth operational facility in January 2023. • Individual NEDs have interacted with employees at various occasions during the year. These ongoing interactions not only allow Group employees to benefit from the guidance of the NEDs but also allow the Board to better inform their perspectives on workforce engagement and succession planning: – Kate Swann meets monthly with the Executive Committee and other senior leaders to discuss financial performance. She also participated in a hosted employee Q&A session at the Group's annual strategy day. – David Keens met with the finance function leadership team. – Niall Wass met with the technology leadership team. – Susan Hooper met with the ESG lead on the Executive Committee to discuss matters related to the Group's climate transition planning.
Board oversight **The Board reviews twice-annual engagement survey results as part of its oversight of workforce engagement and receives regular feedback from the DNED.**	• Executive management carries out a twice-annual, externally facilitated employee engagement surveys to ensure that employees are given a voice and that the business can act on employee feedback[1]. The Board uses these as one basis for assessing overall levels of workforce engagement. • The Group has set a goal to reach an employee engagement score of at least 72%, which is embedded in the Group's ESG strategy (see page 29). • On average, across the two employee surveys that the Group carried out in the year, 78% of employees were proud to work for the Group (FY22: 83%). • However, the Group's average overall employee engagement score for the two surveys was below target, at 61% (FY22: 65%), reflecting the relative difficulties of operating in an economic downturn, characterised by more disciplined cost control and greater challenge involved in meeting targets.

1 These surveys currently operate across Moonpig and Greetz and will be rolled-out to the recently acquired Experiences segment in FY24.

Shareholder engagement

The Board maintains a clear understanding of the views of investors, through the following means:

Investor relations **The CFO is responsible for a defined investor relations programme that aims to ensure that existing and potential investors understand the Group's strategy and business.**	• The Executive Directors make formal presentations on the half-year and full-year results which are made available to all existing and potential shareholders on the Group's investor relations website. • The results presentations are followed by formal investor roadshows. There is also an ongoing programme of meetings with investors, in response to both inbound and outbound requests. These meetings cover topics including strategy, performance and ESG matters, with care taken to ensure that price-sensitive information is released to all shareholders at the same time. • During FY23, the Executive Directors between them attended one-on-one shareholder meetings, group meetings (including meetings hosted by equity research analysts) and investor conference days. A combination of face-to-face and virtual meetings were held. • The CFO liaises directly with analysts to obtain their feedback on investor sentiment. This includes the eleven sell-side analysts that maintained research coverage and published financial estimates relating to the Group as at 30 April 2023 (30 April 2022: nine).
Non-executive engagement **The Chair, the SID and the committee chairs directly engage with shareholders where appropriate.**	• The Chair, the SID and the chairs of the three Board committees are each available for meetings with major shareholders to discuss matters related to their areas of responsibility. All Directors attended the 2022 AGM, which was held in person. • The Company Secretary wrote to the Company's ten largest shareholders offering engagement with the Chair, SID and each of the committee chairs. As a result of this, and in response to inbound requests, the Chair engaged with several shareholders. • The SID, David Keens, engaged with shareholders who voted against the Chair's re-election at the AGM, despite only 9% of votes against the resolution, which is below the 20% threshold requiring formal engagement under the Code. Concerns included potential overboarding based on an assessment of the number of roles against their generally applicable guidelines of any chair's commitments rather than specific concerns about the Chair. Additional disclosures on the Chair's time commitments are now provided on page 89. The Chair has a 100% attendance record for all Board and committee meetings since her appointment. • Some shareholders expressed concerns about the Chair's independence and therefore her membership of the Remuneration Committee. Following the annual review of the composition of the Board and its Committees, and given the Board's evolution since Admission in 2021, it was determined that the Chair would step down from the Remuneration Committee with effect from 29 March 2023. The Remuneration Committee is now comprised solely of Independent Non-Executive Directors. • The chairs of the three Board committees attended the 2022 AGM to answer any questions and have engaged as follows: – The SID has engaged with shareholders in relation to the Chair of the Board as noted above, on matters concerning the Nomination Committee's area of responsibility. – The Chair of the Remuneration Committee (together with the Chair) has consulted with the Group's ten largest shareholders after Exponent in relation to the revised Remuneration Policy which is to be presented to shareholders for approval at the September 2023 AGM.
Board oversight **The Board is kept informed of the views and opinions of shareholders and analysts.**	• Directors receive routine investor relations updates from the CFO at each Board Meeting. • The Company's corporate brokers, J.P. Morgan Cazenove, attended several Board meetings at which they provided insight on investor sentiment and feedback. • The Board is provided with monthly share register analysis, market reports from the Company's corporate brokers and published equity research reports.

Division of responsibilities

There is a clear division between executive and non-executive responsibilities. The roles of Non-Executive Chair and CEO are not held by the same person. The division of role responsibilities between the Non-Executive Chair and the CEO is set out in a written statement that has been approved by the Board and is accessible at www.moonpig.group/investors.

Non-Executive Chair	• Leads the Board and is responsible for the overall effectiveness of Board governance. • Sets the Board's agenda, with emphasis on strategy, performance and value creation. • Ensures good governance. • Shapes the culture of the Board, promoting openness and debate. • Ensures the Board receives the information necessary to fulfil their duties.
Chief Executive Officer	• Develops strategies, plans and objectives for proposing to the Board. • Runs the Group on a day-to-day basis and implements the Board's decisions. • Leads the organisation to ensure the delivery of the strategy agreed by the Board.
Chief Financial Officer	• Provides strategic financial leadership of the Group, runs the finance function and works alongside the CEO in the day-to-day running of the Group. • Has operational responsibility for risk management, including climate-related risk management. • Responsible for investor relations.
Senior Independent Non-Executive Director	• Acts as a sounding board for the Non-Executive Chair. • Available to shareholders if they require contact both generally and when the normal channels of Non-Executive Chair, CEO or CFO are not appropriate. • Leads the annual appraisal of the Non-Executive Chair's performance and the search for a new Chair, when necessary.
Non-Executive Directors	• Demonstrate independence and impartiality (other than the Nominee Director). • Bring experience and special expertise to the Board. • Constructively challenge the Executive Directors. • Monitor the delivery of the strategy within the risk and control framework set by the Board. • Monitor the integrity and effectiveness of the Group's financial reporting, internal controls and risk management systems.
Company Secretary	• Responsible for advising the Board and assisting the Non-Executive Chair in all corporate governance matters.

The Board's Approach to Section 172

The Code requires the Board to understand the views of the Company's key stakeholders and describe how their interests and the matters set out in section 172 of the Companies Act 2006 (the "Act") have been considered in Board discussions and decision-making.

The Board's approach during FY23 to the matters set out in section 172 of the Act is summarised below. Our key stakeholder groups, the interests of these key stakeholders and the Board's approach to considering these interests are set out in the Strategic report on pages 24 to 26.

Section 172(1) of the Companies Act 2006	The Board's approach
(a) Long-term decision-making **The Board maintains oversight of the Group's performance, and reserves to itself specific matters for approval, including the strategic direction of the Group, M&A activity and entering material contracts above set thresholds.**	• Agreed the Group's strategy, which is set out on pages 18 to 19 of this Report. • Reviewed the Group's risk management framework (see pages 66 to 67) and considered the Group's principal risks (see pages 68 to 70). • Approved the Group's FY24 annual budget three-year plan at the April 2023 Board meeting.
(b) Interests of employees **The success of the Group depends upon a highly skilled and motivated workforce and an entrepreneurial and innovative culture, set within structures that provide fairness for all.**	• Reviewed the Group's ESG strategy, which includes goals focused on increasing the representation of women and ethnic minorities in our leadership and raising employee engagement (see pages 28 to 31). • Approved an all-employee award under the Group's SAYE Scheme. • Received updates from the DNED on workforce engagement activities. • Received updates on the results of employee engagement surveys. • The Group's incentivisation structures have been rolled out to Experiences.
(c) Fostering business relationships with suppliers, customers and others **The Group works with a significant number and variety of customers, suppliers, providers and other third parties. It is of great importance that relationships with those parties are appropriate.**	• Received presentations on specific business areas from members of the Executive Committee. In each case, discussion includes the impact of the Group's activities upon customers, suppliers and partners. • Reviewed the Customer NPS; part of the ESG strategy is to achieve a score of at least 70%. • Considered and approved the Group's Modern Slavery Statement.
(d) Impact of operations on the community and the environment **The Group seeks to ensure that it provides a positive contribution to the communities in which it operates and to the environment.**	• Reviewed the Group's delivery to date against its ESG strategy, which includes goals focused on community and environmental impact. The Board approved updates to the ESG strategy (see pages 28 to 31). • Approved the Group's inaugural climate transition plan (see pages 46 to 47).
(e) Maintaining high standards of business conduct **The Board sets the Group's purpose, values and strategy and satisfies itself that these are aligned with the Group's culture. It oversees the Group's risk management processes and internal control environment.**	• Operates a comprehensive corporate governance framework, which is summarised on page 81. • Complied in full with the Code throughout the year. • Approved a range of policies and procedures which promote corporate responsibility and ethical behaviour. • Training needs were assessed as part of the Board's annual evaluation. • Received regular corporate governance updates. • Received an update on culture and values.
(f) Acting fairly between members **The Board aims to understand the views of shareholders and to always act in their best interests.**	• Spent considerable time engaging with the Group's shareholders. • Engaged with shareholders through the Chair, Senior Independent Non-Executive Director ("SID"), Committee Chairs, CEO and CFO as appropriate. • Attended the 2022 AGM. • A Relationship Agreement has been entered into with Exponent to ensure that the Company is capable at all times of carrying on its business independently of its former controlling shareholder and its associates, further details of which are set out on page 88.

Composition, succession and evaluation

Board composition

The Board comprises eight Directors: The Non-Executive Chair (who the Board considers to be independent on appointment), two Executive Directors, four Independent Non-Executive Directors and one Non-Executive Director (the "Nominee Director").

The Company regards each of the Independent Non-Executive Directors (i.e. the Non-Executive Directors excluding the Nominee Director) as "independent" within the meaning of the Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Accordingly, the Company complies with the Code recommendation that at least half the Board, excluding the Chair, should be independent.

The Nomination Committee reviews the independence of the Non-Executive Directors annually and has confirmed to the Board that it considers each of the Independent Non-Executive Directors to be independent and the Non-Executive Chair to have been independent on appointment, in accordance with the Code and as explained in the 2021 Annual Report and Accounts.

The Relationship Agreement

The Company and Exponent have entered into a relationship agreement (the "Relationship Agreement") to ensure that the Company is capable at all times of carrying on its business independently of its former controlling shareholder and its associates.

Under the Relationship Agreement, Exponent has a right to nominate one Non-Executive Director to the Board whilst its and its associates' shareholding in the Company are greater than or equal to 10%. As at the date of this Report, Exponent's shareholding in the Company is 12.0%. The Nominee Director is not considered to be independent within the meaning of the Code. Exponent appointed one Nominee Director at Admission, being Simon Davidson.

Board and Committee membership

The membership of the Committees of the Board and attendance at scheduled Board and Committee meetings for FY23 are set out in the table below:

Attendance at meetings during FY23

Name[1,2]	Date of appointment to the Board[3]	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Kate Swann	10/01/2021	10/10	N/a	3/3	2/2
Nickyl Raithatha	23/12/2020	10/10	N/a	N/a	N/a
Andy MacKinnon	23/12/2020	10/10	N/a	N/a	N/a
David Keens	10/01/2021	10/10	4/4	4/4	2/2
Niall Wass	10/01/2021	10/10	4/4	4/4	2/2
Susan Hooper	10/01/2021	10/10	4/4	4/4	2/2
Simon Davidson	10/01/2021	10/10	N/a	N/a	N/a
ShanMae Teo[1]	27/06/2022	8/8	3/3	3/3	1/1

1 The composition of the Board and its Committees is shown as at 30 April 2023. Kate Swann stepped down from the Remuneration Committee on 29 March 2023. ShanMae Teo was appointed to the Board and the Audit, Nomination and Remuneration Committees at the conclusion of the Board meeting on 27 June 2022.
2 The Disclosure Committee has been omitted from the above table as it meets only on an ad hoc basis, rather than on a scheduled basis.
3 The following Board members previously served as Directors of the predecessor ultimate holding company, Kate Swann (since 23 October 2019), Nickyl Raithatha (since 12 September 2019), Andy MacKinnon (since 12 September 2019) and Simon Davidson (since 5 October 2015).

Ad hoc conference calls and Committee meetings were also convened to deal with specific matters which required attention between scheduled meetings.

Board appointments

Following an external search process, ShanMae Teo was appointed as an additional Independent Non-Executive Director on 27 June 2022. Further details are set out in the Nomination Committee report on page 102.

Board evaluation

During the year the Board completed its second internally facilitated review of the Board, its Committees, the Chair and the individual Directors. The review was led by the Senior Independent Non-Executive Director ("SID"), with assistance from the Company Secretary. The review took the form of an online questionnaire that was completed by the Directors. The questions covered strategy, purpose and culture, the Board's role and composition, Board effectiveness, risk management, accountability, relationships with stakeholders, behaviours of the Board as a whole and of the individual Directors and the operation of each of the Board's Committees. The SID then conducted individual interviews with each of the Directors, excluding the Chair, to assess the Chair's performance and that of the Board as a whole. Following those interviews the SID provided feedback to the Chair on her performance. The questionnaire and interview responses were collated on an unattributed basis and summaries presented to the appropriate Committees and to the Board for discussion.

The annual evaluation of the Board's performance included an assessment of the Chair's commitment to her role. The Board determined that the Chair's appointment as Chair of Moonpig is not subservient to her other interests. Her diary management and time management of Moonpig Board meetings is exemplary and she has recorded 100% attendance at all Board and Committee meetings. The Chair is available at all times outside of scheduled Company meetings and she engages with the Executive Directors and wider management on a regular and frequent basis. The Board therefore concludes that the Chair continues to devote sufficient time to meet her Board responsibilities and demonstrates commitment to her role.

Overall, the results showed that the Board and its Committees continue to operate well. Most review areas were scored as either good or excellent, with consistency in scoring and commentary between individual submissions. Whilst it was acknowledged that progress had been made on the areas identified for further development in last year's Board evaluation, the Board concluded that succession planning and workforce engagement continued to be the main areas of focus for further development. An action plan and timetable is in place to update the Board on work in these areas in FY24. The review of the composition of the Board and its Committees concluded that given the Board's evolution since Admission in 2021, Kate Swann would step down from the Remuneration Committee with effect from 29 March 2023.

The Board intends that the evaluation process in FY24 will be conducted by a third party, thereby complying with the Code recommendation that an externally facilitated evaluation takes place at least every three years.

Operation of the Board

Board activities in FY23

The Board makes decisions in order to ensure the long-term success of the Group whilst taking into consideration the interests of wider stakeholders as required under section 172 of the Act. Board meetings are one of the mechanisms through which the Board discharges this duty. Further information about the Board's approach to section 172 is set out earlier in this section and further information on stakeholder engagement is included on pages 24 to 26.

The following table sets out some of the Board's key activities during FY23:

Strategy and operations

- Held a Board strategy review day.
- Reviewed strategic and operational performance.
- Approved the Group's inaugural Climate Transition Plan.
- Oversaw completion of the acquisition of Experiences.
- Monitored the delivery of key strategic projects to migrate Greetz onto the unified technology platform and to construct new operational facilities in Almere and Tamworth.
- Monitored the Group's operational response to more challenging external conditions, including activity to partially mitigate the impact of Royal Mail industrial action.

People and culture

- Reviewed the move to a new organisation structure for Moonpig and Greetz, following migration to a unified single technology platform.
- Received feedback from employee engagement surveys.
- Approved the updated Board Diversity Policy.
- Considered the Group's culture and values.
- The DNED and other Non-Executive Directors met directly with employees throughout the year.
- The CEO and CFO attend "All Hands" meetings with Moonpig and Greetz employees, and equivalent meetings with Experiences employees.

Financial

- Reviewed trading updates and financial performance against budget.
- Approved the FY24 annual budget and three-year plan.
- Approved the Group's trading updates and half year and full year results announcements.
- Approved audited financial statements for the year ended 30 April 2022.
- Reviewed the response to a request for information from the FRC's Corporate Reporting Review (see Audit Committee report at page 96).

Governance

- Reviewed the Group's compliance with the UK Corporate Governance Code.
- Agreed the annual programme of business for the Board and each of the Committees.
- Undertook an evaluation of the Board, its Committees and the Chair's and individual Directors' performance.
- Reviewed the Committees' Terms of Reference.
- Reviewed the internal systems of control.

Risk management

- Reviewed principal and emerging risks, including climate-related risks.
- Reviewed the extension of the Group's risk management framework to the newly acquired Experiences segment.

Investors and other stakeholders

- Received reports and updates on investor relations activities.
- Reviewed the Group's ESG strategy and progress to date in delivery against it.
- The CEO and CFO met regularly with existing and potential investors as part of a defined investor relations programme, as set out on page 85.
- The Chair, the SID and the committee chairs have directly engaged with shareholders as set out on page 85.
- The Company Secretary wrote to the Company's top ten shareholders offering engagement with the Chair, SID or Committee Chairs.
- All Directors attend the AGM and are available to shareholders at that meeting.

Advice for Directors

All Directors have the right to have any concerns about the operation of the Board recorded in the minutes. All Directors may seek independent professional advice in connection with their roles as Directors at the expense of the Company and have access to the advice and services of the Company Secretary.

Election and re-election

The Company's Articles of Association ("Articles") specify that a Director appointed by the Board must stand for election at the first AGM after such appointment and at each AGM thereafter every Director shall retire from office and seek re-election by shareholders. This is in line with the Code, which recommends that Directors should be subject to annual re-election. All Directors will offer themselves for re-election at the 2023 AGM.

Appointment, removal and tenure

The rules relating to the appointment and removal of Directors are set out in the Company's Articles.

Non-Executive Directors are appointed for a term of three years, subject to earlier termination, including provision for early termination by either the Company or by the individual on three months' notice. All Non-Executive Directors serve based on letters of appointment, which are available for inspection at the Company's registered office and at the AGM.

All Non-Executive Directors are required to devote sufficient time to meet their Board responsibilities and demonstrate commitment to their role. The time commitment of each Non-Executive Director was considered prior to their appointment to determine that it was appropriate. The letters of appointment for each Non-Executive Director specify the time commitment expected of them and contain an undertaking that they will have sufficient time to meet the expectations of their role.

The Board considers new external appointments in advance to determine that there are no conflicts of interest and that the Director would continue to have sufficient time to devote to his or her role with the Group.

Conflicts of interest

In accordance with the Company's Articles, the Board has a formal system in place for Directors to declare conflicts of interest and for such conflicts to be considered for authorisation. Any external appointments or other significant commitments of the Directors require the prior approval of the Board. None of the Executive Directors have any external directorships as at the date of this report. The Board is comfortable that external appointments of the Chair and the Independent Non-Executive Directors do not create any conflict of interest and do not adversely affect the time that any Director devotes to the Company and believes that this experience enhances the capability of the Board.

Audit, risk and internal control

The Board accepts responsibility for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives and monitors and reviews the effectiveness of the Company's risk management and internal control systems. Further details can be found in the Audit Committee report and in the risk management section of the Strategic report.

On 29 March 2023 the Audit Committee completed its annual reassessment of risk management and internal control systems and this was considered in detail and approved by the Board.

Remuneration

The Directors' Remuneration Report describes the policies and practices in place to ensure that the Group's leadership is motivated to deliver long-term sustainable growth. The work of the Remuneration Committee is also described in the Directors' Remuneration Report, which is set out later in this Governance section on pages 104 to 124.

Kate Swann

Chair
28 June 2023

Audit Committee report

Overview

- The Audit Committee ("Committee") comprises four Independent Non-Executive Directors.
- David Keens and ShanMae Teo are considered by the Board to have recent and relevant financial and accounting experience. All members have relevant commercial and operating experience.
- Four meetings were held during the year.
- The CFO, other Directors, members of management, the internal auditors and the external auditors attend meetings by invitation.
- The Committee members hold closed sessions with the external auditors and the internal auditors.

Main Committee activities during FY23

- Approved the financial statements for the year ended 30 April 2022.
- Approved the Group's trading updates.
- Reviewed key areas of financial judgement and ensured consistency of approach has been applied.
- Reviewed the implementation of additional TCFD disclosures and voluntary disclosure applying the SASB Standards.
- Approved the external audit plan and fee and reviewed the effectiveness of PricewaterhouseCoopers LLP as external auditors.
- Approved the internal audit plan and reviewed the effectiveness of KPMG LLP as internal auditors.
- Assisted the Board in its review of the effectiveness of the Group's risk management framework, including the consistency of application across the Moonpig, Greetz and Experiences segments.
- Reviewed the Group's evaluation of principal risks and uncertainties.
- Reviewed the Committee's performance, its composition and Terms of Reference.
- Reviewed the Group's whistleblowing procedures and made recommendations to the Board.

Committee focus areas for FY24

- Approve the financial statements for the year ended 30 April 2023.
- Discuss key areas of financial judgement and estimates used by management.
- Assist the Board in its review of the effectiveness of the Group's risk management and internal control systems.
- Review the principal risks identified by management and the mitigating actions taken.
- Review the performance of the external auditors.
- Review the performance of the internal auditors and monitor progress against the internal audit plan.

Committee member	Meetings attended
David Keens (Chair of the Committee and Senior Independent NED)	4/4
Susan Hooper (Independent NED)	4/4
Niall Wass (Independent NED)	4/4
ShanMae Teo (Independent NED)[1]	3/3

1 ShanMae Teo was appointed to the Board (and the Committee) during the year.

For more information on the Committee's Terms of Reference visit **www.moonpig.group/investors.**

"The Audit Committee has monitored accounting policies, risk management and internal controls, focusing on their consistent application across the Group."

Dear shareholders,

I am pleased to present the Group's Audit Committee report. This provides a summary of the Committee's role and activities for the year ended 30 April 2023 and sets out the work that the Committee has performed in respect of this Annual Report.

The Committee is comprised of Independent Non-Executive Directors: David Keens, Niall Wass, Susan Hooper and ShanMae Teo. All members (and therefore the Committee as a whole) have relevant commercial and operational experience, whilst David Keens and ShanMae Teo fulfil the requirement for a committee member to have recent and relevant financial experience. The biographies of each member of the Committee are set out on pages 76 to 79.

The internal audit function is outsourced to KPMG LLP, which provides the Group with specialist expertise in delivering a risk-based rolling review programme. KPMG LLP and the Group's external auditors PricewaterhouseCoopers LLP each attended all four Committee meetings held during the year. The CFO, other Directors and members of management attended by invitation. Both the external auditors and the internal auditors will continue to attend future meetings.

The Committee's Terms of Reference include monitoring the integrity of the Group's financial reporting, the effectiveness of the risk management framework, internal audit and the independence and effectiveness of external audit. When carrying out its work during FY23, the Committee has focused on significant business developments, in particular:

- Following the acquisition of Experiences, the Committee reviewed the extension of the Group's risk management framework to this segment and has identified areas of risk and judgement relating to it.
- Given year-on-year growth in capital expenditure across both operational facilities and technology development, the Committee has confirmed that accounting policies relating to capitalisation have been consistently applied year-on-year.

The Committee has reviewed the expanded ESG disclosures including Scope 3 emissions data, TCFD metrics and targets, the climate transition plan and voluntary disclosure applying the SASB Standards. The Committee also reviewed management's conclusion that the climate risk assessment had no material implications for the measurement of assets and liabilities in the consolidated balance sheet.

During the year, the FRC's Corporate Reporting Review team completed a review of our FY22 Annual Report. Their enquiries, which have since been closed, concerned our disclosures on the recoverability of the Parent Company investment in subsidiary. Further details are set out on page 96.

The Committee has reviewed the content in the Annual Report and considers that it is fair, balanced and understandable.

Whilst this Audit Committee report contains some of the matters addressed during the year, it should be read in conjunction with the external auditors' report starting on page 130 and the Moonpig Group plc financial statements in general.

At the 2023 AGM, shareholders will vote on the Board's recommendation to reappoint PricewaterhouseCoopers LLP as the Group's external auditors. During the year, the Committee performed a review of the external auditors' performance and concluded that the external auditors remained effective.

David Keens

Chair of the Audit Committee
28 June 2023

Audit Committee report

Financial reporting

The primary role of the Committee in relation to financial reporting is to review and monitor the integrity of the financial statements, including annual and half-year reports and any other formal announcement relating to the Group's financial performance.

In the preparation of the Group's FY23 financial statements, the Committee assessed the accounting principles and policies adopted and whether management had made appropriate estimates and judgements.

In doing so, the Committee discussed management reports and enquired into judgements made. The Committee reviewed the reports prepared by the external auditors on the FY23 Annual Report.

The Committee, together with management, identified significant areas of financial statement risk and judgement as described below.

Description of significant area	Audit Committee action
Capitalised development costs	
The amount of employee costs that the Group capitalises as internally generated intangible assets is significant and has risen as the Group has invested more in technology headcount to accelerate the creation of new revenue-generating functionality. Management makes estimates and judgements when assessing whether development costs incurred meets the criteria for capitalisation under IAS 38 Intangible Assets.	The Committee reviewed the Group's capitalisation policies, which remain unchanged year-on-year, and is satisfied that these are appropriate and in accordance with accounting standards. The Committee considered the procedures and controls in place for capitalised development costs, including those relating to capitalisation of employee benefits and assessing the carrying amounts and remaining useful economic lives of previously capitalised intangible assets. The Committee is satisfied that these controls are appropriate and have been consistently applied year-on-year. The Committee confirmed that policies and procedures operated at Experiences since acquisition relating to capitalised development costs were consistent with those for the Group as a whole.
Experiences merchant accrual	
Measurement of the Experiences segment merchant accrual requires estimation of the expected future amounts that will become payable to merchant providers and a change in the assumptions used to calculate it could materially affect the amount of revenue recognised.	The Committee reviewed the estimates of future payments to merchant providers prepared by management and was satisfied that these were consistent with the actual commission rates or "take" rates relating to experience deals sold and that they were consistent with long-run historical actual rates of redemption by recipients.
Alternative Performance Measures	
The Annual Report includes reference to Alternative Performance Measures ("APMs"), including Adjusted EBITDA, which the Directors consider provide useful financial information in addition to IFRS measures. Determining which items should be classified as Adjusting Items involves the exercise of judgement.	The Committee reviewed the classification of amounts as Adjusting Items and considered the disclosures around APMs to satisfy itself that these are appropriate, including: • Whether definitions are clear. • Whether there is a clear reconciliation to IFRS measures. • Use of "Adjusted" as the principal description for APMs in preference for terms such as "non-recurring" or "one-off". • Ensuring balanced prominence of APMs and IFRS measures taken across the Annual Report as a whole.
Business combination	
During the year, the Group completed the acquisition of Experiences. The accounting for this transaction requires judgement in determining fair values attributed to assets acquired and liabilities assumed. This includes determining whether any intangible assets should be recognised separately from goodwill, estimating their useful lives and calculating an appropriate discount rate for impairment testing purposes.	The Committee reviewed management's assumptions and disclosure regarding the IFRS 3 allocation of the purchase price to the identifiable assets acquired and liabilities assumed. The Committee was satisfied with the conclusions reached. As part of their work, the Committee reviewed the purchase price allocation valuation report commissioned by management from a specialist third party. The Committee considered the relative size of goodwill of £137.3m, which compares to the total estimated fair value of identified intangible assets of £41.0m and concluded that this was appropriate, considering the large negative net working capital position of the acquired business. It was also noted that a significant proportion of forecast future cash flows relate to acquiring new customers and as these new customers do not meet the criteria to be valued as separable intangibles, their value resides in goodwill.

Description of significant area	Audit Committee action
Assessment of impairment	
Goodwill in the consolidated financial statements and the investment in subsidiary in the Company financial statements were each assessed for impairment at 30 April 2023. In view of the reduction in the Company's market capitalisation, judgement is required to assess the extent to which this represents evidence of impairment. The assessment of carrying amount involves estimation of growth rates applied to cash flows in the value in use model, the discount rate and to the determination of the duration of the projections period prior to applying a perpetuity growth rate. On the basis that the pre-perpetuity projections period exceeds five years, judgement is required to establish that the reliability and past forecast accuracy requirements of paragraph 35 of IAS 36 are met. Judgement is also required to determine appropriate sensitivity scenarios that capture plausible changes in the key assumptions of the value in use calculation.	The Committee considered whether a market capitalisation lower than the Company's net assets and the estimated recoverable amount of the investment in subsidiary represents evidence of impairment. The Committee agrees with management's view that volatility in listed companies' share prices is not directly correlated with the recoverable amount of their investments in subsidiaries. Movements in share price such as those seen in the last year are not unique to the Company. The Committee considered the assumed pre-perpetuity growth rates in the value in use model and was satisfied that these were appropriate, taking into account third party estimates of growth for the online segment of the market, the continued capture of online market share, revenue growth driven through gift attachment and investment to date in technology and data platforms. Management's calculation of estimated value in use as at April 2023 incorporates a seven-year pre-perpetuity period (April 2022: eight years), with the year-on-year movement reflecting the effluxion of time. The Committee considered the application of this and was satisfied that the online segments of the Group's markets have headroom for continued growth at the assumed rates for at least seven years. The Committee satisfied itself as to management's justification that it can forecast cash flows accurately over a period longer than five years, noting that: • The nature of the Group's markets and the stable, predictable behaviour of its customer base resulted in a consistent historical profile of revenue growth prior to Covid. • Whilst the Group reduced its full year FY23 revenue guidance in its half year results announcement published on 5 December 2022, it also confirmed that its profit expectations were unchanged, highlighting the relative financial resilience of the Group's business model. • The drivers of the reduction in revenue guidance were cyclical rather than structural, or else short term in impact. The Committee considered the sensitivity analysis performed by management and was satisfied that disclosure is sufficient to provide information on the impact of a plausible change in the key assumptions of the value in use calculation. The Committee agreed with the Directors that, in view of the outcome of the sensitivity analysis, the assessment of impairment should be considered as major source of estimation uncertainty that has a significant risk of resulting in a material adjustment to the carrying amount within the year ending 30 April 2024 under paragraph 125 of IAS 1. This applies both in respect of goodwill recognised in the consolidated financial statements relating to the Experiences CGU and to the carrying amount of investments in the Parent Company financial statements. The Committee notes that the Group and Company has accordingly disclosed the quantification of all key assumptions in its value in use estimates and the impact of a plausible change in each key assumption.
Going concern and viability statement	
The Directors must satisfy themselves as to the Group's viability and confirm that they have a reasonable expectation that it will continue to operate and meet its liabilities as they fall due. The period over which the Directors have determined it is appropriate to assess the prospects of the Group has been defined as three years. In addition, the Directors must consider if the going concern assumption is appropriate.	The Committee reviewed management's schedules supporting the going concern assessment and viability statements. These included the Group's medium-term plan and cash flow forecasts for the period to April 2026. The Committee discussed with management the appropriateness of the three-year period and discussed the correlation with the Group's principal risks and uncertainties as disclosed on pages 68 to 70. The feasibility of mitigating actions and the potential speed of implementation to achieve any flexibility required were discussed. Scenarios covering events that could adversely impact the Group were considered. The Committee evaluated the conclusions over going concern and viability and the proposed disclosures in the financial statements and satisfied itself that the financial statements appropriately reflect the conclusions.

Audit Committee report

FRC Corporate Reporting Review

During the year, the Group corresponded with the FRC's Corporate Reporting Review team in connection with its review of our Annual Report for FY22. The FRC raised enquiries, which have since been closed, regarding Moonpig Group plc's disclosures concerning the recoverability of the Parent Company investment in subsidiary:

- The FRC requested that the Group clarify the basis for the eight-year forecast period used in estimating the value in use of investments in subsidiaries as at 30 April 2022 and how this was considered to meet the reliability and past forecasting accuracy requirements of IAS 36 Impairment of Assets which otherwise requires a maximum forecast period of five years. The Group explained the rationale and confirmed that it would disclose this in future annual reports to the extent that it remains relevant.
- The Group agreed that it would keep under review the extent to which any changes in market conditions and trading results might require updates to the forecast period and other aspects of the value in use calculation.
- The FRC requested further detail of other aspects of the assumptions applied in estimating the value in use and related sensitivities, which the Group provided. The Group agreed to expand its disclosure in this area in this Annual Report on the basis that it may provide useful information to the reader.

The FRC has asked that we make clear the inherent limitations of their review, which are that it provides no assurance that the Group's report and accounts are correct in all material respects, that the FRC's role is not to verify the information provided but to consider compliance with reporting requirements and that correspondence from the FRC was on the basis that it accepts no reliance on them by the Company or any third party, including but not limited to investors and shareholders. It was conducted by staff of the FRC who understood the relevant legal and accounting framework and was based on the Group's FY22 Annual Report and Accounts but did not benefit from detailed knowledge of the Group's business or an understanding of the underlying transactions entered.

Fair, balanced and understandable

At the request of the Board, the Committee has reviewed the content of the FY23 Annual Report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee was provided with an early draft of the Annual Report and provided feedback on areas where further clarity or information was required to provide a complete picture of the Group's performance. The final draft was presented to the Committee for review before being recommended for approval by the Board. When forming its opinion, the Committee reflected on discussions held during the year and reports received from the internal auditors and external auditors and considered the following:

Key considerations	
Is the report fair?	• Is a complete picture presented and has any sensitive material been omitted that should have been included? • Are key messages in the narrative aligned with the KPIs and are they reflected in the financial reporting? • Are the revenue streams described in the narrative consistent with those used for financial reporting in the financial statements?
Is the report balanced?	• Is there a good level of consistency between the reports in the front and the reporting in the back of the Annual Report? • Do you get the same messages when reading the front end and the back end independently? • Is there an appropriate balance between statutory and adjusted measures and are any adjustments explained clearly with appropriate prominence? • Are the key judgements referred to in the narrative reporting and significant issues reported in the Report of the Audit Committee consistent with disclosures of key estimation uncertainties and critical judgements set out in the financial statements? • How do these disclosures compare with the risks that PricewaterhouseCoopers LLP include in their report?
Is the report understandable?	• Is there a clear and cohesive framework for the Annual Report? • Are the important messages highlighted and appropriately themed throughout the document? • Is the report written in accessible language and are the messages clearly drawn out?

Following the Committee's review, the Directors confirm that, in their opinion, the FY23 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Risk management and internal control

The Committee's responsibilities include assisting the Board in its oversight of risk management. This includes:

- Overall risk appetite, tolerance, strategy and culture.
- Current risk exposures and future risk strategy.
- Risks related to climate change and transition to a low-carbon economy, in accordance with TCFD.
- Compliance with relevant legal and regulatory requirements.
- Reviewing annually the effectiveness of the Group's internal control framework.
- Reviewing reports from the external and internal auditors on any issues identified in the course of their work and ensuring that there are appropriate responses from management.

In March 2023, the Committee conducted its annual review of the effectiveness of the Group's risk management and internal control systems, to support the Board in doing the same. The Committee received a report from management outlining their assessment of risk management and internal controls, which they discussed with both the internal and external auditors.

The Committee's review was informed by their ongoing oversight of risk management and internal control throughout the year. This included the review of reports on internal and external audit, whistleblowing, due diligence and improvements to risk management systems, as well as discussions with the internal and external auditors (including closed sessions where management are not present).

The Committee's review included the impact of significant changes that occurred during the year (which are summarised in the Risk Management section of the Strategic report on page 67) such as the acquisition of Experiences, the expansion of the Group's in-house stock fulfilment activities and interest rate hedging instruments. The Committee's oversight of risk management and internal control informed decisions on the internal audit programme for the upcoming year. The Committee formalised the Board's risk appetite as a Risk Appetite Statement, which was subsequently approved by the Board.

The Committee concluded that Group has effective risk management and internal control systems in place for financial reporting and the preparation of consolidated accounts in line with the FRC's latest guidance. These systems include policies and procedures to maintain adequate accounting records, accurately and fairly record transactions and permit the preparation of financial statements in accordance with IFRS. No significant failings or weaknesses were identified in the year. These systems have been in place throughout the financial year and up to the date of this report. Management, with the support of internal audit, ensure systems are maintained and appropriate enhancements are introduced in a timely manner.

The internal control systems include the elements described below.

Element	Approach and basis for assurance
Risk management	Risk management is the responsibility of the Board as a whole. Day-to-day management of the Group's key risks resides with the Executive Committee and is documented in a risk register. A review and update of the risk register is undertaken twice a year and reviewed by the Audit Committee, which makes recommendations to the Board. The management of identified risks is delegated to the Executive Committee and regular updates are given to executive management at monthly meetings.
Financial reporting	Group consolidation is performed monthly with a month-end pack produced that includes an income statement, balance sheet, cash flow and detailed analysis. The month-end pack also includes KPIs, which are reviewed each month by the Executive Committee and the Board. Results are compared against the budget, or the latest quarterly-performed forecast and narrative is provided by management to explain significant variances.
Budgeting and reforecasting	An annual budget is produced and monthly results are reported against this. Forecasts are also produced on a quarterly basis to identify management's latest expectations for how the Group will perform over the balance of the year versus the original budget. The budget is prepared using a bottom-up approach, informed by a high-level assessment of market and economic conditions. Reviews are performed by the Executive Committee, the Executive Directors and by the Board. The budget is approved by the Board.
Delegation of authority and approval limits	A documented structure of delegated authorities and approval for transactions is maintained outside the Schedule of Matters Reserved for the Board. This is reviewed regularly by management to ensure it remains appropriate for the business.
Segregation of duties	Procedures are defined to segregate duties over significant transactions, including procurement, payments to suppliers and payroll. Key reconciliations are prepared and reviewed monthly to ensure accurate reporting.

Audit Committee report

Internal audit

During the year, the Committee reviewed the effectiveness of the current arrangement whereby KPMG LLP acts as the Group's outsourced internal audit function. The Committee confirmed that this approach is still appropriate and provides good skills and value compared to having an in-house internal audit function. It provides access to specialised expertise relevant to functional business areas. The Committee reviews KPMG LLP's performance annually as internal auditors.

KPMG LLP is accountable to the Committee and uses a risk-based approach to provide independent assurance over the adequacy and effectiveness of the control environment. The Committee has met with representatives from KPMG LLP without management present and with management without representatives of KPMG LLP present, to ensure that there were no issues in the relationship between management and the internal auditors which it should address. There were none.

During the year, the Committee considered three reviews, in line with the approved internal audit plan. These focused on the Group's financial control environment (including steps required for the Group to comply with potential changes to corporate governance), payroll control environment and ethical supply chain management. The Committee reviewed the findings and assessed the implementation of recommendations.

The FY24 internal audit programme is based on the Audit Committee's review of the Group's risk management framework in FY23. It includes two reviews to validate the extension of the Group's control environment to Experiences, the first providing broad coverage of multiple functional areas with the second focusing on specific areas identified by the first review. It also includes a review of stock management procedures and controls following the recent expansion of in-house fulfilment operations at Tamworth, UK and Almere, Netherlands.

External auditors

The Committee reviewed PricewaterhouseCoopers LLP's findings in respect of the audit of the financial statements for the year ended 30 April 2023.The Committee oversees the relationship with the external auditors, PricewaterhouseCoopers LLP, and evaluates the effectiveness of the service provided and their ongoing independence.

The Committee reviewed the effectiveness of the external audit process, considered the quality of the annual audit plan, received an update from management on the actions agreed with the audit team at the post-audit debrief meeting and considered its own interaction with the audit partner. The review included consideration of how the auditors challenged management assumptions and demonstrated professional scepticism in relation to judgements and estimates used; this was achieved through discussion with PricewaterhouseCoopers LLP regarding the key findings set out in their Audit Committee report, including key areas of judgement and critical estimates. In addition, the Committee reviewed the latest annual FRC Audit Quality Inspection and Supervision Report and reviewed PricewaterhouseCoopers LLP's own 2022 Transparency Report. The review concluded that the external auditors remained effective.

Following the acquisition of Experiences, the Committee evaluated options for external audit of that entity. Alternative auditors were considered but ultimately discounted due to concerns about audit cost, complexity, accountability and risk.

The Committee met with representatives from PricewaterhouseCoopers LLP without management present and with management without representatives of PricewaterhouseCoopers LLP present, to ensure that there were no issues in the relationship between management and the external auditors which it should address. There were none.

The year ended 30 April 2023 is the third year for which Christopher Richmond will sign the auditors' report as Senior Statutory Auditor. The Committee Chair made enquiries with PricewaterhouseCoopers LLP senior management as to his performance within PricewaterhouseCoopers LLP.

The Committee has reviewed and is satisfied with the independence of PricewaterhouseCoopers LLP as the external auditors. The Committee reviewed an assessment performed by management and agreed with the conclusion that no independence issues exist. The Committee ensures that all non-audit related services are provided in accordance with the approved policy to ensure auditor independence and objectivity are safeguarded. This policy is consistent with the FRC's Revised Ethical Standard 2019 for auditors.

During the year, the Committee was notified by the FRC's Audit Quality Review team that they had completed an inspection of the audit of the Group's FY22 financial statements performed by PricewaterhouseCoopers LLP. The Committee has received a copy of the review report and discussed it with the auditors. There were no findings that the Committee considered significant and requiring disclosure in this report and are satisfied with the actions taken in response to the findings.

Non-audit services provided by the external auditors

The external auditors are primarily engaged to carry out statutory audit work. There may be other services where the external auditors are the most suitable supplier by reference to their skills and experience. A policy is in place for the provision of non-audit services by the external auditors, to ensure that the provision of such services does not impair the external auditors' independence or objectivity and will be assessed in line with FRC Ethical and Auditing Standards.

Service	Policy
Audit-related services For example, the review of interim financial statements, compliance certificates and reports to regulators.	The half-year review, an audit-related assurance service, is approved as part of the Committee's approval of the external audit plan. The report confirming the proper extraction of the numbers used in the annual compliance certificate (which the Group prepares in accordance with the requirements of its Senior Facilities Agreement) and the Dutch postal services compliance certificate, both audit-related assurance services, are approved as part of the Committee's approval of the external audit plan. All permitted non-audit services require approval in advance by either the Audit Committee Chair, the Audit Committee, or the Board, subject to the cap of 70% of the fees paid for the audit in the last three consecutive financial years.
Permissible services Permissible services are detailed in the FRC's whitelist of Permitted Audit-Related and Non-Audit Services. Any Audit-Related Service or Non-Audit Service which is not on the list cannot be provided by the external auditors.	Permissible in accordance with FRC Revised Ethical Standard 2019.

During the year, PricewaterhouseCoopers LLP charged the Group £141,000 in relation to audit-related assurance services, of which £111,000 was for the FY23 half-year review and the remaining £30,000 for other assurance services which are permissible in accordance with FRC Ethical and Auditing Standards. There were no non-audit related services provided during the year.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "Order")

PricewaterhouseCoopers LLP was first appointed as statutory auditors of the Company in January 2021, following incorporation. PricewaterhouseCoopers LLP has continuously audited Moonpig.com Limited and its Former Parent Undertaking since (and including) the year ended 30 April 2017.

The Company exited the FTSE 350 on 20 March 2023, on which date the provisions of the Order ceased to apply to the Company. Notwithstanding this, the Company confirms that it intends to tender the external audit at a minimum every ten years, in accordance with the provisions of the Order. The Company will therefore put the external audit to tender no later than the audit for the year ended 30 April 2026. Any recommendation by the Committee in relation to the appointment or reappointment of statutory auditors will take account of the statutory auditors' skills, experience, performance and value.

David Keens

Chair of the Audit Committee
28 June 2023

Nomination Committee report

Overview

- The Nomination Committee ("Committee") comprises the Chair of the Board and four Independent Non-Executive Directors.
- All members have relevant commercial and operating experience.
- Two meetings were held during the year.
- Meetings are attended by the CEO, CFO and other relevant attendees by invitation.

Main Committee activities during FY23

- Oversaw the recruitment and appointment of an additional Independent Non-Executive Director.
- Increased Board representation of women to 38% and minority ethnic representation to 25%.
- Undertook an evaluation of the skills of the Board.
- Undertook the annual review of the composition of the Board and Committees.
- Reviewed the effectiveness of the Committee as part of the Board evaluation.
- Reviewed succession planning for the Board, Executive Committee and Extended Leadership Team.

Committee focus areas for FY24

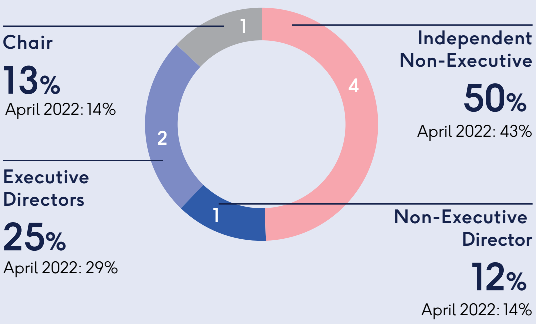
- Perform the first externally facilitated annual evaluation of the Board and its Committees.
- Act on the findings of the Board evaluation conducted in FY23.
- Undertake the annual review of the composition of the Board Committees to ensure they remain appropriately equipped to promote the success of the Company and its stakeholders.
- Continue to review succession planning for the Board, Executive Committee and Extended Leadership Team.

Committee member	Meetings attended
Kate Swann (Chair of the Committee and Non-Executive Chair of the Board)	2/2
David Keens (Senior Independent NED)	2/2
Susan Hooper (Independent NED)	2/2
Niall Wass (Independent NED)	2/2
ShanMae Teo (Independent NED)[1]	1/1

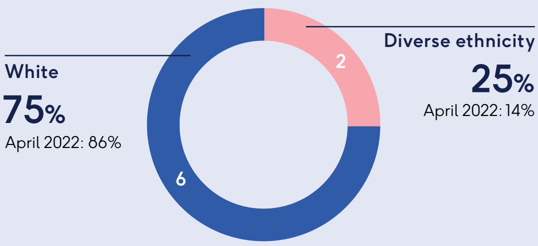
1 ShanMae Teo was appointed to the Board (and the Committee) at the conclusion of the Board meeting on 27 June 2022.

Board composition[1]

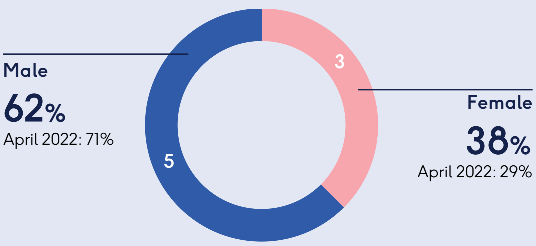
Independence[2] (%)



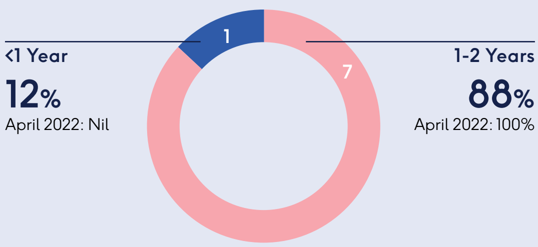
Ethnicity[4] (%)



Gender[3] (%)



Tenure – Non-Executive Directors[5] (%)



Notes

1 The composition of the Board is shown as at the date of this report, which is unchanged from the position at 30 April 2023. Comparatives are shown for April 2022.
2 The Chair of the Board was considered by the Board to be independent on appointment.
3 Gender disclosure is based on sex rather than identified gender for consistency with other reporting requirements, for instance Gender Pay Gap reporting.
4 From an ethnic minority background excluding white ethnic groups (as set out in categories used by the Office for National Statistics).
5 Kate Swann served as a Director of the predecessor ultimate holding company from 23 October 2019. Simon Davidson served as a Director of the predecessor ultimate holding company from 5 October 2015.

For more information on the Committee's Terms of Reference visit **www.moonpig.group/investors.**

"The Nomination Committee has made good progress across the full range of its responsibilities including succession planning below Board level."

Dear shareholders,

I am pleased to present the Nomination Committee report for the year ended 30 April 2023. During the year, the Committee has made good progress across the full range of its responsibilities.

The Committee comprises Kate Swann (Chair of the Committee and Non-Executive Chair of the Board) and four Independent Non-Executive Directors: David Keens, Niall Wass, Susan Hooper and ShanMae Teo, who joined the Committee following her appointment on 27 June 2022. The biographies of each member of the Committee are set out on pages 76 to 79.

The Committee's Terms of Reference include regular review of the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and its Committees, leading the process for new appointments to the Board, ensuring orderly succession planning to both the Board and Executive Committee positions, supporting the development of a representative pipeline for succession and ensuring that there is a rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors. The Committee meets at least twice each year.

Diversity and inclusivity

The Committee regards breadth of Board representation and appropriately diverse Committee composition as a key area of focus as it believes that diversity is important for Board effectiveness and business competitive advantage. The Board considers that diversity encompasses a broad range of factors, such as gender, ethnicity, physical abilities, sexual orientation, education and socioeconomic background, nationality, country or cultural background, together with diversity of skills, background, knowledge and experience.

During FY23, the Committee reviewed and approved an updated Board Diversity Policy which reflects the revised Listing Rules requirement to make "comply or explain" statements on whether the Company has met the following diversity targets (which are consistent also with targets currently set by the FTSE Women Leaders and Parker Reviews):

Listing Rules Target	Current status[1]
At least 40% of the board should be women.	The Board is 38% female. The Company therefore does not yet meet the new Listing Rules target for at least 40% of Directors to be women. The Board would have 43% female representation if not for the appointment of a Nominee Director under the terms of the Relationship Agreement (which is explained on page 88). If Exponent's shareholding (currently 12.0%) falls below 10.0%, their rights to appoint a Nominee Director cease. We value having a diverse and balanced Board and will seek to raise female representation when opportunities arise, but consider it preferable not to further enlarge the Board at the current time.
At least one of the senior board positions (Chair, Chief Executive Officer (CEO), Chief Financial Officer (CFO) or Senior Independent Non-Executive Director (SID) should be a woman.	The Company meets this target by virtue of having a woman as the Chair.
At least one member of the board should be from an ethnic minority background excluding white ethnic groups[2].	The Company meets this target as two Directors are from an ethnic minority background.

1 As at 30 April 2023 and as at the date of this report.
2 As set out in categories used by the Office for National Statistics.

Nomination Committee report

The Committee wants to see breadth of representation within the leadership pipeline below Board level. The Group's ESG Strategy (pages 28 to 31) commits the Group to maintaining the combined representation of women and ethnic minorities in the Group's Extended Leadership Team (comprising the Executive Directors, the Executive Committee and its direct reports who are also part of the Extended Leadership Team) at around 50%. As at 30 April 2023, the figure stood at 52% (April 2022: 53%).

Disaggregated disclosure of female leadership representation and ethnic minority leadership representation is set out in the ESG section on page 48.

The following tables provide information required in prescribed format by the new Listing Rules requirement (LR 9.8.6R(10)).

Prescribed reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	62%	3	5	71%
Women	3	38%	1	2	29%

Prescribed reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	6	75%	3	6	86%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	2	25%	1	–	–
Black/African/Caribbean/Black British	–	–	–	1	14%
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

When considering Board appointments and hiring or promoting to leadership positions, the Group intends to continue to take account of its diversity targets, while seeking to ensure that each post is offered on merit against objective criteria to the best available candidate.

Succession planning

The Committee aims to actively manage leadership succession and has therefore developed a succession planning process for the Board, Executive Committee and the Extended Leadership Team. On an annual basis, the Committee reviews succession plans, based on a CEO update on senior management succession planning and the Group's talent development programme. The Committee has ensured that there are plans in place for short and medium-term succession, while continuing to take account of the Group's diversity targets.

Appointments to the Board

As described in detail in last year's Annual Report, following an externally facilitated recruitment exercise in which we were assisted by Russell Reynolds, ShanMae Teo was appointed as an Independent Non-Executive Director to the Board on 27 June 2022.
The search process concentrated on independence, diversity and ensuring a combination of skills including listed company and committee experience to complement the skills of the existing members of the Board. Russell Reynolds is accredited for the FTSE 350 category of the Enhanced Voluntary Code of Conduct for Executive Search Firms, which specifically acknowledges those firms with a strong track record in and promotion of gender representation. Russell Reynolds has no other connection with the Company or with any individual Director.

Director induction

The Chair, supported by the Company Secretary, oversees the induction of new Directors. ShanMae Teo joined the Board on 27 June 2022 and her induction followed a formal programme, which took place within a month of her joining the Board. This included individual meetings with each of the Chair, Committee Chairs, CEO, CFO, each member of the Executive Committee and the Company Secretary. In addition, the Company's external lawyers, supported by the Company Secretary, provided directors' duties and governance training. Through the electronic Board portal, ShanMae was able to review past meeting papers, minutes and terms of reference for the Board and its Committees, the results of the most recent Board evaluation, as well as Board policies and investor relations updates.

For any new appointment to the Board, the Non-Executive Chair, working with the Company Secretary, will ensure that there is a thorough and detailed induction programme. The Group's external lawyers will be asked to provide training in respect of the Directors' legal, regulatory and governance duties, responsibilities and obligations. Any newly appointed Director will also be invited to participate in a range of meetings with members of the Executive Committee to familiarise themselves with the business, its strategy and goals.

Skills evaluation

The Board is satisfied that it has the appropriate range of skills, experience, independence and knowledge of the Group to enable it to effectively discharge its duties and responsibilities. The matrix below details some of the key skills and experience that the Board has identified as valuable to the effective oversight of the Group and execution of its strategy as at 30 April 2023:

Skill	Number of Directors
Digital technology	8
Digital marketing	8
Retail/consumer business	8
Financial	8
Governance and risk	
Listed company management	6
M&A	8
Strategy development and implementation	8
Change management	8
ESG (inc. climate-related matters)	8

Training

Board meetings generally include one or more presentations from senior management on areas of strategic focus. Specific business-related presentations are given to the Board by senior management and external advisors when appropriate.

A regulatory update is a standing item at Board meetings and an annual legal and regulatory update is provided by the Group's external lawyers. All Directors are required to complete our annual compliance training modules covering a range of subjects including anti-bribery and anti-corruption, anti-money laundering, data protection and anti-modern slavery. Additional training is available on request, where appropriate, so that Directors can update their skills and knowledge as applicable.

Board evaluation

During the year, the Committee undertook an internal Board evaluation which is described in detail on page 89 within the corporate governance statement. The Committee intends to conduct an externally facilitated evaluation in FY24, in compliance with the Code recommendation that an externally facilitated evaluation should take place every three years.

Re-election of Directors

In accordance with the Code, all Directors will offer themselves for re-election by shareholders at the AGM. Both the Committee and the Board are satisfied that all Directors continue to be effective in and demonstrate commitment to their respective roles on the Board and that each makes a valuable contribution to the leadership of the Company.

The Board therefore recommends that shareholders approve the resolutions to be proposed at the 2023 AGM relating to the re-election of the Directors.

Kate Swann

Chair of the Nomination Committee
28 June 2023

Directors' Remuneration report

Overview

- The Remuneration Committee (the "Committee") comprises four Independent Non-Executive Directors.
- All members have relevant commercial and operating experience.
- The Chair of the Committee has previous experience serving on the remuneration committees of other listed businesses.
- Four Committee meetings were held in FY23.
- The Non-Executive Chair of the Board, the Nominee Director, the CEO, the CFO and the Group's independent remuneration consultants attended Committee meetings for certain agenda items by invitation.
- No individual takes part in any decision in relation to his or her own remuneration.

Main Committee activities during FY23

- Consideration of feedback from investors and proxy agencies from the 2022 AGM.
- Review of pay and employment conditions for the wider workforce.
- Review of market and governance updates and impact on the Company.
- Approval of FY23 LTIP awards.
- Determination of FY23 bonus outcomes.
- Approval of FY24 bonus weightings, targets, and measures applicable for the Executive Directors and Executive Committee (which operates similarly to that of the wider workforce).
- Consideration of revised 2023 Remuneration Policy.

Committee focus areas for FY24

- Consultation with the Group's eleven largest shareholders including Exponent regarding the 2023 Remuneration Policy.
- Approval of the new Directors' Remuneration Policy (the "2023 Remuneration Policy") that will be subject to a shareholder vote at the 2023 AGM.
- Approval of revised LTIP rules.
- Approval of FY24 LTIP grants in accordance with the existing remuneration policy.
- If the 2023 Remuneration Policy is approved by shareholders, approve further LTIP grants following the 2023 AGM.
- Review implementation of the 2023 Remuneration Policy to ensure it operates as intended.
- Monitor developments in best practice.

Committee member	Meetings attended
Susan Hooper (Chair of the Committee and Independent NED)	4/4
David Keens (Senior Independent NED)	4/4
Niall Wass (Independent NED)	4/4
ShanMae Teo (Independent NED)[1]	3/3
Kate Swann (Non-Executive Chair of the Board)[2]	3/3

1 ShanMae Teo was appointed to the Remuneration Committee at the conclusion of the Board meeting on 27 June 2022.
2 Kate Swann was a member of the Committee until 28 March 2023.

Advisors

The Committee appointed FIT Remuneration Consultants LLP ("FIT") as their independent advisor at IPO following a competitive tender process. FIT advised on all aspects of the Policy and practice and reviewed remuneration structures against corporate governance requirements. FIT is a member of the Remuneration Consultants' Group and complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. FIT carries out no other work for the Group. During the year FIT was paid fees of £52,540 (FY22: £25,000), on a mix of fixed fee and time spent basis. The Committee conducts an annual review of the performance and independence of FIT and is satisfied that the advice provided by FIT is objective.

The Directors' Remuneration Report that follows has been prepared in accordance with the Listing Rules, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Companies Act 2006.

For more information on the Committee's Terms of Reference visit **www.moonpig.group/investors.**

"The proposed remuneration arrangements are intended to attract and retain talent in an extremely competitive sector and align with the long-term interests of shareholders."

Dear shareholders,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 30 April 2023. The Directors' Remuneration Report comprises three sections:

- This Annual Statement, which summarises the activities of the Remuneration Committee (the "Committee") and its approach to Directors' remuneration during the year.
- The Directors' Remuneration Policy (the "2023 Remuneration Policy") which is to be put before shareholders for approval at the upcoming AGM on 19 September 2023.
- The Annual Report on Remuneration, which comprises all aspects of the Report other than the Policy, including this statement. It explains how the Directors have been rewarded in the financial year and how we intend to operate the 2023 Remuneration Policy for FY24. It will be subject to an advisory vote at the 2023 AGM.

2023 Remuneration Policy

The key terms of the Group's existing remuneration policy were developed in late 2020 and formally published in the Prospectus in early February 2021. As it is approaching three years since then, the Committee has considered the terms of policy renewal. The proposed changes to the policy would increase both the ongoing LTIP grant level and the share ownership guidelines. It is also proposed to make an additional one-off award in 2023, that will be subject to challenging performance conditions.

The Committee's aim has been to ensure that the Executive Directors are motivated and retained for at least the next three to five years. The management team has an exceptional track record, having increased revenue by 3.6x and Adjusted EBITDA by 4.4x since joining the business[1]. The business has driven an enduring step-change in the size of the online segment of the greeting cards market, at the same time increasing its share of that online segment.

Management has continued to outperform the financial targets set at IPO for FY23 (with or without the revenue and profit from the acquisition of Experiences) hence the performance conditions for the legacy pre-IPO award have all been exceeded. The Group has faced a more challenging near-term trading environment in view of the economic backdrop, however trading has remained resilient in this context and the business has continued to capture share in the online segment of the greeting cards market. We believe that the Group can continue to outperform the market and continue to set robust targets particularly through the one-off award which will only deliver value if we deliver on those aspirations.

The Committee recognises that there is a highly competitive market for executives with a track record of success in the technology sector. Both of the Executive Directors now have invaluable experience in both private equity and listed companies, including taking a company through IPO. When preparing the policy in 2020, we did not have the benefit of data from other technology IPOs and therefore set LTIP grant levels by reference to pan-sector data. Subsequent analysis shows that listed technology companies grant LTIP awards at a premium to pan-sector data for their market capitalisation. Of more significance, we know that the Group operates in an extremely competitive sector where it is particularly challenging to attract and retain talent.

Our practical experience is that the Executive Directors and our wider leadership team receive regular approaches both from listed and private equity backed companies with potentially more significant equity-based reward than currently offered at Moonpig Group. In addition, through a combination of higher interest rates and the general re-rating of technology stocks, the 2021 and 2022 LTIP grants are expected to vest at lower levels than the underlying performance warrants. This is accepted and no changes to the targets set are proposed but it heightens the need to ensure that the ongoing packages are appropriate.

In addition, the final vesting of the legacy pre-IPO awards put in place prior to Admission will arise in April 2024. These awards have met their revenue and EPS targets in full as at the end of FY23 demonstrating that the Company has met its IPO targets and will fully vest. 50% is now payable on the publication of these results and 50% contingent on continued employment to 30 April 2024. These payments coupled with the limited prospect of the outstanding LTIP awards delivering significant vesting (unless the re-rating of tech stock prices is significantly reversed), means that the existing ongoing pipeline of retentive awards is very limited.

We are unanimous in our belief that we have highly attractive top talent in place who will lead this organisation from the strong foundations established and in the context of a re-rated environment to a place of benefit for shareholders. Therefore, it is our recommendation to do what we can within the constructs of the reasonable to retain them.

1 Increases in revenue and Adjusted EBITDA based on growth from FY18 to FY23. Profit after taxation and EPS are not stated as in FY18 the Group did not exist and the predecessor holding company had a different capital structure

Directors' Remuneration report

This has led the Committee to conclude that it is in shareholders' interests to ensure that the ongoing LTIP grant levels are consistent with other technology companies at a level of 250% of salary and to make an additional one-off award in FY24, that will be subject to challenging performance conditions. These changes will apply both for the Executive Directors and for certain key individuals at levels below the Board.

The Committee considers that the overall architecture of the existing policy remains appropriate and it is proposed to renew the policy with the following four changes, further details of which are set out in the proposed Remuneration Policy on pages 108 to 116:

- **Ongoing LTIP grant level**: the core LTIP grant level is increased from FY24 onwards from up to 200% of salary to up to 250% of salary, based on revised benchmarking against technology companies.
- **FY24 LTIP grant level**: an additional one-off award of 200%, subject to even more exceptional performance conditions, aligned to superior growth in shareholder profits and returns against a more challenging economic backdrop.
- **Share ownership guidelines**: the current policy includes a 200% of salary share ownership guideline (including good practice two years' post-cessation). This will be increased to 300% of salary from the date of the 2023 AGM.
- **Determining market value for LTIP grant levels**: the existing LTIP rules specify that the number of shares to be granted is based on a 3-day averaging period. This will be increased from September 2023 onwards to an averaging period of up to 90 days to better reflect the shareholder experience and mitigate the impact of volatility around the grant date.

Although the existing policy was formally approved at the 2021 AGM and renewed shareholder approval is therefore only required at the 2024 AGM, we intend to put a revised policy which captures these four changes before shareholders for approval at the 2023 AGM. It is felt that this should ensure it continues to serve its objectives and therefore, is likely to then remain in place until its normal renewal in 2026. No other changes are proposed to the Policy.

Assuming the 2023 Remuneration Policy is approved and implemented, no salary increases are proposed for the Executive Directors. Average employee pay increases for FY23 were 8.8% across the Group's UK wider workforce.

The Committee has spent considerable time considering various remuneration structures and consulting with major shareholders to develop the 2023 Remuneration Policy. Whilst the Committee recognises that the proposed changes represent an increase in the opportunity available under the LTIP, we believe them to be considered, conservative and in the interests of shareholders. Further, in the case of the revised ongoing grant levels, we consider the proposals necessary to ensure that we are likely to have the capacity to address succession as and when necessary.

Remuneration outcomes for FY23

Annual bonus measures, weightings and targets were set at the start of FY23 and comprised:

- Financial measures: Revenue (30% weighting) and Adjusted EBITDA (50% weighting); and
- ESG measures: Customer Net Promoter Score (6.7% weighting), Employee Engagement Score (6.6% weighting) and the renewable energy mix at the Group's two new fulfilment centres (6.7% weighting). For FY23 only, this final target is subject to delivery of a gateway requirement to measure out the value chain (Scope 3) greenhouse gas emissions and set a reduction target.

Following the acquisition of Experiences, the financial targets were re-expressed to include this segment without making the targets more or less challenging to achieve. The ESG targets were not re-expressed (and hence remain specific to Moonpig and Greetz) to provide management with the opportunity to align the operational means by which these measures are captured and calculated across segments. For FY24, all measures will have targets set on a Group basis.

Despite a decline in consumer demand driven by external macroeconomic factors from October 2022 onwards, the Group's performance was resilient. Management mitigated the negative impact on revenue to a single-digit percentage year-on-year reduction, ensured that full-year Adjusted EBITDA remained in line with expectations and maintained investments to support future growth. In the circumstances, these outcomes represented impressive operational delivery, however no bonus was awarded for the financial metrics as revenue and Adjusted EBITDA were both more than 5% lower than the Group's internal targets.

Regarding ESG measures, the Group's employee engagement score and customer NPS were both below threshold. For employee engagement, this reflected the challenges of operating in an environment of heightened cost discipline, whilst the primary impact on customer NPS has been poor service delivery by Royal Mail resulting from industrial action. The Group did however deliver the renewable energy target at maximum while meeting the gateway requirement to measure our Scope 3 greenhouse gas emissions and set a reduction target.

The resulting bonus represented 6.7% of the maximum opportunity, resulting in payments of £60,039 and £38,818 for the CEO and CFO respectively. Although individual performance was strong, the Committee believes that the formulaic outcomes of the bonus calculation are appropriate in light of the Group's overall performance during the year and has not applied discretion. In line with the Policy, 33% of the bonus will be deferred into shares that vest after three years.

Apart from the legacy pre-IPO awards described below, there were no LTIP awards that vested or were due to vest during the year.

Legacy pre-IPO awards

Prior to the IPO on 5 February 2021, the Company's remuneration arrangements were designed under private equity ownership. As part of those arrangements, to recognise the contribution to the IPO and the importance of maintaining the Company's growth trajectory, the then-shareholders put in place the legacy pre-IPO awards.

The CEO and CFO participated in these legacy pre-IPO awards along with other members of management, with the outcome of the scheme dependent upon achieving growth targets linked to revenue and Adjusted EBITDA over the period to 30 April 2023. As these legacy awards reflect pre-IPO pay, their terms were set out in detail in the Prospectus and shared with analysts. They are not part of the ongoing post-IPO remuneration arrangements for the Executive Directors, albeit they clearly help with initial incentivisation and retention.

The performance period for the legacy pre-IPO awards ended on 30 April 2023, with vesting subject to revenue (50% weighting) and Adjusted EBITDA (50% weighting). For both of these financial performance conditions, the maximum target was met, and would have been met even excluding the revenue and profits of the acquired Experiences segment. The awards will be payable half in cash and half in shares (based on the share price at Admission) in two tranches. The first tranche vested on 30 April 2023 and will be paid in July 2023, with the second tranche vesting on 30 April 2024 and payable immediately thereafter.

Context of remuneration

The Group's employees play a critical role in the development of the business and it is an important part of the Group's remuneration approach that they are able to share in the success of the business. In FY23, the Group launched a further grant under the SAYE Scheme, inviting all eligible employees to participate. Furthermore, at Admission, the Group granted share awards to all eligible employees under the SAYE Scheme, which allowed them to receive a free share award of between £500 and £1,500 based on the share price at IPO.

The Committee considers the pay and employment conditions of the Group when making decisions on Executive pay and is also responsible for reviewing wider all-employee pay. The Group's approach to cost-of-living pressures is to maintain ongoing pay rates that meet employees' everyday needs so that business-wide, one-off support measures are not necessary. For instance, since 1 May 2022, the Group has paid all of its employees in the UK and Guernsey at least the UK Real Living Wage as published by the Living Wage Foundation. The Group also considers support requirements on a case-by-case basis where employees' individual circumstances mean that they may be experiencing hardship.

The Executive Directors' remuneration structure aligns with that of the all-employee population, with components being the same. The Executive annual bonus scheme is similar to that for all Moonpig and Greetz employees and financial targets are aligned (noting that targets are cascaded to the relevant business level). For FY24, the Group intends to align the annual bonus scheme for Experiences employees. Employees are updated on how the business is performing against bonus targets each half-year in line with our external reporting timetable at "All Hands" meetings, where they can engage and ask questions.

Implementing the Policy for FY24

For FY24, if the new policy is approved by shareholders, there will be no pay increase for the two Executive Directors which compares with an average employee pay increase across the Group's wider workforce of 8.8% for FY24.

Bonus arrangements will operate in line with the Policy, by which the maximum will be 150% of salary, with 33% subject to deferral. The bonus will continue to be assessed against a combination of revenue, Adjusted EBITDA and ESG metrics which are set out on page 117.

LTIP awards are due to be granted in FY24 in line with the proposed new Policy limits at 450% of salary for the CEO and CFO (for FY24 only, taking into account the proposed one-off grant). This is to be achieved through initial grants over shares worth 200% of salary following the announcement of results in June and further awards following the 2023 AGM. The post-AGM grants will consist of an award over shares worth 50% of salary (bringing the core award in line with the new policy of 250%) plus for FY24 only a one-off award of 200%. Both of the post-AGM awards will be based on the average of the closing middle-market quotations during a period of up to 90 days prior to the date of grant. The separate performance conditions for each of the core award and the one-off award will be subject to the performance conditions set out on page 117.

Committee composition

During the year, the Board reviewed the composition of the Committee and, given the Board's evolution since Admission in 2021, it was determined that Kate Swann would step down from the Committee with effect from 28 March 2023.

Effective from 29 March 2023, the Committee comprised the four Independent Non-Executive Directors, namely Susan Hooper (Chair of the Committee), David Keens, Niall Wass and ShanMae Teo. The biographies of each Committee member are set out on pages 76 to 79.

Conclusion

The Committee recognises the exceptional track record of the Executive Directors and the highly competitive market for executives who have demonstrated success in the technology sector. We want to ensure that they are motivated and retained for the next three to five years, so that they can leverage the foundations put in place and deliver an exciting period of growth. We consider the 2023 Remuneration Policy and associated changes to the LTIP rules to be strongly aligned with shareholders' interests and respectfully ask for your support at the 2023 AGM.

I look forward to engaging with shareholders at the 2023 AGM where I will be available to answer any questions. I would welcome any feedback or comments more generally and can be reached through the Company Secretary.

Susan Hooper

Chair of the Remuneration Committee
28 June 2023

Directors' Remuneration Policy

This Directors' Remuneration Policy (the "2023 Remuneration Policy") on pages 108 to 116 of this Report will be put before shareholders for approval at the 2023 Annual General Meeting ("AGM"). The Remuneration Committee (the "Committee") intends that it will come into effect from that date (19 September 2023) and that it will operate for three years.

The key terms of the Group's remuneration policy were developed in late 2020 and formally published in the Prospectus in early February 2021. As it is approaching three years since then, the Committee has considered the terms of policy renewal. The Committee considers that the overall architecture of the existing policy remains appropriate and it is proposed to renew the policy with four changes:

- **Ongoing LTIP grant level:** the ongoing LTIP grant level is increased from FY24 onwards from up to 200% of salary to up to 250% of salary, based on revised benchmarking against technology companies.
- **FY24 LTIP grant level:** an additional one-off award of 200%, subject to even more challenging performance conditions, aligned to superior growth in shareholder profits and returns against a more challenging economic backdrop.
- **Share ownership guidelines:** the current policy includes a 200% of salary share ownership guideline (including good practice 2 years' post-cessation). This will be increased to 300% of salary from the date of the 2023 AGM.
- **Determining market value for LTIP grant levels:** the existing LTIP rules specify that the number of shares to be granted is based on a 3-day averaging period. This will be increased from September 2023 onwards to an averaging period of up to 90 days to better reflect the shareholder experience and mitigate the impact of volatility around the grant date.

The 2023 Remuneration Policy was reviewed and approved by the Remuneration Committee. As part of the process, input was collected from management and external advisors, and through consultation with the Group's eleven largest shareholders including Exponent. The members of the Committee bring their experience to bear and seek independent advice without management present to ensure that decisions are reached objectively and without inappropriate influence. No person participates in decision relating to their personal remuneration.

Objectives of the Policy

The table below shows, with examples, how the 2023 Remuneration Policy, effective from the date of the 2023 AGM, is designed to meet the following required objectives of the Code:

Code factor	Description of Code factor	Description with examples of how the factors are addressed by the Policy
Clarity	Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	• The Policy is designed to be simple and support long-term, sustainable performance. • The Policy is clearly set out in this Report and is well understood by participants and shareholders alike. • The Policy clearly sets out the limits in terms of quantum, the performance measures which can be used and discretions which could be applied if appropriate. • The Remuneration Committee Chair is available to shareholders at the AGM or via the Company Secretary to answer any questions on remuneration arrangements.
Simplicity	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand	• The Group's arrangements include fixed pay (salary, benefits and pension), a market standard annual bonus and a single long-term incentive plan. • The details of each are clearly set out in the Policy. • There are no complex or artificial structures required to deliver the Policy.
Risk	Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	• Appropriate limits are set out in the Policy and within the respective plan rules. • The Committee retains discretions to override formulaic outturns. • When considering performance measures and target ranges, the Committee will take account of the associated risks and liaise with the Audit Committee as necessary. • The long-term nature of a large proportion of pay (through annual bonus deferral, post-vesting holding periods and post-cessation shareholding requirements) encourages a long-term, sustainable mindset. • Comprehensive clawback and malus provisions are in place across all discretionary incentive plans.

Code factor	Description of Code factor	Description with examples of how the factors are addressed by the Policy
Predictability	The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	• The Policy contains appropriate caps in place for each component of pay. • The potential reward outcomes are easily quantifiable and are set out in the illustrations provided in the Policy. • Performance can be reviewed at regular intervals to ensure there are no surprises in outcomes at the end of the performance period.
Proportionality	The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance	• Incentive outcomes are contingent on successfully meeting stretching performance targets which are aligned to the delivery of the Company's strategy. • The heavy weighting towards share-based incentives ensures alignment with the shareholder experience. • The Committee considers pay and employment conditions in the wider workforce when making decisions on executive pay. • The Committee retains discretions to override formulaic outturns.
Alignment to culture	Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	• The Policy encourages performance delivery which is aligned to the culture within the business. This performance focus is always considered within an acceptable risk profile. • The measures used in the variable incentive plans reflect the KPIs of the business. • We have all employee share schemes to encourage share ownership by all employees. • All Moonpig and Greetz employees participate in a bonus scheme. For FY24 this has been extended to all Experiences employees. • Alignment of Executive remuneration to the Group's values is considered further in the Corporate Governance Statement at page 83.

Remuneration Policy for Executive Directors

The following table summarises each element of the Policy for the Executive Directors, setting out how each element operates, and links to the corporate strategy.

Base Salary	
Purpose	• To recruit and retain high-calibre Executive Directors. • Recognise knowledge, skills and experience as well as reflect the scope and size of the role.
Operation	• Normally reviewed annually, with any changes usually effective from 1 May. An out-of-cycle review may be conducted if the Committee determines it is appropriate. • The current base salaries for the Executive Directors are set out on page 117. • Assuming the 2023 Remuneration Policy is approved and implemented, no salary increases are proposed for FY24. • When setting base salaries, the Committee takes into account a number of factors including (but not limited to) skills and experience of the individual, the size, scope and complexity of the role, salary increases across the Group as well as salary levels for comparable roles in other similarly sized companies.
Maximum potential value	• There is no maximum salary level. • Salary increases are normally considered in relation to the wider salary increases across the Group. • Above workforce increases may be necessary in certain circumstances such as when there has been a change in role or responsibility or where an Executive Director has been appointed to the Board on an initial salary which is lower than the desired market positioning
Performance metrics	• Individual performance, as well as the performance of the Group, is taken into consideration as part of the annual review process.

Pension

Purpose	• To provide cost-effective retirement benefits.
Operation	• The Executive Directors each currently receive a cash allowance in lieu of pension contribution. • Pension allowances are normally paid monthly and are not bonusable.
Maximum potential value	• The cash allowances in lieu of pension contributions are capped at the rate available to the wider workforce in the UK (currently 5% of base salary). • This applies to both current and any future Executive Director.
Performance metrics	• Not applicable.

Benefits

Purpose	• To provide competitive, cost-effective benefits which helps to recruit and retain Executive Directors.
Operation	• Benefits may include insurances such as life, medical and dental and other benefits provided more widely across the Group from time to time. • Other benefits, such as relocation expenses or expatriate arrangements, may be provided as necessary. • Reasonable business-related expenses (including any tax thereon) will be reimbursed.
Maximum potential value	• There is no specific maximum although it is not expected to exceed a normal market level. • The value of benefits will vary based on the cost to the Company of providing the benefits.
Performance metrics	• Not applicable.

Annual Bonus

Purpose	• To incentivise and reward for the delivery of annual corporate targets aligned to the business strategy. • To align with shareholders' and wider stakeholders' interests.
Operation	• The Annual Bonus is subject to performance measures and objectives set by the Committee for the financial year. • At the end of the performance period the Committee assesses the extent to which the performance targets have been achieved and approves the final outcome. • At least 33% of any bonus earned will be deferred in shares, normally for three years under the DSBP in respect of which dividend equivalents may apply to the extent such deferred awards vest. • Malus and clawback provisions apply as set out on page 113. • Bonus awards are non-pensionable and are payable at the Committee's discretion.
Maximum potential value	• The annual bonus policy maximum is 150% of base salary. • The target annual bonus opportunity is normally set at 50% of the maximum. • The threshold annual bonus opportunity is up to 25% of the maximum. If the threshold level is not achieved, no payment will arise.
Performance metrics	• The Committee will determine the relevant measures and targets each year taking into account the key strategic objectives at that time. • Performance measures may include financial, strategic, operational, ESG and/or personal objectives. • At least 70% of the bonus will be linked to financial measures. • The Committee sets targets that are challenging, yet realistic in the context of the business environment at the time and by reference to internal business plans and external consensus. Targets are set to ensure there is an appropriate level of stretch associated with achieving the top end of the range but without encouraging inappropriate risk taking. • The performance measures for FY24 are set out on page 117.

Long-Term Incentives

Purpose	• To incentivise and reward for the delivery of long-term performance and shareholder value creation. • To align with shareholders' interests and to foster a long-term mindset.
Operation	• An annual award of performance shares under the LTIP which normally vest after a period of not less than three years and subject to continued employment and the achievement of performance conditions. • Vested awards are subject to a further holding period applying at least until the fifth anniversary of grant during which they may not ordinarily be sold (other than to pay relevant tax liabilities due). • Dividend equivalents may accrue over the period from grant until the later of vesting and the expiry of any holding period. • Malus and clawback provisions apply as set out on page 113. • Grant values will normally be determined using an averaging period of up to 90 days prior to grant.
Maximum potential value	• The core maximum annual award is 250% of salary. • The Committee expects to normally grant annual awards of 250% of salary to any Executive Director. • For FY24 only, the maximum annual award level is up to 450% of salary, comprising a core award of up to 250% and an additional one-off award in FY24 only of 200% of salary linked to exceptional performance. • The proportion of the core award which may vest for threshold performance will be no more than 25% of the maximum award. If the threshold level is not achieved, no payment will arise.
Performance metrics	• Performance conditions, weightings and target ranges will be determined prior to grant each year to align with the Company's longer-term strategic priorities at that time. • The measures which may be considered include financial and shareholder value metrics as well as strategic, non-financial measures. In normal circumstances financial measures will make up the majority of the annual bonus. • Details of the measures applicable for awards granted in relation to FY24 are set out on in the Annual Report on Remuneration on page 117.

All Employee Share Plans

Purpose	• To encourage wider share ownership across all employees, including the Executive Directors. • To align with shareholders' interests and to foster a long-term mindset.
Operation	• Executive Directors may participate in all employee schemes on the same basis as other eligible employees. • This includes (i) the Share Incentive Plan ("SIP"), under which all-employee free share awards were made at the time of the IPO, and (ii) the Save As You Earn ("SAYE Scheme") which the Board approved in FY21. • Both plans have standard terms, which are HMRC approved and allow participants to either purchase or be granted shares (under the SIP) or enter into a savings contract to purchase shares (under either or both of the SAYE Scheme or SIP) in a tax-efficient manner.
Maximum potential value	• Limits are in line with those set by HMRC.
Performance metrics	• Not applicable.

Shareholding Requirements

Purpose	• To align with shareholders' interests and to foster a long-term mindset.
Operation	• Executive Directors will normally be expected to retain shares, net of sales to settle tax, until they have met the required shareholding. • Progress towards the guideline will be reviewed by the Committee on an annual basis. • In addition, Executive Directors are expected to hold shares after cessation of employment to the full value of the shareholding requirement (or the existing shareholding if lower at the time) for a period of two years.
Maximum potential value	• The shareholding requirement for Executive Directors is 300% of base salary from 19 September 2023 onwards, which compares to 200% under the existing Policy.
Performance metrics	• Not applicable.

Directors' Remuneration report

Fees policy for Non-Executive Chair and Non-Executive Directors

The following table summarises the fees policy for the Non-Executive Chair and the Non-Executive Director.

Fees	
Purpose	• To provide a competitive fee to attract Non-Executive Directors who have the requisite skills and experience to oversee the implementation of the Company's strategy.
Operation	• Fees for the Non-Executive Chair are set by the Committee. • Fees for the other Non-Executive Directors are set by the Board excluding the Non-Executive Directors. • Fees are reviewed, but not necessarily increased, annually. Fee increases are normally effective from 1 May. • Fee levels are determined based on an estimate of the expected time commitments of each role and by reference to comparable fee levels in other companies of a similar size and complexity. • Additional fees are payable to the Senior Independent Non-Executive Director and Chair of the Audit and Remuneration Committees to reflect their additional responsibilities. The Non-Executive Director designated for engagement with the workforce ("DNED") for the purposes of the UK Corporate Governance Code will also be eligible for an additional fee. • Higher fees may be paid to a Non-Executive Director should they be required to assume executive duties on a temporary basis. • The Non-Executive Directors and the Non-Executive Chair are not eligible to receive benefits and do not participate in pension or incentive plans. Business expenses incurred in respect of their duties (including any tax thereon) are reimbursed.
Maximum potential value	• There is no overall aggregate annual limit for fees payable to the Non-Executive Directors.
Performance metrics	• Not eligible to participate in any performance-related elements of remuneration.

Discretions retained by the Committee in operating the incentive plans

The Committee operates the Group's incentive plans according to their respective rules and in accordance with HMRC and Listing Rules where relevant. To ensure the efficient operation and administration of these plans, the Committee may apply certain discretions.

These include (but are not limited to) the following:

- Determining the participants in the plans.
- Determining the timing of grants and/or payments.
- Determining the size of grants and/or payments (within the limits set out in the policy table above).
- Determining the appropriate choice of measures, weightings and targets for the incentive plans from year to year including any use of discretion to reduce the outcome, as appropriate.
- Determining "good leaver" status and the extent of vesting and or payment under the incentive plans.
- Determining the extent of vesting of awards under share-based plans in the event of a change of control.
- Making any appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends).

The Committee retains discretion to vary the performance conditions applying to outstanding awards in exceptional circumstance if an event occurs which causes the Committee to consider that the original condition would no longer operate as intended. Any amendment to the performance conditions can be made, provided the Committee considers the varied condition is fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question. Following the acquisition of Experiences the Committee re-expressed the performance conditions relating to the award made in July 2022 (FY23) to ensure that they remain equally demanding. The Committee would likely take the same approach for any other corporate activity.

Legacy incentives

The Company has various legacy share and cash arrangements, some of which remain subject to time vesting and/or performance conditions post-IPO. These are summarised further under the section headed "Legacy Pre-IPO awards" in the Annual Report on Remuneration. The final vesting under the Legacy Pre-IPO awards will be on 30 April 2024.

Recoupment (malus and clawback)

The incentive pay awards made by the Company are subject to provisions that allow it to recover any value delivered (or which would otherwise be delivered) in connection with any variable award including Annual Bonus and LTIP awards in exceptional circumstances and where it believes that the value of those variable pay awards is no longer appropriate.

The malus and clawback provisions can be used in the following circumstances:

- A material misstatement;
- An error of calculation, or inaccurate or misleading information;
- An action or conduct which amounts to fraud or gross misconduct;
- An instance of corporate failure (e.g. administration or liquidation); and
- A significantly adverse impact on the Group's reputation.

Clawback may be effected in the period of three years following the determination of a bonus or the vesting of an LTIP award.

Selection of performance measures and targets

The Committee determines the performance measures applying to the Annual Bonus and LTIP based on the strategic priorities of the Group at the time. The measures and their weightings may change from year to year to reflect the needs of the business. The measures and weightings for FY24 are set out on page 117.

Measures used may include financial (such as revenue, Adjusted EBITDA and Pre-tax EPS), operational, strategic, ESG, personal or shareholder value creation. The use of such measures is intended to ensure performance is assessed on a rounded basis and is appropriately aligned to the Group's KPIs. Together these are felt to incentivise management to deliver superior financial performance in a sustainable way.

The targets for both the Annual Bonus and LTIP are set after considering internal business plans, economic forecasts and, to the extent it exists, external analyst consensus. The target range is calibrated so that it is realistic yet requires stretching outperformance to achieve the top end. In addition, the one-off awards proposed for FY24 have even more stretching targets with the threshold only commencing once the stretch level is achieved under the normal awards.

Statement of consideration of shareholder views

The Committee will consider shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally.

Prior to Admission the views of the Company's major shareholder were considered when determining the Policy. If the Committee was to consider changes to the Policy, it would be subject to prior consultation with major shareholders as appropriate. The Committee consulted with major shareholders covering 60% of the share register during the course of the proposed Policy.

Differences in remuneration policy for Executive Directors and employees in general

All Group employees participate in the Annual Bonus scheme, which is operated on similar terms to those for the Executive Directors albeit with an element based on personal performance. The LTIP operates for members of the Executive Committee on similar terms to those for the Executive Directors. All eligible employees under the plan rules were able to participate in the SIP award which was offered at IPO (with values ranging from £500 to £1,500 depending on length of service), the SAYE Scheme which was first offered in September 2021 and will be invited to take part in future SAYE awards (or other all-employee awards). Wider employee ownership is a key objective for the business.

Statement of consideration of employment conditions elsewhere in the Group

The Committee is provided with an update, at least annually, of pay and employment conditions throughout the Group. This will include details of base salary increases, bonus award levels, share scheme take up across the Group workforce as well as more information on the salaries and proposed increases for the Group Leadership Team members and other senior direct reports of the Chief Executive. The Committee will review and agree all grants of share awards.

Although the Committee has not, to date, formally consulted with employees on matters of remuneration policy, the Committee ensures there is appropriate liaison with the DNED to discuss any remuneration matters which should be taken into account as part of its annual cycle. Employee engagement scores and other internal surveys will be considered as appropriate. An area of focus for the Committee has been the upward alignment of remuneration at the Experiences segment, including extending the Group annual bonus scheme to all Experiences employees for FY24.

Executive Directors' external appointments

Executive Directors may accept external appointments as Non-Executive Directors of other companies with the specific approval of the Board in each case. Any fees payable may be retained by the Executive Directors.

Recruitment of Directors – approach to remuneration

Executive Directors

The ongoing remuneration package for any new Executive Director will be set in accordance with the terms of the Policy in place at the time of appointment (including any caps on remuneration). The principles which will be applied are set out below:

- Base salary – set at an appropriate level taking into account the skills and experience of the individual and the nature of the role. If the base salary is set below market on appointment to reflect experience, there will be an expectation that subsequent increases may be above those of the wider workforce to bring this into line with the desired level as the individual develops in the role.
- Benefits – will be in line with those offered to other employees in the same location and take account of any local market norms. In addition, the Committee recognises that it may need to meet certain relocation expenses or expatriate benefits, as appropriate.
- Pension – will be in line with that offered to the wider workforce.
- Annual bonus – will be operated in line with the terms set out in the Policy table and will be pro-rated in the year of joining to reflect the period of service rendered. Depending on the timing of the appointment, it may be necessary for the Committee to use alternative performance measures for the remainder of the initial performance period.
- LTIP – will be operated in line with the terms set out in the Policy table. An award may be made shortly after appointment (assuming not in a closed period).
- Buy-out awards – the Committee may consider offering additional cash and/or share-based elements to replace remuneration forfeited by the individual on leaving their previous employment when it considers these to be necessary to facilitate the appointment and in the best interests of the Company and its shareholders. Any buy-out arrangements will be made under the existing incentive plans or the relevant provision of the Listing Rules and would normally be delivered on a like-for-like basis taking account of the nature, time horizons and any performance requirements attached to the awards forfeited.

For an internal appointment, any variable pay element or benefit awarded in respect of the prior role may be allowed to continue on its original terms, adjusted as relevant to take into account the new appointment.

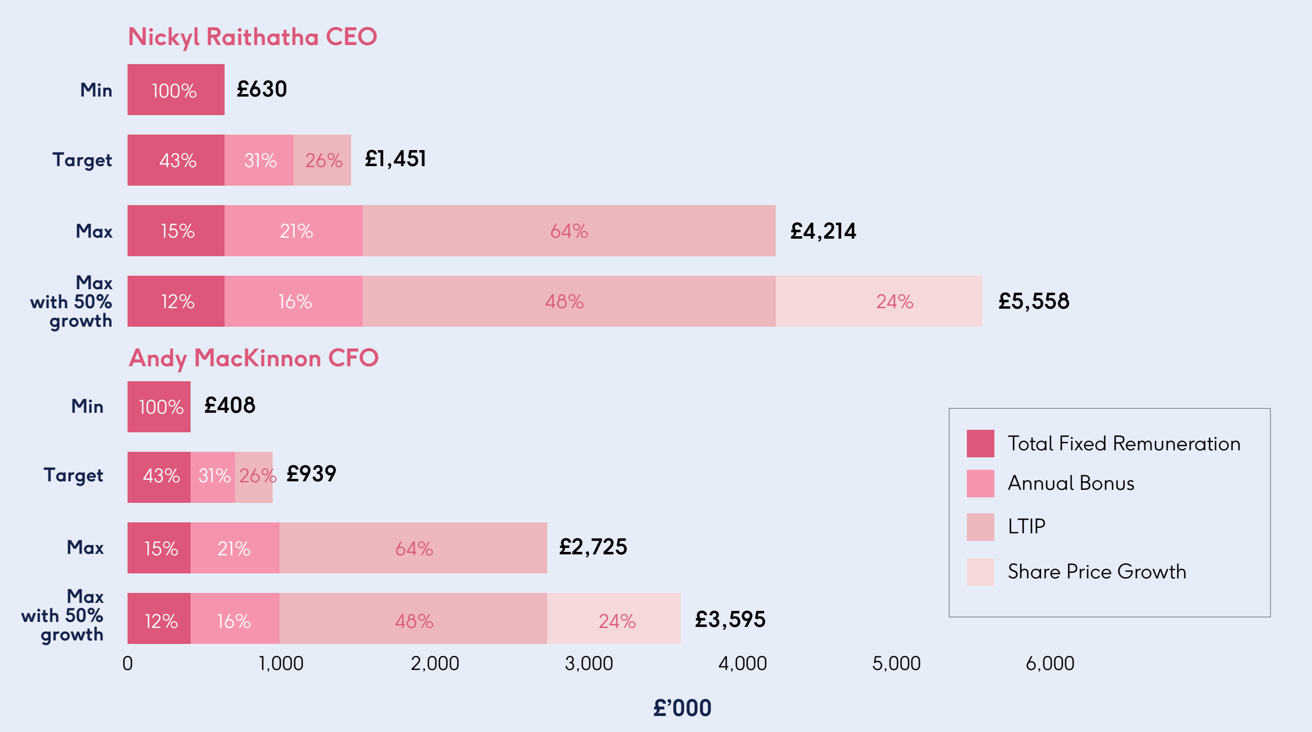
Non-Executive Directors

On appointment of a new Chair of the Board or NED, the fees will be set taking into account the experience and calibre of the individual and the prevailing rates of other non-executives at the time.

Illustration of the Policy in different performance scenarios

The charts below illustrate the potential future value and composition of the Executive Directors' remuneration opportunities in four performance scenarios: minimum, on-target (i.e. in line with the Company's expectations), maximum, and maximum plus 50% share price appreciation, a scenario where 50% share price appreciation is included. The potential remuneration opportunities are based on the 2023 Remuneration Policy.

Performance scenario	Includes, for both CEO and CFO
Minimum	Salary, pension and benefits (fixed remuneration). No bonus award. No vesting under the LTIP. Fixed remuneration.
On-target	50% of maximum annual bonus award (75% of salary). 25% vesting of the core award under the LTIP (62.5% of salary). Fixed remuneration.
Maximum	100% of maximum annual bonus award (150% of salary). 100% vesting of the FY23 LTIP award (450% of salary). Fixed remuneration.
Maximum +50%	100% of maximum annual bonus award. 100% vesting of the FY23 LTIP award, plus 50% share price appreciation[1].



Note to both chart above and table on opposite page

1 The value of the LTIP includes share price appreciation of 50% as required by the reporting regulations.

Executive Directors' service contracts

The service contracts for Nickyl Raithatha and Andy MacKinnon provide for an equal notice period from the Group and the Executive of a maximum 12 months' notice and any contracts for newly appointed Executive Directors will provide for equal notice in the future. The date of each service contract and unexpired term is set out in the table below:

	Date of service contract	Unexpired term (months)
Nickyl Raithatha	10 January 2021	12 month rolling
Andy MacKinnon	10 January 2021	12 month rolling

Non-Executive Directors' terms of appointment

The Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment for no more than three years, subject to annual reappointment at the AGM, with a three-month notice period by either side. The appointment letters provide that no compensation is payable on termination, other than fees accrued and expenses. The date of appointment and the length of service for each Non-Executive Director are shown in the table below:

	Date of appointment	Unexpired term of current letter of appointment as at 2023 AGM (years and months)	Length of service as at 2023 AGM (years and months)
Kate Swann	10 January 2021	Nil	2 years 8 months
David Keens	10 January 2021	Nil	2 years 8 months
Niall Wass	10 January 2021	Nil	2 years 8 months
Susan Hooper	10 January 2021	Nil	2 years 8 months
Simon Davidson	10 January 2021	Nil	2 years 8 months
ShanMae Teo	27 June 2022	1 year 9 months	1 year 3 months

The Non-Executive Directors appointed in January 2021 ahead of Admission have letters of appointment that expire at the conclusion of the 2023 AGM. The Company proposes to issue new letters of appointment for each of those Directors for a three-year term, commencing at the conclusion of the 2023 AGM, subject to shareholder approval of the re-election of those Directors at the 2023 AGM. On termination, at any time, a Non-Executive Director is entitled to any accrued but unpaid Director's fees but not to any other compensation.

Policy on payment for departure from office

On termination of an Executive Director's service contract, the Committee will take into account the departing Director's duty to mitigate his/her loss when determining the amount of compensation. The Committee's policy is described below and will be implemented taking into account the contractual entitlements, the specific circumstances for the departure and the interests of shareholders:

Component of pay	Voluntary resignation or termination for cause	"Good leaver" (e.g. Death, ill health, disability)	Departure on agreed terms
Base salary	Paid for the proportion of the notice period worked and any untaken holidays pro-rated to the leaving date.	Paid for the proportion of the notice period worked and any untaken holidays pro-rated to the leaving date. A Payment In Lieu of Notice ("PILON") may be made in instalments subject to mitigation.	Treatment will normally fall between the two treatments described in the previous columns, subject to the discretion of the Committee and the terms of any termination agreement.
Benefits and pension	Paid for the proportion of the notice period worked (including garden leave).	Paid for the proportion of the notice period worked (including garden leave).	
Annual bonus cash	Cessation of employment during a bonus year will normally result in no cash bonus being paid.	Cessation of employment during a bonus year or after the year end but prior to the normal bonus payment date will result in cash and deferred bonus being paid and pro-rated for the relevant portion of the financial year worked and performance achieved.	The Committee will have the authority to settle any legal claims against the Company, e.g. for unfair dismissal etc, that might arise on termination.
Annual bonus deferred shares	Unvested deferred shares will lapse.	Awards will normally continue to vest on their original vesting date unless the Committee determines they should vest earlier.	In the event of a change of control or similar event, awards may vest early subject to performance and, normally, any bonus or LTIP would be subject to pro-rating. Alternatively, awards may be rolled over.
LTIP awards	Unvested performance shares will lapse.	Performance shares will normally be retained by the individual for the remainder of the vesting period and remain subject to the relevant performance conditions and ordinarily subject to time proration. The Committee will retain discretion to assess performance and allow awards to vest at an earlier date if considered appropriate.	
Options under SIP/SAYE Scheme	As per HMRC regulations.	As per HMRC regulations.	
Other	None.	Disbursements such as legal costs and outplacement fees may be payable as appropriate.	

Annual Report on Remuneration

The Directors' Remuneration Report that follows has been prepared in accordance with the Listing Rules, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Companies Act 2006.

Implementation of Policy for FY24

For FY24 and subject to approval of the 2023 Remuneration Policy, the Executive Directors will be remunerated as summarised in the table below.

Component of Policy	Implementation for FY24
Base salaries	CEO: £597,400 (nil increase) CFO: £386,250 (nil increase) Assuming the 2023 Remuneration Policy is implemented, no salary increases are proposed for FY24. Across the Group, the average pay increase for UK employees for FY24 is 8.8%.
Benefits and pension	Pension contribution of 5% of salary, paid via payroll. No changes to benefit provisions.
Annual bonus	Maximum 150% of salary (target bonus is 50% of maximum). Subject to the following performance conditions: • Revenue – 30% weighting. • Adjusted EBITDA – 50% weighting. • Non-financial – 20% weighting, which will consist of three sub-measures relating to customer net promoter score, employee engagement and obtaining supplier commitments to set Scope 3 greenhouse gas emission reductions targets that are aligned to SBTi consistent with the Group's ESG Goal 2. Consistent with market practice, the target ranges are currently commercially sensitive and will be reported next year.
LTIP – core award	Core award of 250% of salary. This is to be achieved through granting 200% in June in the normal way with a further 50% (using the then prevailing market value) following approval of the 2023 Remuneration Policy at the AGM in September (with the same performance conditions applying). Core awards will be subject to the following conditions: • 50% of the Award: relative TSR, comparing the Company's share price for the three-month average to 30 April 2026 versus the constituents of the FTSE 250 (excluding investment trusts) over the same period. 25% of this component will vest at median rising on a straight-line basis to 100% at upper quartile; and • 50% of the Award: Adjusted Basic Pre-Tax EPS for the year ending April 2026. 25% of this component will vest at 19.5p rising on a straight-line basis to 100% at 21.5p.
LTIP – one-off award (FY24 only)	One-off award of 200% of salary. One-off awards will be subject to the following conditions: • 50% of the Award: relative TSR, comparing the Company's share price for the three-month average to 30 April 2026 versus the constituents of the FTSE 250 (excluding investment trusts) over the same period. 25% of this component will vest at upper quartile rising on a straight-line basis to 100% at upper 15th percentile; and • 50% of the Award: Adjusted Basic Pre-Tax EPS for the year ending April 2026. 25% of this component will vest at 21.5p rising on a straight-line basis to 100% at 23.5p.
Non-Executive Director fees	Chair fee: £244,007 Non-Executive Director base fee: £63,654 Senior Independent Non-Executive Director fee: £10,609 Audit and Remuneration Committee Chair fee: £10,609 Designated Non-Executive Director for workforce engagement fee: £5,305 The base fees for Chair and Non-Executive Directors have been increased by 3.0% from 1 May 2023.

Directors' Remuneration report

Single Total Figure of Remuneration (audited)

The tables below show the total remuneration for the financial year ended 30 April 2023 and the comparator information for the previous financial year.

For the year ended 30 April 2023	Nickyl Raithatha	Andy MacKinnon	Kate Swann	David Keens	Susan Hooper	Niall Wass	Simon Davidson	ShanMae Teo[1]
Base salary/fees[2]	£597,400	£386,250	£236,900	£82,400	£77,250	£61,800	£61,800	£52,451
Benefits[3]	£2,406	£2,406	–	–	–	–	–	–
Pension[4]	£29,870	£19,313	–	–	–	–	–	–
Total fixed pay	**£629,676**	**£407,969**	**£236,900**	**£82,400**	**£77,250**	**£61,800**	**£61,800**	**£52,541**
Annual bonus	£60,039	£38,818	–	–	–	–	–	–
LTIP	–	–	–	–	–	–	–	–
Total variable pay from ongoing pay	**£60,039**	**£38,818**	**–**	**–**	**–**	**–**	**–**	**–**
Legacy pre-IPO award[5]	£5,576,561	£1,858,854	–	–	–	–	–	–
Total variable pay including legacy awards	**£5,636,600**	**£1,897,672**	**–**	**–**	**–**	**–**	**–**	**–**
Total remuneration	**£6,266,276**	**£2,305,641**	**£236,900**	**£82,400**	**£77,250**	**£61,800**	**£61,800**	**£52,541**

For the year ended 30 April 2022	Nickyl Raithatha	Andy MacKinnon	Kate Swann	David Keens	Susan Hooper	Niall Wass	Simon Davidson	ShanMae Teo
Base salary/fees	£580,000	£375,000	£230,000	£70,000	£75,000	£60,000	£60,000	–
Benefits[3]	£2,700	£2,700	–	–	–	–	–	–
Pension[4]	£29,000	£18,750	–	–	–	–	–	–
Total fixed pay	**£611,700**	**£396,450**	**£230,000**	**£70,000**	**£75,000**	**£60,000**	**£60,000**	**–**
Annual bonus	£822,150	£531,563	–	–	–	–	–	–
LTIP	–	–	–	–	–	–	–	–
Total variable pay	**£822,150**	**£531,563**	**–**	**–**	**–**	**–**	**–**	**–**
SAYE Scheme[6]	£4,756	£4,756	–	–	–	–	–	–
Total other pay	**£4,756**	**£4,756**	**–**	**–**	**–**	**–**	**–**	**–**
Total remuneration	**£1,438,606**	**£932,769**	**£230,000**	**£70,000**	**£75,000**	**£60,000**	**£60,000**	**–**

Notes to both tables:

1 Remuneration from date of appointment.
2 Salaries and fees were increased by 3.0% for FY23.
3 Benefits consisted of life insurance, private medical and dental insurance.
4 The Executive Directors each receive pension benefits equivalent to 5% of salary (unchanged from FY22). No Executive Director has a prospective entitlement to a defined benefit pension.
5 The value of the legacy pre-IPO award includes the cash element and the share element, with the value of the share element calculated using the Company's share price for the 90-day average to 30 April 2023. The FY23 figures will be adjusted in the FY24 report to reflect the actual share prices at the dates of vesting, which will take place after the publication of this year's report. As performance was assessed at the end of FY23, the total amount under this award is included although half of these amounts remains subject to employment over an additional 12-month period.
6 The SAYE Scheme amount refers to the discount on the awards, during the year stated, under the Group's all-employee SAYE Scheme.

Annual bonus (audited)

The maximum bonus opportunities for FY23 were 150% of salary for each of the CEO and the CFO (unchanged from FY22). The annual bonus was based on the achievement of Group financial targets and a set of specific and quantifiable strategic objectives.

Performance targets and actual outturn are set out below:

Performance measure	Weighting	Threshold	Target	Maximum	Actual FY23 achievement	Bonus outcome (% of total bonus)
Financial Measures:						
Revenue	30.0%	£334.9m	£352.5m	£370.1m	£320.1m	0%
Adjusted EBITDA	50.0%	£85.6m	£90.1m	£94.6m	£84.2m	0%
ESG Measures:						
Customer NPS	6.7%	71	72	73	60	0%
Employee Engagement Score	6.6%	64%	66%	68%	61%	0%
Renewable energy mix at the Group's two new fulfilment centres[1].	6.7%	65%	75%	85%	95%	6.7%
Total	**100.0%**					**6.7%**

1 Subject to delivery of a gateway requirement to measure our value chain (Scope 3) greenhouse gas emissions and set a reduction target.

The performance targets were set at the start of the year based on internal budgets, external forecasts, and the Committee's view at the time of the macroeconomic environment. The financial targets were set on a stretching, yet realistic basis. The Committee believes that the FY23 targets are no less stretching than those set in previous years.

Following the acquisition of Experiences, the financial targets were re-expressed to include this segment to ensure that the targets were neither easier nor harder to achieve as a result of the acquisition. The ESG targets were not re-expressed (and hence remain specific to Moonpig and Greetz), as management needed to align the way these measures are captured and calculated across segments. For FY24, all measures will have targets set on a Group basis.

Despite a decline in consumer demand driven by external macroeconomic factors from October 2022 onwards, the Group's performance was resilient. Management mitigated the negative impact on revenue to a single-digit percentage year-on-year reduction, ensured that full year Adjusted EBITDA remained in line with expectations and maintained investments to support future growth. In the circumstances, these outcomes represented impressive operational delivery, however no bonus was awarded for the financial metrics as revenue and Adjusted EBITDA were both more than 5% lower than the Group's internal targets.

Regarding ESG measures, the Group's employee engagement score and customer NPS were both below threshold. For employee engagement, this reflected the challenges of operating in an environment of heightened cost discipline, whilst the primary impact on customer NPS has been poor service delivery by Royal Mail resulting from industrial action. The Group did however deliver the renewable energy target at maximum while meeting the gateway requirement to measure out Scope 3 greenhouse gas emissions and set a reduction target.

The resulting bonus represented 6.7% of the maximum opportunity, resulting in payments of £60,039 and £38,818 for the CEO and CFO respectively. Although individual performance was strong and the Group's performance in the year was resilient, the Committee believes that the formulaic outcomes of the bonus calculation are appropriate and has not applied discretion.

Payment of these bonuses will be made in July 2023 with 67% payable in cash and the remainder deferred into shares for three years; the deferred share element is not subject to any further performance conditions other than continued service (but may be subject to malus and clawback).

Directors' Remuneration report

Awards vested in the year (audited)

There were no LTIP awards that vested in the year.

The legacy pre-IPO awards are in two tranches, the first tranche is due to be paid in July 2023 and the second tranche is due to be paid shortly after 30 April 2024. The value of both tranches has been included in the single total figure of remuneration table for FY23. The share values for each tranche will be adjusted in the FY24 report to reflect the actual share prices at the dates of exercise, which will take place after the publication of this year's report.

As disclosed in previous year's reports, various legacy arrangements were agreed by the then-shareholder prior to Admission that do not form part of the Policy. These were also normal in the context of private equity backed companies. Legacy pre-IPO Awards were made to the Executive Directors and certain members of management with an amount to be settled in cash and an amount in awarded as shares. The legacy pre-IPO Awards vested on 30 April 2023 as the following targets were met in full:

	Threshold (25%)	Target (50%)	Max (100%)	Outcome	Achieved
Revenue	£255.0m	£265.0m	£275.0m	£320.1m	100.0%
Adjusted EBITDA	£60.0m	£65.0m	£70.0m	£84.2m	100.0%

Executive Director	Number of awards vesting	Cash value vesting £	Total value included in the single total figure[1] £
Nickyl Raithatha	1,189,286	4,162,500	5,576,561
Andy MacKinnon	396,429	1,387,500	1,858,854

1 The value of the legacy pre-IPO award includes the cash element and the share element of both tranches, with the value of the share element calculated using the Company's share price for the 90-day average to 30 April 2023.

Awards granted in the year (audited)

LTIP

Details of the long-term incentive awards granted to the Executive Directors in FY23 under the LTIP are set out below. As disclosed in last year's report, the Committee and Executive Directors were conscious that the share price had fallen materially since IPO and that a grant calculated using the share price at the date of grant would result in their grants being made over a larger number of shares than originally envisaged. Accordingly, the awards were reduced from the Policy award levels of 200% and 150% to 170% and 127.5% respectively at the request of the CEO and CFO.

Executive Director	Number of awards granted during the year[1,2]	Market price at date of award £[3]	Date of grant/ award	Value of award at date of grant £	Performance period	Exercisable/ capable of vesting from[4]
Nickyl Raithatha	456,378	2.2253	5 July 2022	1,015,580	1 May 2022 – 30 April 2025	5 July 2025
Andy MacKinnon	221,304	2.2253	5 July 2022	492,469	1 May 2022 – 30 April 2025	5 July 2025

1 These awards are subject to the following Total Shareholder Return ("TSR") and Adjusted EPS performance conditions, as 50% of the Award: relative TSR, comparing the Company's share price for the three-month average to 30 April 2025 versus the constituents of the FTSE 250 (excluding investment trusts) over the same period (except that their base price will be the three-month average to IPO). 25% of this component will vest at median rising on a straight-line basis to 100% at upper quartile; and 50% of the Award: Adjusted Basic Pre-Tax EPS for the year ending April 2025. As disclosed in the FY22 Annual Report, following completion of the acquisition of Buyagift, the Committee considered whether the EPS range should be adjusted to ensure that it remains equally demanding, taking into account both the impact of the acquisition and the net financing costs incurred. After consideration, the Committee decided to re-express the EPS condition as follows: 25% of this component will vest at 20.2p (increased from 19.0p) rising on a straight-line basis to 100% at 21.6p (increased from 20.4p).

2 All of the above awards were granted for nil consideration.

3 Calculated by using the three-day average share price on the three trading days prior to the date of grant.

4 The awards are subject to a two-year post-vesting holding period.

DSBP

Conditional share awards were granted under the Deferred Share Bonus Plan ("DSBP") to Executive Directors for the deferred element (33%) of their FY22 annual bonuses. The table below shows the details of DSBP awards granted during the year.

Executive Director	Number of shares subject to DSBP award	Market price at date of award[1] £	Date of grant/ award	Face value of DSBP award on grant[2] £	Exercisable/ capable of vesting from[3]
Nickyl Raithatha	121,920	2.2253	5 July 2022	271,309	5 July 2025
Andy MacKinnon	78,827	2.2253	5 July 2022	175,415	5 July 2025

1 Calculated by using the three-day average share price on the three trading days prior to the date of grant.
2 Equates to 33% deferral of FY22 bonus.
3 DSBP awards vest after three years, subject to continued service only.

Share interests and incentives (audited)

	Shares owned outright as at 30 April 2023[1]	Subject to continued employment[2]	Options unvested and subject to performance conditions[3]	Options vested but not exercised	Total shares available	Shareholding as a percentage of salary[4]	Shareholding requirement met
Executive Directors							
Nickyl Raithatha	4,104,428	779,731	787,806	594,643	6,266,608	1256%	Yes
Andy MacKinnon	687,285	303,127	382,018	198,214	1,570,644	421%	Yes
Non-Executive Directors							
Kate Swann	2,466,562	–	–	–	2,466,562	N/a	N/a
David Keens	120,000	–	–	–	120,000	N/a	N/a
Niall Wass	75,498	–	–	–	75,498	N/a	N/a
Susan Hooper	14,286	–	–	–	14,286	N/a	N/a
Simon Davidson[1]	–	–	–	–	–	N/a	N/a
ShanMae Teo	45,156	–	–	–	45,156	N/a	N/a

1 This represents direct interests held in Moonpig Group plc including SIP shares. Simon Davidson holds indirect interests in Moonpig Group plc as he is a connected person to Exponent. Exponent held 41,187,780 shares in Moonpig Group plc as at 30 April 2023.
2 Awards subject to continued employment are SAYE Scheme shares, awards made under the DSBP and the second tranche of the one-off legacy pre-IPO awards which have now vested.
3 Awards subject to performance conditions include LTIP awards.
4 The shareholding as a percentage of salary relates to those shares and awards not subject to ongoing performance conditions. The share price used is £1.369 being the closing price as at 30 April 2023.
5 Since the FY23 year-end and to the date of this Annual Report and Accounts, there have been no changes in the shareholdings shown in the table above.

Directors' Remuneration report

Directors' share-based rewards and options (audited)

Details of all Directors' interests in the Company's share-based reward schemes are shown in the tables below:

Nickyl Raithatha

Scheme	Awards/ options held at 1 May 2022	Number of awards granted during the year	Exercised during the year	Lapsed during the year	Awards/ options held at 30 April 2023	Exercise price/ market price at date of award £	Date of grant/award	Exercisable/capable of vesting from
Legacy pre-IPO award[1]	1,189,286	–	–	–	1,189,286	3.5000	1 February 2021	50% 30 April 2023 50% 30 April 2024
LTIP[2]	331,428	–	–	–	331,428	3.5000	1 February 2021	30 April 2024
SAYE[3]	5,960	–	–	–	5,960	3.0200	3 September 2021	1 October 2024
DSBP[4]	57,208	–	–	–	57,208	3.8180	6 August 2021	6 August 2024
DSBP[5]	–	121,920	–	–	121,920	2.2253	5 July 2022	5 July 2025
LTIP[6]	–	456,378	–	–	456,378	2.2253	5 July 2022	5 July 2025
Totals	**1,583,882**	**578,298**	**–**	**–**	**2,162,180**			

Andy MacKinnon

Scheme	Awards/ options held at 1 May 2022	Number of awards granted during the year	Exercised during the year	Lapsed during the year	Awards/ options held at 30 April 2023	Exercise price/ market price at date of award £	Date of grant/award	Exercisable/capable of vesting from
Legacy pre-IPO award[1]	396,429	–	–	–	396,429	3.5000	1 February 2021	50% 30 April 2023 50% 30 April 2024
LTIP[2]	160,714	–	–	–	160,714	3.5000	1 February 2021	30 April 2024
SAYE[3]	5,960	–	–	–	5,960	3.0200	3 September 2021	1 October 2024
DSBP[4]	20,125	–	–	–	20,125	3.8180	6 August 2021	6 August 2024
DSBP[5]	–	78,827	–	–	78,827	2.2253	5 July 2022	5 July 2025
LTIP[6]	–	221,304	–	–	221,304	2.2253	5 July 2022	5 July 2025
Totals	**583,228**	**300,131**	**–**	**–**	**883,359**			

1 The performance conditions for the legacy pre-IPO awards have been met in full. The award has vested in full. 50% of the award will be exercisable shortly after the announcement of the FY23 year end results and the remaining 50% will become exercisable shortly after 30 April 2024 subject to satisfaction of the employment conditions.
2 The performance period will end on 30 April 2024. The performance conditions are for 50% of the Award: the Company's relative TSR comparing the Offer Price to the three-month average to 30 April 2024 versus the constituents of the FTSE 250 (excluding investment trusts) over the same period (except that their base price will be the three-month average to IPO). 25% of this component will vest at median rising on a straight-line basis to 100% at upper quartile; and 50% of the Award: the Company's Adjusted Basic Pre-Tax EPS (as stated in the Prospectus, this was initially granted as an Adjusted EBITDA range of £75.0m-£80.0m but with a commitment to re-express on this basis once the capital structure was settled) to April 2024. This excludes the cost of the legacy incentive items and the all-employee IPO awards as they are expected to be one-off expenses, albeit they are not currently expected to be classified as exceptional items in the Group's income statement. 25% of this component will vest at 14.5p rising on a straight-line basis to 100% at 15.9p.
3 Details of the SAYE Scheme are shown in Note 20 to the accounts.
4 DSBP awards equate to 33% deferral of bonus payable in FY22 in relation to performance for FY21.
5 DSBP awards equate to 33% deferral of bonus payable in FY23 in relation to performance for FY22.
6 The performance period will end on 30 April 2025. These awards are subject to the following Total Shareholder Return ("TSR") and Adjusted EPS performance conditions, as 50% of the Award: relative TSR, comparing the Company's share price for the three-month average to 30 April 2025 versus the constituents of the FTSE 250 (excluding investment trusts) over the same period (except that their base price will be the three-month average to IPO). 25% of this component will vest at median rising on a straight-line basis to 100% at upper quartile; and 50% of the Award: Adjusted Basic Pre-Tax EPS for the year ending April 2025. 25% of this component will vest at 19.0p rising on a straight-line basis to 100% at 20.4p. The awards are subject to a two-year post-vesting holding period.
7 All of the above awards excluding the SAYE awards were granted for nil consideration.
8 The LTIP and DSBP awards are subject to clawback provisions.
9 The value of awards for the Executive Directors which will become exercisable in FY24 are shown in the single figure of total remuneration table on page 118.
10 The market price of the ordinary shares at 30 April 2023 was 136.9p and the closing range during the year was 103.1p to 272.2p.

Performance graph against FTSE 250

The following chart shows the value, by 30 April 2023, of £100 invested in the Company on Admission (at the IPO price of £3.50) compared with the value of £100 invested in the FTSE 250 Index. The FTSE 250 Index (excluding Investment Trusts) provides the most appropriate and widely recognised "broad market equity index" for benchmarking the Company's corporate performance. As the data becomes available, this chart will be expanded to contain up to 10 years of TSR performance data.

Total shareholder return

CEO total remuneration

The table below sets out the CEO's single figure of total remuneration (rounded up to the nearest £1,000) over the same period as for the TSR chart above, together with the percentage of annual bonus paid and the vesting of long-term incentives as a percentage of maximum. Over time, 10 years' ratios will be provided.

	FY21	FY22	FY23
Total remuneration (£000)	£870	£1,439	£6,266
Annual bonus paid (as % of maximum)	100.0%	94.5%	6.7%
LTIP vesting (as % of maximum)	N/a	N/a	100%[1]

1 This refers to the legacy pre-IPO award.

Percentage change in Directors' remuneration

The table below shows the annual percentage change in base salary, benefits and bonus in respect of the Directors of the Company and the average for all other UK Group employees. Where a Director does not have comparable data for FY22 they have been excluded from the table. As the Experiences segment was not part of the Group for FY22 estimates have been made of the percentage changes of some Group employees in some cases. Over time, the percentage change over a five year rolling period will be disclosed.

	% change in salary/fees (FY22-FY23)[1]	% change in benefits (FY22-FY23)[1]	% change in annual bonus (FY22-FY23)[1]	% change in salary/fees (FY21-FY22)[2]	% change in benefits (FY21-FY22)[2]	% change in annual bonus (FY21-FY22)[2]
Nickyl Raithatha	3%	(11%)	(92.7%)	197%	126%	24%
Andy MacKinnon	3%	(11%)	(92.7%)	203%	126%	128%
Kate Swann	3%	N/a	N/a	192%	N/a	N/a
David Keens[3]	18%	N/a	N/a	214%	N/a	N/a
Susan Hooper	3%	N/a	N/a	206%	N/a	N/a
Niall Wass	3%	N/a	N/a	206%	N/a	N/a
Simon Davidson	3%	N/a	N/a	206%	N/a	N/a
ShanMae Teo	N/a	N/a	N/a	N/a	N/a	N/a
Average of UK Group employees	8.8%	0%	(92.7%)	199%	99.2%	(2.5%)

1 The comparative figures used for the Board are the actual figures used in the Single figure of total remuneration table on page 118. All other employee figures are calculated on a cash basis.
2 FY21 was a transition year for the Group, as it moved from being a private to a listed company. The percentage changes set out above are considered to be representative of that transition rather than underlying remuneration changes from year to year.
3 David Keens received an additional fee as Senior Independent Non-Executive Director from FY23. The fees he received in FY23 as an Independent Non-Executive Director and as Chair of the Audit Committee increased by 3.0% from FY22.

Directors' Remuneration report

CEO pay ratio

The CEO to employee pay ratios are set out below. Over time, 10 years' ratios will be provided.

		25th percentile			Median percentile			75th percentile		
Financial year	Method	Pay ratio	Total pay and benefits £	Salary £	Pay ratio	Total pay and benefits £	Salary £	Pay ratio	Total pay and benefits £	Salary £
FY21	A	45.0:1	19,321	12,782	27.8:1	31,248	20,199	17.2:1	50,752	28,621
FY22	A	25.1:1	57,370	44,033	17.5:1	82,145	62,334	12.9:1	111,114	85,000
FY23	A	198.1:1	32,000	30,000	115.2:1	54,000	50,000	75.9:1	83,000	75,000

The Company has used Option A as the method of calculating the above ratios and calculated the pay and benefits of all UK employees on a full-time equivalent basis as this is felt to be the most statistically accurate way of calculating the ratio. The Group has used pay data as of 30 April 2023 to determine the ratios seen in the above table. We have endeavoured to ensure that relevant comparisons are made on a consistent basis.

The higher ratio in FY23 reflects the fact that the financial performance conditions for the pre-IPO award related to this financial year and were met in full. The full amount of the pre-IPO award is recognised in CEO pay FY23 however half of the award remains subject to an employment condition and does not vest until 30 April 2024. The reduction in median salaries reflects the significant change in the Group's employee base as set out below under "Relative importance of spend on pay", including the creation of new operational roles at lower wage rates in our new Tamworth facility and the acquisition of Experiences where average salaries have historically been lower.

The future movement in the ratio will be considered by the Remuneration Committee as appropriate, noting that volatility in the headline number is expected over the next few years as legacy items and incentive pay outcomes for the CEO are more variable.

Relative importance of spend on pay

The table below illustrates the year-on-year change in total remuneration as per Note 7 to the Financial Statements compared to the change in shareholder returns, which would include capital returns, dividends and share buybacks. The year-on-year movement in employee costs reflects a significant change in the composition of the Group's employee base which has increased from an average of 447 employees in FY22 to 730 employees in FY23. Alongside expansion of our technology teams we have opened new operational facilities creating new roles at lower wage rates and acquired the Experiences segment at which average salaries have historically been lower than at Moonpig.

	FY23 £000	FY22 £000	% change
Employee costs	42,850	38,477	11.4%
Distribution to shareholders	£0	£0	–

Payments for loss of office and/or payments to former Directors (audited)

No payments for loss of office, nor payments to former Directors were made during FY23.

Dilution limits

The Company intends to comply with the guidance of The Investment Association on dilution limits. No change to the 5% limit is proposed and dilution will be managed accordingly. The table below shows the current and prior year utilisation:

	Dilution (% of issued share capital)		Utilisation of headroom (% of limit)	
	FY23	FY22	FY23	FY22
Limit of 5% in any ten years under all executive share plans	<1%	<1%	17%	<1%
Limit of 10% in any ten years under all share plans	1%	<1%	11%	<1%

Statement of shareholding voting

The votes cast by proxy at AGMs in relation to resolutions regarding Directors' remuneration are set out in the table below:

	Remuneration Policy (binding vote at 2021 AGM)		Remuneration Report (advisory vote at 2022 AGM)	
	Votes	%	Votes	%
Votes in favour	252,769,145	99.37	245,220,349	99.40
Votes against	1,607,273	0.63	1,471,331	0.60
Total votes cast (excluding votes withheld)	254,376,418	100.00	246,691,680	100.00
Votes withheld	500	–	1,323	–

On behalf of the Board.

Susan Hooper

Chair of the Remuneration Committee
28 June 2023

Directors' report

The Directors present their report, together with the audited consolidated financial statements for the year ended 30 April 2023.

The Directors' report, together with the Strategic report on pages 1 to 75, represents the management report for the purposes of compliance with The Disclosure Guidance and Transparency Rules 4.1.R ("DGTR").

In accordance with section 414C(11) of the Companies Act 2006, the Board has included certain disclosures in the Strategic report set out below:

Subject matter	Page
Future business developments	CEO review pages 6 to 9 Strategy pages 18 to 23
Diversity and inclusion	ESG pages 28 to 31 and pages 48 to 49
Going concern and viability statement	Viability statement section pages 72 to 73
Risk management	Risk management section pages 66 to 72
Climate-related financial disclosures, greenhouse gas consumption, energy consumption and energy efficiency action	ESG pages 32 to 47
Disabled employees	Non-financial information section pages 74 to 75
Employee engagement	Section 172(1) statement page 25
Business relationships with suppliers, customers and other stakeholder engagement	Section 172(1) statement and stakeholder engagement pages 24 to 26
Charitable donations	ESG page 50
Important events since the financial year end	Note 26 of the Group financial statements page 180

Compliance with the UK Corporate Governance Code 2018

This Annual Report has been prepared with reference to the Code. During the year, the Group has complied with all relevant provisions of the Code. Further information on the Company's application of the principles and provisions of the Code can be found in the corporate governance report on pages 76 to 129. The Code is publicly available at www.frc.org.uk.

Corporate governance statement

The information that fulfils the requirements of the corporate governance statement for the purposes of the DGTR can be found in the corporate governance information on pages 76 to 129 (all of which forms part of this Directors' report) and in this Directors' report.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the 2023 AGM.

Disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Insurance and indemnities

The Group has maintained Directors' and Officers' Liability Insurance cover throughout the year. The Directors can obtain legal or other relevant advice at the expense of the Company in their capacity as Directors. The Company has also provided a qualifying third-party indemnity to each Director as permitted by Section 234 of the Companies Act 2006 and by the Articles, which remain in force at the date of this report.

Political donations

It is not the policy of the Company to make political donations as contemplated by the Act. However, as a result of broad definitions used in the Act, normal business activities of the Company, which might not be considered political donations or expenditure in the usual sense, may possibly be construed as political expenditure or as a donation to a political party or other political organisation and fall within the restrictions of the Act. This could include sponsorships, subscriptions, payment of expenses, paid leave for employees fulfilling public duties and support for bodies representing the business community in policy review or reform. The Board obtained renewed shareholder approval at the Company's 2022 AGM, in line with best practice, to authorise the Company to make political payments up to a maximum aggregate amount of £100,000 and proposes a similar resolution at the 2023 AGM.

The Group did not make any political donations or incur political expenditure during the reporting year.

Directors' report

Subsidiaries, principal activities and branches

The Company acts as a holding company for the Group of subsidiaries. The Group's subsidiaries are set out on page 180 of the financial statements. One of the Group's principal UK operating subsidiaries, Moonpig.com Limited, currently has two overseas branches in the Bailiwick of Guernsey and the Republic of Ireland.

Share capital

Details of the Company's share capital, together with details of the movements in share capital during the year, are shown on page 187 of the accounts. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at a general meeting of the Company.

Substantial shareholdings

As at 30 April 2023 and as at the date of this report, the following information has been received, in accordance with Rule 5 of the DGTR, from holders of notifiable interests in the Company's issued share capital. The information provided below is correct at the date of notification and represents direct interests only.

	As at 30 April 2023		As at the date of this report	
Holder	Number of shares	Voting rights (%)	Number of shares	Voting rights (%)
Exponent	41,187,780	12.00	41,187,780	12.00
Liontrust Investment Partners LLP	37,009,785	10.81	37,009,785	10.81
Abrdn plc	30,444,425	8.89	30,444,425	8.89
LCP VIII Holdings, L.P.	18,899,493	5.50	18,899,493	5.50
JPMorgan Chase & Co.	17,390,916	5.08	N/a	N/a
Norges Bank	10,297,611	3.01	10,517,725	3.07

Information provided to the Company pursuant to Rule 5 of the DGTR is published on a Regulatory Information Service and on the Company's corporate website at www.moonpig.group.

Articles of Association and powers of the Directors

The Company's Articles of Association (the "Articles") contain the rules relating to the powers of the Company's Directors and their appointment and replacement mechanisms. The Articles may only be amended by special resolution at a general meeting of the shareholders. Subject to the Articles and relevant regulatory measures, including the Act, the day-to-day business of the Group is managed by the Board which may exercise all the powers of the Company. In certain circumstances, including in relation to the issuing or buying back by the Company of its shares, the powers of the Directors are subject to authority being given to them by shareholders in general meeting.

Authority to purchase own shares

At the AGM held on 20 September 2022, shareholders passed a special resolution in accordance with the Act to authorise the Company to purchase in the market a maximum of 34,211,162 ordinary shares, representing 10% of the Company's issued ordinary share capital as at 28 June 2022. No shares have been purchased under this authority. The authority will expire at the forthcoming AGM. The Directors are seeking renewal of the authority, in accordance with relevant institutional guidelines.

Compensation for loss of office

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid. There are, however, provisions of the Company's share plans that may allow options and awards granted to Directors and employees to vest on completion of a takeover offer.

Significant agreements - change of control

The Group has two significant agreements that would be terminable upon a change of control: the £255.0m Senior Facilities Agreement (which is described in more detail at note 23 to the financial statements) and the Relationship Agreement (which is described in more detail on the following page). On a change of control, any outstanding options and awards granted under the Group's share schemes would become exercisable, subject to any performance conditions being met and the terms of the options and awards.

Principal shareholder and relationship agreement

Exponent held 12.0% of the issued ordinary share capital of the Company as at 30 April 2023 and 12.0% as at the date of this report. Although Exponent is no longer a controlling shareholder in the Company, under the Relationship Agreement, Exponent undertook to comply with the following independence provisions:

- Transactions and arrangements between the Group and Exponent (and/or its associates) are and will be, at arm's length and on normal commercial terms.
- Neither Exponent nor any of its associates will take any action that would have the effect of preventing the Group from complying with its obligations under the LR, the DGTR, the requirements of the London Stock Exchange, the Financial Services and Markets Act ("FSMA"), the Financial Services Act 2012, Market Abuse Regulations ("MAR") or the Articles of Association.
- Neither Exponent nor any of its associates will propose, or procure the proposal of, a shareholder resolution that is intended or appears to be intended to circumvent the proper application of the Listing Rules.

The Group has complied with the above independence provisions and, insofar as it is aware, Exponent complied with the independence provisions and the procurement obligation set out in the Relationship Agreement from the effective date of the agreement.

If the shareholding of Exponent (and/or its associates) reduces to below 10% of the Company's share capital (or 10% of the aggregate voting rights in the Company), the rights and obligations of Exponent in terms of the Relationship Agreement shall terminate. Exponent may terminate the Relationship Agreement if the Company ceases to be admitted to listing. The ordinary shares owned by Exponent rank pari passu with the other ordinary shares in all respects.

Research and development

The Group is engaged in various research and development projects regarding innovating and enhancing its technology platforms and applications. These are set out in the Strategic report on pages 1 to 75.

Additional disclosures

The following information can be found elsewhere in this document, as indicated in the table below and is incorporated into this report by reference.

Disclosure	Page
Directors' interests	Directors' Remuneration report page 121
Directors of the Company	Board of Directors pages 76 to 79
Dividends	Non-financial information statement page 75
Financial instruments	Financial statements pages 141 to 187
Important events since the financial year-end	Events after the balance sheet date (Note 26) page 180
Statement of Directors' responsibilities	Statement of Directors' responsibilities pages 128 and 129

The Directors' report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved by the Board and signed on its behalf by:

Andy MacKinnon
Chief Financial Officer
28 June 2023

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law).

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 Group and Company and of the profit and loss of the Group for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable, relevant, reliable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in the Corporate Governance Section confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group.
- The Company financial statements, prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditor is unaware.
- They have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Approval of the Annual Report

The Strategic Report and the Corporate Governance Report were approved by the Board on 28 June 2023.

Approved by the Board and signed on its behalf.

Nickyl Raithatha
Chief Executive Officer
28 June 2023

Andy MacKinnon
Chief Executive Officer
28 June 2023

Moonpig Group plc
Registered in England and Wales No. 13096622

Independent auditors' report to the members of Moonpig Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Moonpig Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2023 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 April 2023; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 4 - Operating Profit, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The Group operates in five countries, across eight reporting units.
- We performed a full scope audit over the three significant components and the Company. In addition, we audited specific significant balances in one additional component which in total accounted for 100% of Group revenue and 97% of Group profit before tax after excluding adjusting items.

Key audit matters

- Acquisition accounting - Experience More Limited ("Experiences") (Group).
- Merchant accrual (Group).
- Capitalisation of development costs (Group).
- Carrying value of investment in subsidiary (Parent Company).

Materiality

- Overall Group materiality: £2,380,000 (2022: £2,539,000) based on 5% of profit before tax after excluding adjusting items.
- Overall Company materiality: £2,140,000 (2022: £2,286,000) based on 1% of total assets capped at 90% of Group materiality.
- Performance materiality: £1,785,000 (2022: £1,904,250) (Group) and £1,605,000 (2022: £1,714,500) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Acquisition accounting - Experiences (Group) and Merchant accrual (Group) are new key audit matters this year which we have set out in detail below. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Acquisition Accounting - Experiences (Group) Refer to Note 1 (General Information) for the disclosure of critical accounting judgements and estimates, Note 2 for the accounting policies and Note 10 for Acquisition of subsidiary. In July 2022 the Group completed the acquisition of Experiences, operating both the Red Letter Days and Buyagift brands. The entity was purchased for a cash consideration of £124.3m and incurred transaction related costs of £5.3m. The total consideration paid, net of £35.7m cash acquired, was £88.6m. There is a risk of material misstatement to the financial statements from the application of IFRS 3 Business combinations, and the related valuation of the assets acquired, the liabilities assumed, and the consideration paid. The risk of material misstatement is inherently higher for the acquired intangible assets as the methodology used to value the intangibles is dependant on various assumptions and requires judgement. Management valuation experts supported the Group to complete a Purchase Price Allocation (PPA) exercise to determine the fair value of assets, liabilities and contingent liabilities acquired. Goodwill of £137.3m, Customer relationships of £32.1m and Brands of £7.7m were identified. The key areas of audit focus were: • The fair value of assets and liabilities acquired; • The completeness of the identified intangible assets; • The fair value of the Customer Relationships and Brands intangibles assets recognised including: – The key cash flows used to determine the fair value including revenue growth, gross margins and cost base assumptions; and – Discount rates and royalty rates applied to the cash flows. • The useful economic lives adopted by management for the amortisation of the purchased intangibles.	The audit procedures we performed to address the acquisition accounting risk were: • Supported by PwC valuation experts we assessed the PPA report prepared by management's experts including; – Evaluating the methodology used and confirmed that appropriate income approach techniques had been utilised in valuing the identified intangible assets; – Challenging the completeness of the intangibles recognised based on enquires and understanding of the business model; and – Auditing the key assumptions, including the discount rates, tax amortisation benefit, royalty rates and attrition rates. Challenged the key assumptions used in these areas, and performed sensitivities where rates differed from those we might typically use. • Agreed the consideration paid to bank statements and reconciled to the sale and purchase agreement; • Confirmed the completeness of assets and liabilities purchased at acquisition and tested to supporting evidence fair value adjustments; • Understood and challenged the cash flow forecasts utilised for the valuation of the brand and customer relationships and assessed how the assumptions and growth rates in these compared to historic results and industry reports; • Considered the appropriateness of the useful economic life assigned to the assets; and • Assessed the adequacy of disclosures of financial information. Based on the above procedures performed, we determined that the judgements and estimates made in determining the appropriate accounting framework for the PPA were reasonable, and the associated measurement and final classification of the balances and disclosures in Note 10 to the Consolidated Balance Sheet were appropriate.

Independent auditors' report to the members of Moonpig Group plc

Key audit matter	How our audit addressed the key audit matter
Merchant accrual (Group) Refer to Note 1 (General Information) for the disclosure of critical accounting judgements and estimates, Note 2 for the accounting policies and Note 16 for Trade and other payables. The Group recognised a £55.8m merchant accrual that represents the unpaid balance to merchant providers on unredeemed vouchers, which is net of the commission already recognised as revenue in the income statement. The Experiences segment recognises additional revenue if a voucher is not redeemed. An estimate of the number of vouchers that will not be redeemed, based on historic rates, is recognised at the point of sale, as required under IFRS 15, Revenue from contracts with customers. On a monthly basis the number of vouchers that have expired is compared to the estimate and an adjustment is recorded. The risk is therefore in respect of whether the assumptions applied by management, that underpin the liability and revenue recognition, are appropriate. Since acquisition there has been a higher non redemption rate which management attributes to the free extensions given during the pandemic, and is not expected to be reflective of future customer behaviour. The key areas of audit focus were: • The completeness of the accrual; • The appropriateness of the non-redemption rate; and • The true-up calculation to get to actual non-redemption revenue in the period.	The audit procedures we performed to address the estimate for the merchant accrual included the following: • Confirmed the completeness of the accrual by, tracing all cash receipts to revenue and the merchant accrual, testing the commission percentage due to merchants and the redemption of vouchers; • Analysed the historic non-redemption rate pre-pandemic to assess whether this supported the rate being used; • Challenged management whether the non-redemption rate should increase, in line with current year non-redemption rates experienced; • Analysed the period in the year post the expiry of the free pandemic extensions to assess whether the non-redemption rate was lower, and supportive of management's assumption; • Tested the adjustment to reflect actual non-redemption compared to the estimated amount; and • Assessed the adequacy of disclosures of financial information and challenged management to enhance the disclosure surrounding the merchant accrual. Based on the above procedures performed, we concur that management's estimate is materially accurate and appropriate disclosure has been included around the accounting basis and sensitivity of estimates.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of development costs (Group) Refer to Note 1 (General Information) for the disclosure of critical accounting judgements and estimates around capitalisation of internally generated assets, Note 2 for accounting policies and Note 11 for Intangible assets of the financial statements. The Group capitalised a total of £13.0m (FY22: £8.3m) internally developed intangible assets relating to technology and development costs during the year. This is made up of £11.7m of additions for the Moonpig segment and £1.3m for the newly acquired Experiences business. The risk is therefore whether appropriate costs have been capitalised and can be supported. The key areas of audit focus were: • Judgements around whether the capitalised projects meet all of the criteria under IAS 38 and around the split between capital and operational expenditure incurred in relation to the projects; • Appropriateness of the split of time booked by Engineers and Project managers across the various projects and the capitalisation rate used; • The useful economic lives adopted by management for the amortisation of internally generated intangibles.	The audit procedures we performed to address the risk around capitalised intangibles were: • Discussed with the Engineering and Product teams, Head of Financial Control, IT Director and members of the Financial Planning and Analysis team to understand the nature and objectives of the key projects undertaken during the year. We have also challenged the Engineers and Project managers on the accuracy of the time recorded across various projects including how they have appropriately excluded non-capitalisable time; • Tested management's monthly review control around the review and approval of monthly timesheet reports for accuracy by the Director of Engineering and the Chief Product and Technology Officer; • Verified the supporting documentation in relation to capitalisation approvals; • Assessed whether the IAS 38 capitalisation criteria has been met for a selection of projects by evaluating whether they are in active use, are technically feasible, and the level of economic benefit forecast to be generated from the investment. We have also held discussions with the respective Engineers and Project managers for these projects to understand the nature and how this improves the current technology offering creating future economic benefits; • Tested the accuracy of the inputs being timesheets, payroll cost rates and invoices for non-salary costs; • Assessed the appropriateness of the useful economic life by comparing against historical experience and the Group's viability statement around the normal assessed technology cycle; and • Reviewed the appropriateness of the disclosures made in the financial statements. Based on the above procedures performed, we concur that costs incurred in the period in respect of these projects, are appropriately capitalised on the Consolidated Balance Sheet.

Independent auditors' report
to the members of Moonpig Group plc

Key audit matter	How our audit addressed the key audit matter
Carrying value of investment in subsidiary (Parent Company) Refer to Note 1 (Parent Company) for accounting policies and Note 4 (Parent Company) for Investments. At 30 April 2023 the Parent Company held an in-vestment in a subsidiary with a carrying value of £845.5m (2022:£845.5m). The fall in share price during the year and the macroeconomic challenges principally in the UK and Netherlands economies are considered to be impairment indicators and, as a result, management performed an impairment assessment for the carrying value of the investment. The risk is that inappropriate estimates have been used which may result in an impairment of the investment asset. The key estimates required to determine the accounting assumptions used to assess the recoverable amount of the investment are: • Pre-perpetuity period of seven years (April 2022: eight years). • Pre-perpetuity compound annual revenue growth rate of 12.7% for FY23-FY30 (April 2022: 15% for FY23- FY30). • Discount rate of 14.1% (April 2022: 12.7%). Management prepared an impairment assessment as at 30 April 2023, using a Value in Use (VIU) model reflecting the Board approved budget for FY24-26, assumptions to build the future net cash flows over a further four years and then from 2030 the cash flows are continued into perpetuity, using an estimated terminal growth rate. The key areas of audit focus were: • The appropriateness of a seven-year modelling period; and • The key estimates in the VIU model include revenue growth rates, EBITDA margin, cost assumptions, discount rates and perpetuity growth rates. Through this assessment management identified that the VIU of the trading entities within the within the Group exceeded the carrying value of the investment, and concluded that no impairment was required.	The audit procedures we performed to address the risk around the carrying value of the investment in subsidiary were: • Validated the appropriateness of the cash generating unit selected; • Agreed the mathematical accuracy of the calculations, to estimate the VIU; • Discussed with management the basis of preparation of the FY24-26 budget and the next four years of net cash flows; • Supported by PwC valuations experts reviewed management's discount rate for appropriateness and compared the EBITDA multiple of management's VIU model to analyst's estimates and similar companies; • Evaluated the appropriateness of using a seven-year period, by comparing this against the historic growth rates, the level of online vs offline sales and industry reports to assess the market maturity; • Challenged management to provide internal and external market evidence for the key assumptions in the VIU model. These were assessed against historic results and management's forecasting accuracy, industry reports, cost inflation measures and evidence from management's external consultants; • Sensitised management's assumptions in the VIU model in particular around the forecast revenue growth rate and the seven-year period; and • Challenged the extent to which climate change had been considered and reflected in the future cash flows, as appropriate, in management's impairment assessment process. The Group's VIU, although sensitive to changes in assumptions, supports the carrying value of the investment and management's model is based on supportable assumptions. We also evaluated the disclosures in the Parent Company financial statements, which we consider to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group operates through three principal trading entities that are based in the UK and the Netherlands. To provide sufficient coverage over the Group's key audit matters, we performed audits of the three financially significant components, the Company, and the audit of significant account balances at a further one component. The latter was not individually financially significant enough to require an audit for Group reporting purposes, but was included in the scope of our Group reporting work in order to provide additional coverage for specific financial statement line items.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk.

Management previously sought advice from external sustainability experts to help them understand the environmental challenges and to support their assessment of climate risk in the current year. We reviewed management's paper which sets out its assessment of climate change risk to the Group and the impact on the financial statements and impairment testing.

We read the disclosures in relation to climate change made in the other information within the Annual Report to ascertain whether the disclosures are materially consistent with the financial statements and our knowledge from our audit. Our responsibility over other information is further described in the reporting on other information section of our report. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

Independent auditors' report to the members of Moonpig Group plc

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements - Company
Overall materiality	£2,380,000 (2022: £2,539,000).	£2,140,000 (2022: £2,286,000).
How we determined it	5% of profit before tax after excluding adjusting items.	1% of total assets capped at 90% of Group materiality.
Rationale for benchmark applied	Based on the benchmarks used in the financial statements, profit before tax is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. This has been adjusted for adjusting items in the year which do not in our view reflect the underlying performance of the business.	The Company, Moonpig Group plc is a holding Company for the Group and therefore the materiality benchmark has been determined to be based on total assets which is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £1,500,000 to £2,140,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £1,785,000 (2022: £1,904,250) for the Group financial statements and £1,605,000 (2022: £1,714,500) for the Company financial statements.

In determining the performance materiality, we considered a number of factors the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £119,000 (Group audit) (2022: £127,000) and £107,000 (Company audit) (2022: £110,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Critically assessing assumptions in management's cash flow forecasts. In particular we focused on the revenue and cost growth assumptions, against both historical performance and third party industry reports.
- Critically assessing assumptions in management's severe but plausible downside scenario and performing further sensitivity analysis.
- Comparing past budgets to actual results to assess the directors' track record of budgeting accurately.
- Obtaining confirmation from lenders of the level of committed financing, and the covenant requirements associated with the credit facilities, including testing of the forecast covenant compliance.
- Assessing the completeness and accuracy of going concern disclosures.

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 Group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 April 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent auditors' report to the members of Moonpig Group plc

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 these financial statements.

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Data Protection regulations and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and UK and Dutch tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and impacting EBITDA. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

Discussions with the Directors, the Audit Committee and Head of Legal, including review of legal correspondence and Board meeting minutes and consideration of known or suspected instances of non-compliance with laws and regulations, and fraud;

- Challenging management on its critical accounting estimates and judgements;
- Identifying and testing journal entries to address the risk of inappropriate journals referred to above;
- Considering remuneration incentive schemes and performance targets for management remuneration; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Moonpig Group plc

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 18 January 2021 to audit the financial statements for the year ended 30 April 2021 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 30 April 2021 to 30 April 2023.

We have been the auditors of Moonpig.com Limited, a material subsidiary of the Company, since the financial year ended 30 April 2017.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Christopher Richmond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors London
28 June 2023

Consolidated Income Statement

For the year ended 30 April 2023

	Note	2023 £000	2022 £000
Revenue	3	**320,125**	304,333
Cost of sales		**(140,449)**	(154,225)
Gross profit		**179,676**	150,108
Selling and administrative expenses	4,5	**(132,534)**	(102,604)
Other income	4	**1,319**	1,433
Operating profit		**48,461**	48,937
Finance income	6	**21**	–
Finance costs	6	**(13,577)**	(8,977)
Profit before taxation		**34,905**	39,960
Taxation	8	**(8,298)**	(8,521)
Profit after taxation		**26,607**	31,439
Profit attributable to:			
Equity holders of the Company		**26,607**	31,439
Earnings per share (pence)			
Basic	9	**7.8**	9.3
Diluted	9	**7.7**	9.1

All activities relate to continuing operations.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2023

	Note	2023 £000	2022 £000
Profit for the year	4	**26,607**	31,439
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(158)**	190
Cash flow hedge:			
Fair value changes in the year	22	**1,891**	–
Cost of hedging reserve	22	**126**	–
Fair value movements on cash flow hedges transferred to the profit or loss	22	**(136)**	–
Total other comprehensive income		**1,723**	190
Total comprehensive income for the year		**28,330**	31,629

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 April 2023

	Note	2023 £000	2022 £000
Non-current assets			
Intangible assets	11	**210,455**	34,028
Property, plant and equipment	12	**32,311**	21,241
Other non-current assets	14	**2,153**	1,928
Financial derivatives	22	**1,757**	–
		246,676	57,197
Current assets			
Inventories	13	**12,333**	10,117
Trade and other receivables	14	**6,331**	4,292
Current tax receivable		**1,260**	256
Financial derivatives	22	**711**	–
Cash and cash equivalents	15	**22,394**	101,677
		43,029	116,342
Total assets		**289,705**	173,539
Current liabilities			
Trade and other payables	16	**110,119**	43,302
Provisions for other liabilities and charges	17	**1,617**	1,837
Current tax payable		**805**	–
Contract liabilities	18	**2,589**	2,247
Lease liabilities	19	**3,443**	2,151
Borrowings	19	**27**	213
		118,600	49,750
Non-current liabilities			
Trade and other payables	16	**4,858**	6,312
Borrowings	19	**170,493**	169,950
Lease liabilities	19	**16,082**	13,169
Deferred tax liabilities	8	**10,978**	2,168
Provisions for other liabilities and charges	17	**2,413**	1,509
		204,824	193,108
Total liabilities		**323,424**	242,858
Equity			
Share capital	21	**34,211**	34,211
Share premium	21	**278,083**	278,083
Merger reserve		**(993,026)**	(993,026)
Retained earnings		**603,849**	576,507
Other reserves	21	**43,164**	34,906
Total equity		**(33,719)**	(69,319)
Total equity and liabilities		**289,705**	173,539

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements on pages 141 to 180 were approved by the Board of Directors of Moonpig Group plc (registered number 13096622) on 28 June 2023 and were signed on its behalf by:

Nickyl Raithatha
Chief Executive Officer
28 June 2023

Andy MacKinnon
Chief Executive Officer
28 June 2023

Consolidated Statement of Changes in Equity

For the year ended 30 April 2023

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Other reserves £000	Total equity £000
Balance at 1 May 2021		34,211	277,837	(1,000,586)	550,183	27,015	(111,340)
Profit for the year		–	–	–	31,439	–	31,439
Other comprehensive income:							
Exchange differences on translation of foreign operations		–	–	–	–	190	190
Total comprehensive income for the year		–	–	–	31,439	190	31,629
Group relief reclassification[1]	21	–	–	7,560	(5,115)	–	2,445
Share-based payments	20, 21	–	–	–	–	7,701	7,701
Proceeds from IPO share issue	21	–	246	–	–	–	246
As at 30 April 2022		34,211	278,083	(993,026)	576,507	34,906	(69,319)
Profit for the year		**–**	**–**	**–**	**26,607**	**–**	**26,607**
Foreign currency translation reserve reclassification		**–**	**–**	**–**	**735**	**(735)**	**–**
Other comprehensive (expense)/income:							
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**(158)**	**(158)**
Cash flow hedges:							
Fair value changes in the year		**–**	**–**	**–**	**–**	**1,891**	**1,891**
Cost of hedging reserve		**–**	**–**	**–**	**–**	**126**	**126**
Fair value movements on cash flow hedges transferred to profit and loss		**–**	**–**	**–**	**–**	**(136)**	**(136)**
Total comprehensive income for the year		**–**	**–**	**–**	**27,342**	**988**	**28,330**
Share-based payments	**20, 21**	**–**	**–**	**–**	**–**	**7,270**	**7,270**
As at 30 April 2023		**34,211**	**278,083**	**(993,026)**	**603,849**	**43,164**	**(33,719)**

1 For Group relief reclassification adjustment, see Note 21.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 30 April 2023

	Note	2023 £000	2022 £000
Cash flow from operating activities			
Profit before taxation		**34,905**	39,960
Adjustments for:			
Depreciation, amortisation and impairment	11,12	**22,653**	14,361
Impairment of right-of-use asset	12	**428**	-
Loss on disposal of non-current assets		**48**	215
Net finance costs	6	**13,556**	8,977
R&D tax credit		**(423)**	(470)
Share-based payment charges		**7,270**	7,701
Changes in working capital:			
(Increase)/decrease in inventories		**(835)**	4,765
Decrease/(increase) in trade and other receivables		**2,112**	(295)
Decrease in trade and other payables		**(22,092)**	(10,832)
Decrease/(increase) in trade and other receivables and payables with undertakings formerly under common control		**308**	(503)
Cash generated from operating activities		**57,930**	63,879
Income tax paid		**(8,590)**	(8,945)
Net cash generated from operating activities		**49,340**	54,934
Cash flow from investing activities			
Capitalisation of intangible assets	11	**(12,949)**	(8,297)
Purchase of property, plant and equipment	12	**(9,680)**	(1,444)
Acquisition of subsidiary, net of cash acquired	10	**(88,598)**	–
Net cash used in investing activities		**(111,227)**	(9,741)
Cash flow from financing activities			
Proceeds from new borrowings	19	**60,000**	–
Payment of fees related to new borrowings		**(988)**	–
Repayment of borrowings	19	**(60,000)**	–
Payment of interest rate cap premium		**(940)**	–
Interest paid on borrowings	19	**(12,144)**	(6,451)
Interest received on swap derivatives		**327**	–
Lease liabilities paid	19	**(2,641)**	(2,442)
Interest paid on leases	19	**(863)**	(663)
Proceeds from IPO share issue	20	**–**	246
Net cash used in financing activities		**(17,249)**	(9,310)
Net cash flows (used in)/generated from operating, investing and financing activities		**(79,136)**	35,883
Differences on exchange		**(147)**	(226)
(Decrease)/increase in cash and cash equivalents in the year		**(79,283)**	35,657
Net cash and cash equivalents at 1 May		**101,677**	66,020
Net cash and cash equivalents at 30 April		**22,394**	101,677

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

Moonpig Group plc (the "Company" or "Parent Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006, whose shares are traded on the London Stock Exchange. The consolidated financial statements of the Company as at and for the year ended 30 April 2023 comprise the Company and its interests in subsidiaries (together referred to as the "Group"). The Company is domiciled in the United Kingdom and its registered address is Herbal House, 10 Back Hill, London, EC1R 5EN, England, United Kingdom. The Company's LEI number is 213800VAYO5KCAXZHK83.

Basis of preparation

The consolidated financial statements of Moonpig Group plc have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

All figures presented are rounded to the nearest thousand (£000), unless otherwise stated.

The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss.

Basis of consolidation

Subsidiaries are entities over which the Group has control. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions and balances between Group companies are eliminated on consolidation.

The financial statements of all subsidiary undertakings are prepared to the same reporting date as the Company. All subsidiary undertakings have been consolidated.

The subsidiary undertakings of the Company at 30 April 2023 are detailed in Note 25 to the consolidated financial statements on page 180.

Consideration of climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosures on pages 32 to 47. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:

- Going concern and viability of the Group over the next three years;
- Cash flow forecasts used in the impairment assessments of non-current assets including goodwill and other intangible assets;
- Carrying amount and useful economic lives of property, plant and equipment.

Whilst there is currently no material medium-term financial impact expected from climate change, the Directors will assess climate-related risks at each reporting date against judgements and estimates made in preparation of the Group's financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic report on pages 1 to 75.

The Group has continued to generate positive operating cash flow and finished the year with liquidity headroom of £102,394,000 (2022: £121,677,000) comprising gross cash and unutilised committed senior facilities. The Group has a Senior Facilities Agreement which is committed until 8 December 2025 and comprises a Term Loan of £175,000,000, an Original RCF of £20,000,000 and an Additional RCF of £60,000,000, which was entered into during the year.

The Term Loan and amounts drawn under the Original RCF and Additional RCF bear interest at a floating rate (which was linked to LIBOR until 8 December 2021 and linked to SONIA since that date) plus a margin.

On 1 August 2022, the Group executed two interest rate derivative agreements, with the intention of hedging its exposure to increases in SONIA for broadly three quarters of its current expected future senior debt (net of cash) until November 2024. For the remaining term, the agreements comprise an interest rate swap at a rate of 2.4725% with a floor strike rate of 0% on £55m notional until 30 November 2023 and an interest rate cap with a cap strike rate of 3.0000% on £70m notional until 30 November 2024.

Notes to the Consolidated Financial Statements

1 General information continued

Going concern continued

The Senior Facilities Agreement is subject to a Total Net Debt to last twelve months' pro forma Adjusted EBITDA covenant of 4.00x at 30 April 2023 and 3.50x thereafter. It is tested on a semi-annual basis, with Total Net Debt and last twelve months' pro forma Adjusted EBITDA as defined in the Senior Facilities Agreement. The Group has complied with all covenants from entering the Senior Facilities Agreement until the date of these financial statements and is forecast to comply with these during the going concern assessment period.

The Directors have reviewed the severe but plausible scenarios as described within the viability statement on pages 72 and 73; in these scenarios, the Group continues to have sufficient resources to continue in operational existence. In the event that more severe impacts occur, controllable mitigating actions are available to the Group should they be required.

The Directors also reviewed the results of reverse stress testing performed throughout the going concern and viability periods, to provide an illustration of the extent to which existing customer purchase frequency and levels of new customer acquisition would need to deteriorate in order that their cumulative effect should either trigger a breach in the Group's covenants under the Senior Facilities Agreement or else exhaust liquidity. The probability of this scenario occurring was deemed to be remote given the resilient nature of the business model and strong cash conversion of the Group.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements, in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, 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 areas of judgement which have the greatest potential effect on the amounts recognised in the financial statements are:

Capitalisation of internally generated assets

Certain costs incurred in the developmental phase of an internal project, which include the development of technology, app and platform enhancements, internally generated software and trademarks, are capitalised as intangible assets if a number of criteria are met. The costs of internally developed assets include capitalised expenses of employees working full time on software development projects, third-party firms and software licence fees. Management has made judgements and assumptions when assessing whether development meets these criteria and on measuring the costs attributed to such projects. Further details of the amounts of, and movements in, such assets are given in Note 11.

Acquisition of Experiences

On acquisition of Experience More Limited, the Group has used judgement in determining the fair values of identifiable assets acquired and liabilities assumed on business combination. This includes determining whether any intangible assets should be recognised separately from goodwill, and estimating their useful lives.

1 General information continued

Critical accounting judgements and estimates continued

The areas of estimates and assumptions which have the greatest potential effect on the amounts recognised in the financial statements are:

Useful life of internally generated assets

The estimated useful lives which are used to calculate amortisation of internally generated assets (the Group's platforms and applications) are based on the length of time these assets are expected to generate income and be of benefit to the Group. The uncertainty included in this estimate is that if the useful lives are estimated to differ from the actual useful lives of the intangible assets, this could result in accelerated amortisation in future years and/or impairments. The economic lives of internally generated intangible assets are estimated at three years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. If the useful life of internally generated assets were estimated to be shorter or longer by one year, than the current useful life of three years, the net book value would (decrease)/increase by (£3,825,000)/£1,912,000 from the amount recognised as at 30 April 2023. Further details of the amounts of, and movements in, such assets are given in Note 11.

Experiences merchant accrual

The merchant accrual has been identified as a significant estimate following the acquisition of Experiences, which acts as an agent at the point of sale. When a voucher is purchased, the expected value of future amounts that will become payable to merchant providers is recorded within Trade and Other Payables on the Balance Sheet. The Group takes into account historical redemption rates when estimating future payments to merchant providers, with the span between the upper and the lower ends of the range in historical trends for these rates equivalent to a £2,916,000 movement in the amount recognised in revenue. The estimates are trued up for actual customer utilisation rates in the year.

Carrying amount of Experiences goodwill

Annually, the goodwill balance is subject to an impairment review. The critical accounting estimate made in the calculation of the recoverable amount is the pre-perpetuity compound annual revenue growth rate of 10.5% (April 2022: N/a). Sensitivity analysis relating to this critical account estimate and further disclosure is set out in Note 11.

2 Summary of significant accounting policies

New standards, amendments and interpretations adopted from 1 May 2022

The following amendments are effective for the year beginning 1 May 2022:

- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use;
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IFRS 17 Insurance contracts;
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date to be confirmed).

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 May 2022 and had no material impact on the year-end consolidated financial statements of the Group.

New standards, amendments and interpretations not yet adopted

The following adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have material effect on the financial statements unless otherwise indicated:

The following amendments are effective for the year beginning 1 May 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the year beginning 1 May 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial statements (Amendment – Non-current Liabilities with Covenants).

The principal accounting policies are set out below. Policies have been applied consistently, other than where new policies have been applied.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies continued

a) Foreign currency translation

The consolidated financial statements are presented in pounds sterling, which is the Group's presentational currency and are rounded to the nearest thousand. The income and cash flow statements of Group undertakings that are expressed in other currencies are translated to Sterling using exchange rates applicable on the dates of the underlying transactions. Average rates of exchange in each year are used where the average rate approximates the relevant exchange rate on the date of the underlying transactions. Assets and liabilities of Group undertakings are translated at the applicable rates of exchange at the end of each year.

The differences between retained profits translated at average and closing rates of exchange are taken to the foreign currency translation reserve, as are differences arising on the retranslation to Sterling (using closing rates of exchange) of overseas net assets at the beginning of the year and are presented as a separate component of equity. They are recognised in the income statement when the gain or loss on disposal of a Group undertaking is recognised.

Foreign currency transactions are initially recognised in the functional currency of each entity in the Group using the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign currency assets and liabilities at year-end rates of exchange are recognised in the income statement. Foreign exchange gains or losses recognised in the income statement are included in operating profit or finance costs/income depending on the underlying transactions that gave rise to these exchange differences.

b) Revenue

The Group recognises revenue when it has satisfied its performance obligations to external customers and control of the goods has been transferred. The Group is principally engaged in the sale of cards, physical gifts and gift experiences.

i) Sale of cards and physical gifts

The Group generates revenue from the sale of cards and physical gifts. Shipping and handling is not a separate performance obligation and any shipping fees charged to the customer are included in the transaction price. The sale of goods and any shipping and handling represents a single performance obligation which is satisfied upon delivery of the relevant goods and the transfer of control to that customer. Revenue is measured at the transaction price received net of value added tax, discounts and is reduced for provisions of customer returns and remakes based on the history of such matters. The cost of shipping is directly associated with generating revenue and therefore presented within cost of sales.

ii) Subscription revenue

The Group operates subscription plans that provide access to products, services and product discounts on future purchases in return for an annual fee. Revenue from the fee is recognised over the period to which the subscription relates. Amounts invoiced relating to services not yet performed are reported as contract liabilities.

iii) Sale of gift experiences

The Group operates a platform for the distribution of gift experience vouchers that may be redeemed for a wide choice of experiences provided by third party merchant partners and either gifted or kept for a consumer's own use. Revenue is recognised when a consumer purchases a gift experience, acting as an agent at the point of sale. At this point the Group's obligations are substantially complete, subject to a provision for refunds as stipulated in the terms of the sale, as gift experience services are provided by the Group's merchant partners, following redemption either through the Group's websites or directly with the recipient's chosen merchant partner.

The amount of revenue recognised primarily comprises the expected value of fees and any other income receivable in accordance with the Group's contracts with third party merchant partners, rather than the gross value of vouchers purchased. This includes an estimate of the revenue to be recognised in relation to vouchers which are not redeemed based on historical rates.

Each voucher is multi-purpose and can be exchanged for any experience at any point until redemption, on account of which merchants are not paid a share of the gross value of a voucher until after redemption. The expected value of future amounts that will become payable to merchants is included within trade and other payables on the Balance Sheet. Where a recipient does not redeem the voucher prior to its expiry date, the Group recognises revenue from unredeemed vouchers and derecognises the accrued merchant payable once its legal obligations to the merchant expires.

c) Taxation

Taxation is chargeable on the profits for the year, together with deferred taxation.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred taxation is provided in full using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

2 Summary of significant accounting policies continued

c) Taxation continued

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or deferred tax liability is settled. Deferred tax relating to items recognised outside of profit or loss is also recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in the statement of other comprehensive income or the statement of changes in equity.

d) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which is measured at the acquisition date. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Acquisition-related items such as legal or professional fees are recognised as expenses in the year in which the costs are incurred as adjusting items.

e) Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill relates to the Greetz and Experiences cash-generating units.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is evidence that it may be required. Any impairment of goodwill is recognised immediately in the income statement and is not subsequently reversed. Goodwill is denominated in the currency of the acquired entity and revalued to the closing exchange rate at each reporting year date.

Goodwill in respect of subsidiaries is included in intangible assets. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

f) Intangible assets other than goodwill

i) Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at fair value at the acquisition date, provided they are identifiable and capable of reliable measurement.

Intangible assets with a finite useful life that are acquired separately are carried at cost less accumulated amortisation and impairment losses. These intangible assets are amortised on a straight-line basis over their remaining useful lives, consistent with the pattern of economic benefits expected to be received. The amortisation charge is included within selling and administrative expenses in the income statement.

ii) Internally generated research and development costs

Research expenditure is charged to the income statement in the year in which it is incurred. Development expenditure is charged to the income statement in the year it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets to be capitalised as an intangible asset.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation begins when development is complete and the asset is available for use; the charge is included within selling and administrative expenses in the income statement. The estimated useful lives of separately acquired and internally generated assets are as follows:

	Straight-line amortisation period
Trademark	10 years
Technology and development costs	3 years
Customer relationships	1 to 12 years
Software	3 to 5 years
Other intangibles	2 to 4 years

2 Summary of significant accounting policies continued

g) Impairment of non-financial assets

Assets are reviewed for impairment whenever events indicate that the carrying amount of a cash-generating unit or the carrying amounts of non-financial assets may not be recoverable. In addition, assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognised to the extent that the carrying amount exceeds the higher of the asset's fair value less costs to sell and its value in use.

A cash-generating unit is the smallest identifiable group of assets that generates cash flows which are largely independent of the cash flows from other assets or groups of assets. At the acquisition date, any goodwill acquired is allocated to the relevant cash-generating unit or group of cash-generating units expected to benefit from the acquisition for the purpose of impairment testing of goodwill.

h) Impairment of financial assets held at amortised cost

As permitted by IFRS 9 Financial Instruments, loss allowances on trade receivables arising from the recognition of revenue under IFRS 15 Revenue from Contracts with Customers are initially measured at an amount equal to lifetime expected losses. Allowances in respect of loans and other receivables are initially recognised at an amount equal to 12-month expected credit losses. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis to write off the assets over their useful economic life. No depreciation is provided on freehold land.

The estimated useful lives are as follows:

	Straight-line depreciation period
Freehold property	25 years
Plant and machinery	4 years
Fixtures and fittings	4 years
Leasehold improvements	10 years or the unexpired term of lease if lower
Computer equipment	3 years
Right-of-use assets (plant and machinery, land and buildings)	Lease length

Climate change is not considered to materially impact the estimated useful lives of assets. Although extreme weather events could potentially damage manufacturing and distribution facilities, the probability of this occurring at the Group's most vulnerable location, Guernsey, is only 0.2% annually over the expected lifespan of the assets. Furthermore, the Group has flexibility in its production network and could shift production to other locations to mitigate any business interruptions.

j) Leased assets

Group as lessee

The Group records its lease obligations in accordance with the principles for the recognition, measurement, presentation and disclosures of leases as set out in IFRS 16. The Group applies IFRS 16 Leases to contractual arrangements which are, or contain, leases of assets and consequently recognises right-of-use assets and lease liabilities at the commencement of the leasing arrangement, with the asset included in Note 12 and the liabilities included as part of borrowings in Note 19. The nature of the Group's leases are offices, warehouses, and printing machinery.

Lease liabilities are initially recognised at an amount equal to the present value of estimated contractual lease payments at the inception of the lease, after taking into account any options to extend the term of the lease to the extent they are reasonably certain to be exercised. Lease commitments are discounted to present value using the interest rate implicit in the lease if this can be readily determined, or the applicable incremental rate of borrowing, as appropriate. Right-of-use assets are initially recognised at an amount equal to the lease liability, adjusted for initial direct costs in relation to the assets, then depreciated over the shorter of the lease term and their estimated useful lives.

Group as lessor

The Group has entered into a lease agreement as a lessor with respect to one of its properties. This is accounted for as an operating lease as the lease does not transfer substantially all the risks and rewards of ownership to the lessee.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2 Summary of significant accounting policies continued

k) Inventories

Inventories include raw materials and finished goods and are stated at the lower of cost and net realisable value. Cost is based on the weighted average cost incurred in acquiring inventories and bringing them to their existing location and condition, which will include raw materials, direct labour and overheads, where appropriate.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, call deposits, cash held by payment service providers and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, with a maturity of three months or less. Cash equivalents relate to cash in transit from various payment processing intermediaries that provide receipting services to the Group.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above and are shown net of bank overdrafts, which are included as current borrowings in the liabilities section on the balance sheet.

m) Financial instruments

The primary objective with regard to the management of cash of the Group's business model for managing financial assets is to protect against the loss of principal. Additionally, the Group aims to maximise liquidity by concentrating cash centrally; to align the maturity profile of external investments with that of the forecast liquidity profile; to wherever practicable, match the interest rate profile of external investments to that of debt maturities or fixings; and to optimise the investment yield within the Group's investment parameters.

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current. In addition, current liabilities include amounts where the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Non-derivative financial assets are classified on initial recognition in accordance with the Group's business model as investments, loans and receivables, or cash and cash equivalents and accounted for as follows:

- **Loans and other receivables:** These are non-derivative financial assets with fixed or determinable payments that are solely payments of principal and interest on the principal amount outstanding, that are primarily held in order to collect contractual cash flows. These balances include trade and other receivables and are measured at amortised cost, using the effective interest rate method and stated net of allowances for credit losses.
- **Cash and cash equivalents:** Cash and cash equivalents include cash in hand and deposits held on call. Cash equivalents normally comprise instruments with maturities of three months or less at their date of acquisition. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in the liabilities section on the balance sheet.

Non-derivative financial liabilities, including borrowings and trade payables, are stated at amortised cost using the effective interest method. For borrowings, their carrying amount includes accrued interest payable.

Derivative financial instruments are used to manage risks arising from changes in interest rates relating to the Group's external debt. The Group does not hold or issue derivative financial instruments for trading purposes. The Group uses the derivatives to hedge highly probable forecast transactions and therefore, the instruments are designated as cash flow hedges.

Derivatives are initially recognised at fair value on the date a contract is entered into and are subsequently remeasured at their fair value at each reporting date. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and hedging instrument are expected to offset each other.

The effective element of any gain or loss from remeasuring the derivative instrument is recognised in Other Comprehensive Income ("OCI") and accumulated in the hedging reserve (presented in "Other Reserves" in the Statement of Changes in Equity). Any change in the fair value of time value of the derivative instrument is also recognised in OCI as part of cash flow hedges and accumulated in the cost of hedging reserve (presented in "Other Reserves" in the Statement of Changes in Equity). Any element of the remeasurement of the derivative instrument that does not meet the criteria for an effective hedge is recognised immediately in the Group Income Statement within finance costs.

2 Summary of significant accounting policies continued

m) Financial instruments continued

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time remains in OCI and is recognised when the forecast transaction is ultimately recognised in the Income Statement within finance costs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is recycled to the Income Statement. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months or, as a current asset or liability, if the remaining maturity of the hedged item is less than 12 months.

n) Segmental analysis

The Group is organised and managed based on its segments (Moonpig, Greetz and Experiences). These are the reportable and operating segments for the Group as they form the focus of the Group's internal reporting systems and are the basis used by the chief operating decision maker ("CODM"), identified as the CEO and CFO, for assessing performance and allocating resources. The prices agreed between Group companies for intra-group services and fees are based on normal commercial practices which would apply between independent businesses.

o) Provisions

Provisions are recognised when either a legal or constructive obligation as a result of a past event exists at the balance sheet date, it is probable that an outflow of economic resources will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

p) Pensions and other post-employment benefits

The Group contributes to defined contribution pensions schemes and payments to these are charged as an expense and accrued over time.

q) Adjusting items

Adjusting items are significant items of income or expense which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group's underlying financial performance because of their size, nature or incidence. In identifying and quantifying adjusting items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as an adjusting item. These items are separately disclosed in the segmental analyses or in the notes to the financial statements as appropriate.

The Group believes that these items are useful to users of the consolidated financial statements in helping them to understand the underlying business performance and are used to derive the Group's principal non-GAAP measure of Adjusted EBITDA, which is before the impact of adjusting items and which is reconciled from operating profit.

r) Equity

Called-up 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.

Share premium

The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in share premium. Costs that directly relate to the issue of ordinary shares are deducted from share premium net of corporation tax.

Merger reserve

The merger reserve relates to the merger reserve arising from the prior group restructuring, accounted for under common control.

Invested capital

Invested capital represents the total equity of the Group during the period prior to the restructuring that occurred as part of the Group's IPO.

Other reserves

Share-based payment reserve

The share-based payment reserve is built up of charges in relation to equity-settled share-based payment arrangements which have been recognised within the consolidated income statement.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and the cumulative net change in the fair value of time value on the cash flow hedging instruments.

2 Summary of significant accounting policies continued

r) Equity continued

Other reserves continued

Foreign currency translation reserve

The foreign currency translation reserve represents the accumulated exchange differences arising since the acquisition of Greetz from the impact of the translation of subsidiaries with a functional currency other than Sterling.

s) Earnings per share

The Group presents basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

t) Share-based payments

The Group has equity-settled compensation plans.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of awards that will eventually vest. For plans where the vesting conditions are based on a market condition, such as total shareholder return, the fair value at date of grant reflects the probability that this condition will not be met and therefore is fixed thereafter irrespective of actual vesting.

Fair value is measured using the Black-Scholes and Monte Carlo option pricing model, except where vesting is subject to market conditions when the Stochastic option pricing model is used. A Chaffe model is used to value the holding period. The expected term used in the models has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3 Segmental analysis

The CODM reviews external revenues and Adjusted EBITDA to evaluate segment performance and allocate resources to the overall business. "Adjusted EBITDA" is a non-GAAP measure. Adjustments are made to the statutory IFRS results to arrive at an underlying result which is in line with how the business is managed and measured on a day-to-day basis. Adjustments are made for items that are individually important in order to understand the financial performance. If included, these items could distort understanding of the performance for the year and the comparability between periods. Management applies judgement in determining which items should be excluded from underlying performance. See Note 5 for details of these adjustments.

The Group is organised and managed based on its segments, namely Moonpig and Experiences in the UK and Greetz in the Netherlands. These are the reportable and operating segments for the Group as they form the focus of the Group's internal reporting systems and are the basis used by the CODM for assessing performance and allocating resources.

Most of the Group's revenue is derived from the sale of cards, gifts and related services to consumers, or from the distribution of gift experiences acting as agent. No single customer accounted for 10% or more of the Group's revenue.

Finance income and expense are not allocated to the reportable segments, as this activity is managed centrally.

In common with many retailers, revenue and trading profit are subject to seasonal fluctuations and are weighted towards the second half of the year which includes the key peak periods for the business.

Segment analyses

The following table shows revenue by segment that reconciles to the consolidated revenue for the Group.

	2023 £000	2022 £000
Moonpig	**223,127**	234,670
Greetz	**55,421**	69,663
Experiences	**41,577**	–
Total external revenue	**320,125**	304,333

Notes to the Consolidated Financial Statements

3 Segmental analysis continued

Segment analyses continued

The following table shows revenue by key geography that reconciles to the consolidated revenue for the Group. The geographical split of revenue is based on the ordering website location:

	2023 £000	2022 £000
UK and Ireland	**258,234**	230,931
Netherlands	**55,421**	69,663
Rest of the world[1]	**6,470**	3,739
Total external revenue	**320,125**	304,333

1 Rest of the world revenue includes the USA and Australia.

The following table shows the information regarding assets by segment that reconciles to the consolidated Group.

	2023 £000	2022 £000
Moonpig		
Non-current assets[1]	**41,063**	35,986
Capital expenditure[2]	**(7,317)**	(7,329)
Intangible expenditure	**(11,668)**	(8,262)
Depreciation and amortisation	**(11,851)**	(8,803)
Greetz		
Non-current assets[1]	**27,336**	19,283
Capital expenditure[2]	**(8,770)**	(686)
Intangible expenditure	**–**	(35)
Depreciation and amortisation	**(3,861)**	(5,558)
Experiences		
Non-current assets[1]	**174,342**	–
Capital expenditure	**(25)**	–
Intangible expenditure	**(1,281)**	–
Depreciation and amortisation	**(6,941)**	–
Group		
Non-current assets[1]	**242,741**	55,269
Capital expenditure[2]	**(16,112)**	(8,015)
Intangible expenditure	**(12,949)**	(8,297)
Depreciation and amortisation	**(22,653)**	(14,361)

1 Comprises intangible assets, property, plant and equipment (inclusive of ROU assets).
2 Includes ROU assets capitalised in each year.

3 Segmental analysis continued

Segment analyses continued

The Group's measure of segment profit, Adjusted EBITDA, excludes adjusting items; refer to the APMs section on pages 188 to 189 for calculation.

	2023 £000	2022 £000
Adjusted EBITDA		
Moonpig	**59,891**	59,062
Greetz	**11,262**	15,821
Experiences	**13,046**	–
Group Adjusted EBITDA	**84,199**	74,883
Depreciation and amortisation		
Moonpig	**11,851**	8,803
Greetz[1]	**3,861**	5,558
Experiences[2]	**6,941**	–
Group depreciation and amortisation	**22,653**	14,361

1 Includes amortisation arising on Group consolidation of intangibles forming part of the Greetz Cash Generating Unit ("CGU").
2 Includes amortisation arising on consolidation of intangibles forming part of the Experiences CGU.

The following table shows Adjusted EBITDA that reconciles to the consolidated results of the Group.

	Note	2023 £000	2022 £000
Adjusted EBITDA		**84,199**	74,883
Depreciation and amortisation	11,12	**(22,653)**	(14,361)
Adjusting items	5	**(13,085)**	(11,585)
Operating profit		**48,461**	48,937
Finance income	6	**21**	–
Finance costs	6	**(13,577)**	(8,977)
Profit before taxation		**34,905**	39,960
Taxation charge	8	**(8,298)**	(8,521)
Profit for the year		**26,607**	31,439

Notes to the Consolidated Financial Statements

4 Operating profit

Nature of expenses charged/(credited) to operating profit from continuing operations:

	2023 £000	2022 £000
Research and development expenses	**1,732**	1,608
Depreciation on property, plant and equipment	**6,941**	4,660
Amortisation of intangible fixed assets	**15,712**	9,701
Share-based payment charges (inclusive of NI)	**7,919**	8,308
Foreign exchange loss	**67**	69
Loss on disposal of tangible assets	**48**	215
Impairment of right-of-use asset	**428**	–
Expense relating to short-term leases	**12**	12
Other income[1]	**(1,319)**	(1,433)
Auditors' remuneration:		
– Fees to auditors for the audit of these consolidated financial statements	**934**	591
– Fees to auditors' firms and associates for local audits	**82**	77
Total audit fees expense	**1,016**	668
Fees to auditors' firms and associates for other services:		
– Assurance services	**141**	107
	1,157	775

1 Other income relates to a sublease with an associate of the Former Parent Undertaking for its portion of the space used at the Group's head offices at Herbal House.

During the year, PricewaterhouseCoopers LLP charged the Group as follows:

- In respect of audit-related assurance services: £141,000 (2022: £107,000).
- In respect of non-audit-related services: £nil (2022: £nil).

5 Adjusting items

	2023 £000	2022 £000
Pre-IPO bonus awards	**(3,263)**	(3,618)
Pre-IPO share-based payment charges	**(5,419)**	(7,038)
M&A-related transaction costs	**(4,403)**	(929)
Total adjustments made to operating profit	**(13,085)**	(11,585)

Pre-IPO bonus awards

Pre-IPO bonus awards are one-off cash-settled bonuses, and the cash component of the Pre-IPO schemes, awarded in relation to the IPO process that completed during the year ended 30 April 2021.

Pre-IPO share-based payment charges

Pre-IPO share-based payment charges relate to the Legacy Schemes, Pre-IPO awards that were granted in relation to the IPO process that completed during the year ended 30 April 2021.

M&A-related transaction costs

M&A related transaction costs relate to fees and costs incurred in relation to the acquisition of the Experiences segment.

Cash paid in the year in relation to adjusting items totalled £5,490,000 (2022: £2,146,000).

6 Finance income and costs

Finance income

	2023 £000	2022 £000
Bank interest receivable	21	–
Total finance income	21	–

Finance costs

	2023 £000	2022 £000
Interest payable on leases	(863)	(663)
Bank interest payable	(11,639)	(6,297)
Amortisation of capitalised borrowing costs	(1,619)	(1,360)
Amortisation of interest rate cap premium	(352)	–
Net foreign exchange gain/(loss) on financing activities	896	(657)
Total finance costs	(13,577)	(8,977)
Net finance costs	(13,556)	(8,977)

7 Employee benefit costs

The average monthly number of employees (including Directors) during the year was made up as follows:

	2023 Number	2022 Number
Administration	582	358
Production	148	89
Total employees	730	447

	2023 £000	2022 £000
Wages and salaries	41,664	33,343
Social security costs	5,047	4,753
Other pension costs	1,619	977
Share-based payment expense	7,270	7,701
Total gross employment costs	55,600	46,774
Staff costs capitalised as intangible assets	(12,750)	(8,297)
Total net employment costs	42,850	38,477

The Group's employees are members of defined contribution pension schemes with obligations recognised as an operating cost in the income statement as incurred.

The Group pays contributions into separate funds on behalf of the employee and has no further obligations to employees. The risks associated with this type of plan are assumed by the member. Contributions paid by the Group in respect of the current year are included within the consolidated income statement.

Notes to the Consolidated Financial Statements

8 Taxation

(a) Tax on profit

The tax charge is made up as follows:

	2023 £000	2022 £000
Profit before taxation	**34,905**	39,960
Current tax:		
UK corporation tax on profit for the year	**8,385**	7,267
Foreign tax charge	**1,644**	2,959
Adjustment in respect of prior years	**(992)**	(654)
Total current tax	**9,037**	9,572
Deferred tax:		
Origination and reversal of temporary differences	**(820)**	(1,224)
Impact of changes in tax law and rates	**–**	(75)
Adjustment in respect of prior years	**81**	248
Total deferred tax	**(739)**	(1,051)
Total tax charge in the income statement	**8,298**	8,521

(b) The tax assessed for the year is higher than the standard UK rate of corporation tax applicable of 19.4% (2022: 19.0%); the 19.4% reflects eleven months of the financial year at a 19% rate of corporation tax and one month at 25%. The differences are explained below:

	2023 £000	2022 £000
Profit before taxation	**34,905**	39,960
Profit on ordinary activities multiplied by the UK tax rate	**6,775**	7,592
Effects of:		
Expenses not deductible for tax purposes	**2,079**	1,391
Non-taxable income	**(20)**	(371)
Effect of higher tax rates in overseas territories	**287**	411
Adjustment in respect of prior years	**(912)**	(407)
Change in UK deferred tax rate	**282**	(204)
Other permanent differences	**(193)**	109
Total tax charge for the year	**8,298**	8,521

Taxation for other jurisdictions is calculated at the rates prevailing in each jurisdiction.

The effective tax rate is higher than the UK tax rate, which primarily reflects the non-deductible nature of the M&A costs (refer to Note 5).

(c) Deferred tax:

	Accelerated capital allowances £000	Intangible assets £000	Share-based payments £000	Other short-term temporary differences £000	Total £000
Balance at 1 May 2021	(213)	(3,819)	302	492	(3,238)
Adjustments in respect of prior years	(522)	56	–	218	(248)
Current year (credit)/charge to income statement	(293)	926	481	185	1,299
Effects of movements in exchange rates	–	19	–	–	19
Balance at 30 April 2022	(1,028)	(2,818)	783	895	(2,168)

8 Taxation continued

	Accelerated capital allowances £000	Intangible assets £000	Share-based payments £000	Other short-term temporary differences £000	Total £000
Balance at 1 May 2022	(1,028)	(2,818)	783	895	(2,168)
Adjustments in respect of prior years	–	(10)	(73)	2	(81)
Current year credit/(charge) to income statement	(1,018)	1,331	482	25	820
Acquired through business combinations	157	(9,581)	–	28	(9,396)
Effects of movements in exchange rates	–	(153)	–	–	(153)
Balance at 30 April 2023	(1,889)	(11,231)	1,192	950	(10,978)

The Finance Bill 2021 included legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. This rate change is included above as the Finance Bill 2021 has been substantively enacted.

According to the Netherlands 2023 Tax Plan, the general corporate income tax rate will remain 25.8% for the year 2023 whereby the first €200K profit is taxed at 19%.

9 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. For the purposes of this calculation, the weighted average number of ordinary shares in issue during the year was 340,061,402 (2022: 339,036,292). The year-on-year increase reflects the release of 3,075,329 shares, on 7 January 2023, from repurchase obligations that were deducted from ordinary shares outstanding at 30 April 2022:

	2023 Number of shares	2022 Number of shares
Weighted average number of shares in issue	**342,111,621**	342,111,621
Less: weighted average number of shares held subject to potential repurchase	**(2,050,219)**	(3,075,329)
Weighted average number of shares for calculated basic earnings per share	**340,061,402**	339,036,292

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has potentially dilutive ordinary shares arising from share options granted to employees under the share schemes as detailed in Note 20 of these financial statements.

Adjusted earnings per share

Earnings attributable to ordinary equity holders of the Group for the year, adjusted to remove the impact of adjusting items and the tax impact of these; divided by the weighted average number of ordinary shares outstanding during the year.

	2023 Number of shares	2022 Number of shares
Weighted average number of shares for calculated basic earnings per share	**340,061,402**	339,036,292
Weighted average number of dilutive shares	**6,860,822**	6,957,427
Total number of shares for calculated diluted earnings per share	**346,922,224**	345,993,719

9 Earnings per share continued

	2023 £000	2022 £000
Basic earnings attributable to equity holders of the Company	**26,607**	31,439
Adjusting items (see Note 5)	**13,085**	11,585
Tax on adjusting items	**(1,823)**	(1,350)
Adjusted earnings attributable to equity holders of the Company before adjusting items	**37,869**	41,674

	2023	2022
Basic earnings per ordinary share (pence)	**7.8**	9.3
Diluted earnings per ordinary share (pence)	**7.7**	9.1
Basic earnings per ordinary share before adjusting items (pence)	**11.1**	12.3
Diluted earnings per ordinary share before adjusting items (pence)	**10.9**	12.0

10 Acquisition of subsidiary

On 13 July 2022, the Group acquired 100% of the issued share capital of Experience More Limited. The total outflow of cash to acquire the subsidiary was £88,598,000, comprising cash consideration of £124,313,000 net of cash balances acquired of £35,715,000.

Details of the purchase consideration, goodwill and the fair value of identifiable assets and liabilities acquired are as follows:

	Book value £000	Fair value adjustment £000	Final fair value £000
Intangible assets	1,177	39,819	40,996
Tangibles assets	835	–	835
Right-of-use asset	2,105	(801)	1,304
Investments	528	(528)	–
Inventories	1,335	47	1,382
Trade and other receivables	5,009	(255)	4,754
Trade and other payables	(87,141)	89	(87,052)
Lease liability	(2,286)	1,299	(987)
Current tax asset	474	(154)	320
Provision	(165)	(651)	(816)
Deferred tax asset/(liability)	176	(9,581)	(9,405)
Total	**(77,953)**	**29,284**	**(48,669)**

Goodwill recognised as a result of the acquisition is as follows:

	£000
Cash consideration	124,313
Less: cash balances acquired	(35,715)
Outflow of cash to acquire subsidiary, net of cash acquired	**88,598**
Fair value of identifiable liabilities	**48,669**
Goodwill	**137,267**

Intangible assets:	
Development costs	1,177
Customer relationships	32,133
Brand names	7,686
Total	**40,996**

10 Acquisition of subsidiary continued

None of the goodwill acquired is expected to be deductible for income tax purposes. The goodwill constitutes the value of a high-quality complementary business that will significantly enhance the Group's overall gifting proposition, unlock innovation through digital gifting and provide a profitable presence in the standalone gifting market.

Experiences contributed £41,577,000 of revenue and £11,409,000 on a profit before taxation basis for the period between the date of acquisition and the Balance Sheet date.

If the acquisition of Experiences had completed on the first day of the financial year, Group revenue for the year would have been £6,282,000 higher and Group profit before taxation for the year would have been £1,982,000 higher. The pre-acquisition profit before tax was a loss of £13,003,000. This loss before taxation includes a pre-acquisition charge of £13,533,000 (recognised as a liability in the opening balance sheet) relating to cash bonuses payable to the Experiences management team which vested upon completion of the acquisition in accordance with an incentive scheme established by the vendor and fair value adjustments made by the Group on acquisition.

Acquisition costs of £5,332,000 arose as a result of the transaction, of which £929,000 were incurred in the year ended 30 April 2022 and £4,403,000 were incurred in the year ended 30 April 2023. These have been recognised as Adjusting Items within operating profit in the Consolidated Income Statement (see Note 5).

11 Intangible assets

	Goodwill £000	Trademark £000	Technology and development costs[1] £000	Customer relationships £000	Software £000	Other intangibles £000	Total £000
Cost							
1 May 2021	6,459	8,855	16,382	15,241	714	1,573	49,224
Additions	–	35	8,262	–	–	–	8,297
Disposals	–	–	(4,602)	–	(423)	–	(5,025)
Transfers	–	–	–	–	(9)	–	(9)
Foreign exchange	(223)	(311)	(60)	(53)	205	(54)	(496)
30 April 2022	6,236	8,579	19,982	15,188	487	1,519	51,991
Accumulated amortisation and impairment							
1 May 2021	–	2,332	4,460	4,187	350	1,573	12,902
Amortisation charge	–	766	5,519	3,207	209	–	9,701
Disposals	–	–	(4,602)	–	(344)	–	(4,946)
Transfers	–	–	–	–	(4)	–	(4)
Foreign exchange	–	80	40	45	199	(54)	310
At 30 April 2022	–	3,178	5,417	7,439	410	1,519	17,963
Net book value 30 April 2022	6,236	5,401	14,565	7,749	77	–	34,028

11 Intangible assets continued

	Goodwill £000	Trademark £000	Technology and development costs[1] £000	Customer relationships £000	Software £000	Other intangibles £000	Total £000
Cost							
1 May 2022	6,236	8,579	19,982	15,188	487	1,519	51,991
Additions	–	–	12,749	–	200	–	12,949
Additions from acquisition of subsidiary	137,267	7,686	1,177	32,133	–	–	178,263
Disposals	–	–	(3,653)	–	–	(1,594)	(5,247)
Foreign exchange	308	418	–	750	4	75	1,555
30 April 2023	143,811	16,683	30,255	48,071	691	–	239,511
Accumulated amortisation and impairment							
1 May 2022	–	3,178	5,417	7,439	410	1,519	17,963
Amortisation charge	–	1,494	8,396	5,675	147	–	15,712
Disposals	–	–	(3,653)	–	–	(1,594)	(5,247)
Foreign exchange	–	179	–	372	2	75	628
At 30 April 2023	–	4,851	10,160	13,486	559	–	29,056
Net book value 30 April 2023	143,811	11,832	20,095	34,585	132	–	210,455

1 The technology and development costs include assets under construction of £3,821,000 (2022: £3,950,000).

(a) Goodwill

Goodwill of £6,544,000 (2022: £6,236,000) relates to the acquisition of Greetz in 2018, recognised within the Greetz CGU.

Goodwill of £137,267,000 (2022: nil) relates to the acquisition of Experiences and is allocated to the Experiences CGU.

(b) Trademark

£4,627,000 (2022: £5,401,000) of the asset balance are trademarks relating to the acquisition of Greetz with finite lives. The remaining useful economic life at 30 April 2023 on the trademark is 5 years 4 months (2022: 6 years 4 months).

£7,072,000 (2022: nil) of trademark assets relate to the brands valued on the acquisition of Experiences. The remaining useful economic life at 30 April 2023 on these trademarks is 9 years and 3 months.

(c) Technology and development costs

Technology and development costs of £19,232,000 (2022: £14,565,000) relate to internally developed assets. The costs of these assets include capitalised expenses of employees working full-time on software development projects and third-party consulting firms.

Technology and development costs of £864,000 (2022: nil) relate to the acquisition of Experiences and are allocated to the Experiences CGU. The remaining useful economic life at 30 April 2023 is 2 years and 3 months.

(d) Customer relationships

£7,173,000 (2022: £7,749,000) of the asset balance relates to the valuation of existing customer relationships held by Greetz on acquisition. The remaining useful economic life at 30 April 2023 on these customer relationships is 7 years 4 months (2022: 8 years 4 months).

£27,411,000 (2022: nil) of customer relationship assets relates to those valued on the acquisition of the Experiences segment. The remaining useful economic life at 30 April 2023 on these customer relationships ranges between 6 years 3 months and 5 months.

(e) Software

Software intangible assets include accounting and marketing software purchased by the Group and software licence fees from third-party suppliers.

(f) Other intangibles

Other intangible assets include non-compete agreements and information content for products and software that have been valued and separately recognised.

11 Intangible assets continued

(g) Annual impairment tests

Goodwill

Goodwill is allocated to two cash-generating units ("CGUs"), namely the Greetz and Experiences segments, based on the smallest identifiable group of assets that generates cash inflows independently in relation to the specific goodwill. The recoverable amount of a CGU or group of CGUs is determined as the higher of its fair value less costs of disposal and its value in use ("VIU"). In determining VIU, estimated future cash flows are discounted to their present value. The Group performed its annual impairment test as at 30 April 2023.

The estimated future cash flows are based on the approved plan, including the FY24 budget, for the three years ending 30 April 2026. The estimated future cash flows are identical to those used for the viability statement. They have been extended by a further four years before applying a perpetuity using an estimated long-term growth rate. When estimating value in use, the Group does not include estimated future cash flows that are expected to arise from improving or enhancing the asset's performance.

The use of a pre-perpetuity projections period of more than five years is an accounting judgement. The reasons why the Group considers that a seven-year period is appropriate and why it considers that the Group meets the reliability requirements of IAS 36, are set out at Note 4 to the Company Financial Statements on page 185.

The Group has considered the potential impact of climate change on estimated future cash flows, including the primary climate risks discussed in the TCFD report on pages 32 to 47. These risks are not considered to have a material impact on estimated future cash flows and therefore have not been modelled as part of the Group's forecasts. Any revenue upsides from climate opportunities are not expected to be significant and have also not been modelled. The Group does not operate in an energy-intensive industry and any cash outflows needed to factor in any incremental costs, other operational disruption that could impact operating margin or reduced trade, are not expected to be material.

The Group has identified the following key assumptions as having the most significant impact on the VIU calculation:

	Greetz CGU		Experiences CGU	
	2023	2022	2023	2022
Pre-tax discount rate (%)[1]	**12.2%**	9.6%	**13.5%**	–
Revenue growth rate (%)[2]	**12.4%**	13.3%	**10.5%**	–
Pre-perpetuity period (years)	**7**	8	**7**	–

1 The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the cash generating units. The pre-tax discount rates used to calculate value in use are derived from the Group's post-tax weighted average cost of capital.
2 The compound annual growth rate ("CAGR") represents the average yearly growth rate over the pre-perpetuity period.

The Group has performed sensitivity analysis to assess the impact of a change in each key assumption in the VIU. The relevant scenario, in relation to a revenue decrease, is consistent with the more severe downside scenario (Plausible Scenario 2) prepared in connection with the viability statement on pages 72 and 73.

For the goodwill allocated to the Experiences and Greetz CGUs the Group modelled the impact of a 1%pts increase in the discount rate, a 15% decrease in the forecasted revenue and a reduction in the pre-perpetuity period from seven to six years. The Group also modelled a scenario in which all three of these changes arise concurrently. The results of this sensitivity analysis are summarised below:

	Greetz CGU	Experiences CGU
	2023 £m	2023 £m
Original headroom	**193.6**	**89.7**
Headroom using a discount rate increased by 1%pts	**167.7**	**64.1**
Headroom using a 15% decrease in forecasted revenue	**123.1**	**2.7**
Headroom using a pre-perpetuity period reduced by one year	**180.1**	**77.3**
Headroom combining all three sensitivity scenarios detailed above	**97.7**	**(21.2)**

11 Intangible assets continued

(g) Annual impairment tests continued

For goodwill allocated to the Greetz CGU, the headroom over carrying amount is more than adequate and there is no plausible change in key assumptions including those relating to future sales performance that would lead to an impairment.

For goodwill allocated to the Experiences CGU, further modelling was undertaken to assess the point at which headroom would be reduced to £nil for each of the individual sensitivities. For the carrying amount and recoverable amount to be equal, the pre-tax discount rate would need to increase by 5.4%pts from 13.5% to 18.9%, the forecasted revenue would need to decrease by 16% (assuming no action was taken to reduce indirect costs from the forecasted level) and the pre-perpetuity period would need to reduce from seven to one year (each sensitivity applied individually).

No impairment to the carrying amount of Experiences goodwill has been recorded in the current period, reflecting the fact that it remains lower than the recoverable amount. However, in view of the outcome of the sensitivity analysis, the Directors have identified the compound annual revenue growth rate as a matter of major source of estimation uncertainty.

Other finite-life intangible assets

At each reporting year date, the Group reviews the carrying amounts of other finite-life intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

12 Property, plant and equipment

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Leasehold improvements £000	Computer equipment £000	Right-of-use assets plant and machinery £000	Right-of-use assets land and buildings £000	Total £000
Cost								
1 May 2021	3,999	6,758	1,245	4,132	2,415	1,292	12,240	32,081
Additions	–	803	94	11	536	–	6,571	8,015
Disposals	(92)	(812)	(74)	(420)	(526)	–	–	(1,924)
Foreign exchange	–	(75)	(1)	(15)	(32)	(39)	(67)	(229)
30 April 2022	3,907	6,674	1,264	3,708	2,393	1,253	18,744	37,943
Accumulated depreciation and impairment								
1 May 2021	1,931	3,907	759	1,673	1,504	784	3,522	14,080
Depreciation charge	158	1,030	291	399	502	251	2,029	4,660
Disposals	(36)	(802)	(73)	(420)	(488)	43	–	(1,776)
Foreign exchange	–	(35)	(1)	(14)	(15)	(116)	(81)	(262)
30 April 2022	2,053	4,100	976	1,638	1,503	962	5,470	16,702
Net book value 30 April 2022	1,854	2,574	288	2,070	890	291	13,274	21,241

12 Property, plant and equipment continued

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Leasehold improvements £000	Computer equipment £000	Right-of-use assets plant and machinery £000	Right-of-use assets land and buildings £000	Total £000
Cost								
1 May 2022	3,907	6,674	1,264	3,708	2,393	1,253	18,744	37,943
Additions	–	2,146	268	6,679	587	880	5,552	16,112
Acquired additions	–	–	2,875	–	564	371	933	4,743
Disposals	(2)	(331)	(1,867)	(149)	(961)	(1,196)	(2,063)	(6,569)
Transfers	–	(1,701)	1,619	207	(125)	–	–	–
Foreign exchange	–	74	23	37	49	47	208	438
30 April 2023	3,905	6,862	4,182	10,482	2,507	1,355	23,374	52,667
Accumulated depreciation and impairment								
1 May 2022	2,053	4,100	976	1,638	1,503	962	5,470	16,702
Depreciation charge	156	979	768	808	631	391	3,208	6,941
Acquired accumulated depreciation	–	–	2,182	–	421	–	–	2,603
Disposals	(2)	(331)	(1,867)	(149)	(941)	(1,211)	(2,020)	(6,521)
Transfers	–	(821)	814	7	–	–	–	–
Impairment	–	–	–	–	–	–	428	428
Foreign exchange	–	31	13	6	28	45	80	203
30 April 2023	2,207	3,958	2,886	2,310	1,642	187	7,166	20,356
Net book value 30 April 2023	1,698	2,904	1,296	8,172	865	1,168	16,208	32,311

13 Inventories

	2023 £000	2022 £000
Raw materials and consumables	2,128	2,109
Finished goods	13,425	9,987
Total inventory	15,553	12,096
Less: Provision for write off of:		
Raw materials and consumables	(153)	(194)
Finished goods	(3,067)	(1,785)
Net inventory	12,333	10,117

The cost of inventories recognised as an expense and included in cost of sales during the year amounted to £45,855,000 (2022: £51,313,000).

14 Trade and other receivables

	2023 £000	2022 £000
Current:		
Trade receivables	1,901	138
Less: provisions	(470)	–
Trade receivables – net	1,431	138
Other receivables	2,117	1,944
Other receivables with entities formerly under common control	151	458
Prepayments	2,632	1,752
Total current trade and other receivables	6,331	4,292

14 Trade and other receivables continued

The movements in provisions are as follows:

	2023 £000	2022 £000
At 1 May	–	(17)
Acquired	(310)	–
Charge for the year	(160)	–
Utilised	–	–
Released	–	17
At 30 April	**(470)**	–

Trade and other receivables are predominantly denominated in the functional currencies of subsidiary undertakings. There is no material difference between the above amounts for trade and other receivables (including loan receivables) and their fair value due to their contractual maturity of less than 12 months.

Other receivables with entities formerly under common control relate to costs in connection with leased property.

As permitted by IFRS 9, the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as ageing of the debt and the credit risk of the customers. A historical credit loss rate is then calculated and then adjusted to reflect expectations about future credit losses. A customer balance is written off when it is considered that there is no reasonable expectation that the amount will be collected and legal enforcement activities have ceased.

The Group's credit risk on trade and other receivables is primarily attributable to trade receivables. There are no significant concentrations of credit risk since the risk is spread over a large number of unrelated counterparties.

The Group's businesses implement policies, procedures and controls to manage customer credit risk. Outstanding balances are regularly monitored and reviewed to identify any change in risk profile.

The Group considers its credit risk to be low with Group revenues derived from electronic payment processes (including credit card, debit card, PayPal, iDeal and Single Euro Payments Area) executed over the internet, with the majority of receipts reaching the bank accounts in one to two days.

At 30 April 2023, the Group had net trade receivables of £1,431,000 (2022: £138,000). Trade receivables are reviewed regularly for any risk of impairment and provisions are booked where necessary.

The maximum exposure to credit risk is the trade receivable balance at the year-end. The Group has assessed its exposure below:

Trade receivables ageing

	2023 £000	2022 £000
Up to 30 days	973	74
Past due but not impaired:		
30 to 90 days	250	55
More than 90 days	678	9
Gross	1,901	138
Less: provisions (all relating to balances more than 90 days)	(470)	–
Net trade receivables	**1,431**	138

	2023 £000	2022 £000
Non-current other receivables:		
Other receivables	2,153	1,928
Total non-current trade and other receivables	**2,153**	1,928

Non-current other receivables relate to security deposits in connection with leased property.

15 Cash and cash equivalents

	2023 £000	2022 £000
Cash and bank balances	**19,597**	100,242
Cash equivalents	**2,797**	1,435
Total cash and cash equivalents	**22,394**	101,677

The carrying amount of cash and cash equivalents approximates their fair value. Cash equivalents relate to cash in transit from various payment processing intermediaries that provide receipting services to the Group.

Cash and cash equivalents are denominated in Pound Sterling or other currencies as shown below.

	2023 £000	2022 £000
Pound Sterling	**16,467**	97,394
Euro	**4,989**	3,687
Australian Dollar	**841**	546
US Dollar	**97**	50
Total cash and cash equivalents	**22,394**	101,677

16 Trade and other payables

	2023 £000	2022 £000
Current		
Trade payables	**26,726**	19,402
Other payables	**4,569**	–
Other taxation and social security	**6,756**	4,370
Accruals	**16,272**	19,530
Merchant accrual	**55,796**	–
Total current trade and other payables	**110,119**	43,302

Trade and other payables are predominantly denominated in the functional currencies of subsidiary undertakings. The increase in other payables relates to the vested tranche of the cash component of the Pre-IPO awards that will be paid out within one year. Refer to Note 20 for further details.

There is no material difference between the above amounts for trade and other payables and their fair value due to materially all of the trade and other payables having a contractual maturity of less than 12 months.

	2023 £000	2022 £000
Non-current		
Other payables	**3,168**	4,207
Other taxation and social security	**1,052**	1,338
Accruals	**–**	129
Other payables with entities formerly under common control	**638**	638
Total non-current trade and other payables	**4,858**	6,312

Non-current other payables predominantly relate to the cash component of the Pre-IPO awards, refer to Note 20 for further details.

Notes to the Consolidated Financial Statements

17 Provisions for other liabilities and charges

	Other provisions £000	Dilapidations provisions £000	Total £000
At 1 May 2021	1,697	816	2,513
Charged in the year	235	693	928
Release of provisions in the year	(64)	–	(64)
Foreign exchange	(31)	–	(31)
At 30 April 2022	1,837	1,509	3,346
Analysed as:			
Current	1,837	–	1,837
Non-current	–	1,509	1,509

	Other provisions £000	Dilapidations provisions £000	Total £000
At 1 May 2022	**1,837**	**1,509**	**3,346**
Acquired	**494**	**317**	**811**
Charged in the year	**1,093**	**724**	**1,817**
Utilisation	**(938)**	**–**	**(938)**
Release of provisions in the year	**(1,051)**	**–**	**(1,051)**
Foreign exchange	**26**	**19**	**45**
At 30 April 2023	**1,461**	**2,569**	**4,030**
Analysed as:			
Current	**1,240**	**377**	**1,617**
Non-current	**221**	**2,192**	**2,413**

Current provisions

Other provisions primarily relate to royalty provisions, a refund provision and a sabbatical provision. The above provisions are due to be settled within the year. During the year the dilapidations provision for the former head office of the Experiences segment was moved to current as it is due to be settled in 2023.

Non-current provisions

Dilapidations provisions relate to the Herbal House head office, Almere facility in the Netherlands and the Tamworth facility in the UK, and are non-current due to their settlement date. The earliest current lease end date of these three locations is 2027.

18 Contract liabilities

In all material respects, current deferred revenue at 1 May 2021 and 1 May 2022 was recognised as revenue during the respective subsequent year. Other than business-as-usual movements there were no significant changes in contract liability balances during the year.

19 Borrowings

	2023 £000	2022 £000
Current		
Lease liabilities	**3,443**	2,151
Borrowings	**27**	213
Non-current		
Lease liabilities	**16,082**	13,169
Borrowings	**170,493**	169,950
Total borrowings and lease liabilities	**190,045**	185,483

19 Borrowings continued

The Group's sources of borrowing for liquidity purposes include the Senior Facilities Agreement, which was executed on 7 January 2021 and amended on 22 June 2022. This facility comprises a Term Loan of £175,000,000, the Original RCF of £20,000,000 and the Additional RCF of £60,000,000, provided by a syndicate of banks. All facilities provided under the Senior Facilities Agreement are committed until 8 December 2025. Lease liabilities arising are also reported in borrowings. As at 30 April 2023 both the Original RCF and the Additional RCF remain undrawn.

Interest on all amounts drawn under the Senior Facilities Agreement (referred to as "senior debt") is calculated at a floating reference rate plus a margin. Prior to December 8, 2021, the reference rate was LIBOR, and since that date, it has been SONIA.

On 1 August, the Group executed two interest rate derivative agreements, with the intention of hedging its exposure to increases in SONIA for broadly three quarters of its current expected future senior net debt (net of cash) for the period until November 2024. The agreements comprise an interest rate swap at a rate of 2.4725% with a floor strike rate of 0% on £90m notional until 1 December 2022 and £55m notional until the term expires on 30 November 2023 and an interest rate cap with a cap strike rate of 3.0000% on £70m notional until 30 November 2024.

The Senior Facilities Agreement is subject to a Total Net Debt to last twelve months' Adjusted EBITDA (stated pro forma to include a full year's profit from acquired businesses) covenant of 4.00x at 30 April 2023 and 3.50x thereafter, tested semi-annually, with Total Net Debt and Adjusted EBITDA as defined in the Senior Facilities Agreement.

Borrowings are repayable as follows:

	2023 £000	2022 £000
Within one year	**27**	213
Within one and two years	**–**	–
Within two and three years	**170,493**	–
Within three and four years[1]	**–**	169,950
Within four and five years	**–**	–
Beyond five years	**–**	–
Total borrowings	**170,520**	170,163

1 Total borrowings include £27,000 (2022: £213,000) in respect of accrued unpaid interest and are shown net of capitalised borrowing costs of £4,507,000 (2022: £5,050,000).

The table below details changes in liabilities arising from financing activities, including both cash and non-cash changes.

	Borrowings £000	Lease liabilities £000	Total £000
1 May 2021	169,071	12,032	181,103
Cash flow	(6,451)	(3,105)	(9,556)
Foreign exchange	–	(68)	(68)
Interest and other[1]	7,543	6,461	14,004
30 April 2022	170,163	15,320	185,483
Cash flow	**(12,144)**	**(3,504)**	**(15,648)**
Foreign exchange	**–**	**98**	**98**
Interest and other[1]	**12,501**	**7,611**	**20,112**
30 April 2023	**170,520**	**19,525**	**190,045**

1 Interest and other within borrowings comprises amortisation of capitalised borrowing costs and the interest expense in the year. Interest and other within lease liabilities comprises interest on leases as disclosed in Note 6 as well as the lease liability addition in relation to the new Netherlands facility and office and the lease liability recognised on acquisition of the Experiences segment.

Notes to the Consolidated Financial Statements

20 Share-based payments

Legacy schemes

Prior to Admission to the London Stock Exchange during the year ended 30 April 2021, share and cash-based incentives were awarded by the Former Parent Undertaking in relation to legacy compensation agreements for certain employees, senior management and Directors. Such shares have been converted into separate shares in Moonpig Group plc and other companies formerly under common control. These were accounted for in accordance with IFRS 2 and disclosed in the Prospectus, which can be found at www.moonpig.group/investors. The awards included 3,075,329 shares in Moonpig Group plc that did not vest at the date of Admission, and which vested on the 7 January 2023. In respect of these shares, there were non-cash charges of £3,260,000 in FY22 and £2,251,000 in FY23. National Insurance is not included on these schemes as they operated at an unrestricted tax market value.

Pre-IPO awards

Awards were granted on 27 January 2021 and comprise two equal tranches, with the first tranche vesting on 30 April 2023 and the second tranche on 30 April 2024. The share awards vesting is subject to the achievement of revenue and Adjusted EBITDA performance conditions and participants to remain employed by the Company over the vesting period. Given the constituents of the scheme, no attrition assumption has been applied. New share awards were granted under the existing scheme in May, September, October and December 2022 and January, February and April 2023, they will all vest on 30 April 2024.

The performance period for the pre-IPO awards ended on 30 April 2023, with vesting subject to revenue (50% weighting) and Adjusted EBITDA (50% weighting). For both of these financial performance conditions, the maximum target was met and would have been met even excluding the revenue and profits of the acquired Experiences segment. The awards will be payable half in cash and half in shares (based on the share price at Admission) in two tranches. The first tranche vested on 30 April 2023 and will be paid in July 2023, with the second tranche vesting on 30 April 2024 and payable immediately thereafter. The below tables give the assumptions applied to the options granted in the year and the shares outstanding:

	February 2023	January 2023	December 2022	October 2022	September 2022	May 2022
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price (pence)	114.20	117.20	109.00	127.00	189.80	236.20
Exercise price (pence)	0	0	0	0	0	0
Expected dividend yield	0%	0%	0%	0%	0%	0%
Risk-free interest rate	3.94%	3.74%	3.56%	3.30%	3.10%	1.52%
Volatility	36.58%	35.86%	35.12%	33.97%	32.86%	34.64%
Expected term (years)	1.19	1.27	1.36	1.51	1.65	1.95
Weighted average fair value (pence)	114.20	117.20	109.00	127.00	189.80	236.20
Attrition	0%	0%	0%	0%	0%	0%
Weighted average remaining contractual life (years)	1.00	1.00	1.00	1.00	1.00	1.00

Pre-IPO awards continued

Pre-IPO awards	Number of shares	Weighted average exercise price (£)
Outstanding at the beginning of the year	2,546,859	–
Granted	295,357	–
Exercised	–	–
Forfeited	(225,500)	–
Outstanding at the end of the year	2,616,716	–
Exercisable at the end of the year	1,165,753	–

20 Share-based payments continued

Long-Term Incentive Plan ("LTIP")

Awards were granted on 1 February 2021 and will vest on 30 June 2024. Half of the share awards vesting is subject to a relative Total Shareholder Return ("TSR") performance condition measured against the constituents of the FTSE 250 Index (excluding Investment Trusts). The other half of the share awards vesting is subject to the achievement of an Adjusted Basic Pre-Tax EPS performance condition (calculated as Adjusted Profit Before Taxation, divided by the undiluted weighted average number of ordinary shares outstanding during the year). Participants are also required to remain employed by the Company over the vesting period, with Executive Directors to 30 April 2026. Given the constituents of the scheme, no attrition assumption has been applied. On 5 July 2022 and 25 October 2022 new awards were granted under the existing scheme and will vest on 5 July and 25 October 2025 respectively. Consistent with the existing scheme, participants are required to remain employed by the Company over the vesting period, with the Executive Directors to 5 July 2027. The below tables give the assumptions applied to the options granted in the year and the shares outstanding:

	October 2022	July 2022
Valuation model	Stochastic and Black-Scholes	Stochastic, Black-Scholes and Chaffe
Weighted average share price (pence)	127.00	211.20
Exercise price (pence)	0	0
Expected dividend yield	0%	0%
Risk-free interest rate	3.43%	1.64%/1.76%
Volatility	34.84%	35.10%/34.38%
Expected term (years)	3.00	3.00/2.00
Weighted average fair value (pence)	127.0/62.3	211.2/131.7
Attrition	0%	0%
Weighted average remaining contractual life (years)	2.49	2.30/1.30

LTIP awards	Number of shares	Weighted average exercise price (£)
Outstanding at the beginning of the year	871,275	–
Granted	2,296,209	–
Exercised	–	–
Forfeited	(102,486)	–
Outstanding at the end of the year	3,064,998	–
Exercisable at the end of the year	–	–

Share Incentive Plan ("SIP")

The SIP was used to grant share awards to all eligible employees at Admission based on their length of service. No costs were incurred by employees to acquire the shares. The share awards were granted on 1 February 2021. The free share awards granted to UK-based staff are subject to a minimum three-year holding period. The awards made to employees in Guernsey and the Netherlands are not subject to a holding period.

20 Share-based payments continued

Deferred Share Bonus Plan ("DSBP")

The Group has bonus arrangements in place for Executive Directors and certain key management personnel within the Group whereby a proportion of the annual bonus is subject to deferral over a period of three years with vesting subject to continued service only.

On 6 August 2021, 92,970 shares were granted in relation to the deferred element of the FY21 bonus. These shares will vest on 6 August 2024. On 5 July 2022, 299,319 shares were granted in relation to the deferred element of the FY22 bonus. These shares will vest on 5 July 2025.

The outstanding number of shares at the end of the year is 392,289 (2022: 92,970).

	July 2022
Valuation model	Black-Scholes
Weighted average share price (pence)	211.20
Exercise price (pence)	0
Expected dividend yield	0%
Risk-free interest rate	1.64%
Volatility	35.10%
Expected term (years)	3.00
Weighted average fair value (pence)	211.20
Attrition	0%
Weighted average remaining contractual life (years)	2.30

DSBP	Number of shares	Weighted average exercise price (£)
Outstanding at the beginning of the year	92,970	–
Granted	299,319	–
Exercised	–	–
Forfeited	–	–
Outstanding at the end of the year	392,289	–
Exercisable at the end of the year	–	–

Save As You Earn ("SAYE")

The Group entered a SAYE Scheme for all eligible employees under which employees are granted an option to purchase ordinary shares in the Company at an option price set at a 20% discount to the average market price over the three days before the invitation date, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period.

The FY22 awards were granted on 3 September 2021 and will vest on 1 October 2024, with a six-month exercise period following vesting. The awards are subject only to service conditions with the requirement for the recipients of awards to remain in employment with the Company over the vesting period. FY23 awards were granted on 8 September 2022 and will vest on 1 October 2025, they are subject to the same conditions as the FY22 grant. The below tables give the assumptions applied to the options granted in the year and the shares outstanding:

	SAYE
Valuation model	Black-Scholes
Weighted average share price (pence)	194.90
Exercise price (pence)	162.00
Expected dividend yield	0%
Risk-free interest rate	2.93%
Volatility	34.47%
Expected term (years)	3.25
Weighted average fair value (pence)	59.11
Attrition	15%
Weighted average remaining contractual life (years)	2.40

20 Share-based payments continued

Save As You Earn ("SAYE") continued

SAYE	Number of shares	Weighted average exercise price (£)
Outstanding at the beginning of the year	318,021	–
Granted	692,957	–
Exercised	–	–
Cancelled	(209,399)	
Forfeited	(17,760)	–
Outstanding at the end of the year	783,819	–
Exercisable at the end of the year	–	–

The fair value of awards under the Pre-IPO and DSBP awards are equal to the share price on the date of award as there is no price to be paid and employees are entitled to dividend equivalents. For awards with a market condition, volatility is calculated over the period commensurate with the remainder of the performance period immediately prior to the date of grant. For all other conditions, volatility is calculated over the period commensurate with the expected term. As the Company had only recently listed, a proxy volatility equal to the median volatility of the FTSE 250 (excluding Investment Trusts) over the respective periods has been used. Consideration has also been made to the trend of volatility to return to its mean, by disregarding extraordinary periods of volatility.

Share-based payments expenses recognised in the income statement:

	2023 £000	2022 £000
Legacy schemes	**2,251**	3,260
Pre-IPO awards	**3,168**	3,778
LTIP	**1,876**	822
SAYE	**351**	79
DSBP	**273**	369
Share-based payments expense[1]	**7,919**	8,308

1 The £7,919,000 (FY22: £8,308,000) stated above is presented inclusive of employer's national insurance contributions of £649,000 (FY22: £607,000).

21 Share capital and reserves

The Group considers its capital to comprise its ordinary share capital, share premium, merger reserve, retained earnings, share-based payments reserve and foreign exchange translation reserve. Quantitative detail is shown in the consolidated statement of changes in equity. The Directors' objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders.

Called-up share capital

Ordinary share capital represents the number of shares in issue at their nominal value. Ordinary shares in the Company are issued, allotted and fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The shareholding as at 30 April 2023 is:

	2023 Number of shares	2023 £000	2022 Number of shares	2022 £000
Allotted, called-up and fully paid ordinary shares of £0.10 each	**342,111,621**	**34,211**	342,111,621	34,211

Share premium

Share premium represents the amount over the par value which was received by the Company upon the sale of the ordinary shares. Upon the date of listing the par value of the shares was £0.10 but the initial offering price was £3.50. Share premium is stated net of direct costs of £736,000 (2022: £736,000) relating to the issue of the shares.

21 Share capital and reserves continued

Merger reserve

The merger reserve arises from the Group reorganisation accounted for under common control. In the prior year £7,560,000 was reclassified between the merger reserve and retained earnings (net of £2,445,000 included within other creditors) in relation to Group relief settled with the Former Parent Undertaking in FY21.

Other reserves

Other reserves represent the share-based payment reserve, the foreign currency translation reserve and the hedging reserve.

Share-based payment reserve

The share-based payment reserve is built up of charges in relation to equity-settled share-based payment arrangements which have been recognised within the consolidated income statement.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and the cumulative net change in the fair value of time value on the cash flow hedging instruments.

Foreign currency translation reserve

The foreign currency translation reserve represents the accumulated exchange differences arising since the acquisition of Greetz from the impact of the translation of subsidiaries with a functional currency other than Sterling.

	Share-based payment reserve £000	Foreign currency translation reserve £000	Hedging reserve £000	Total other reserves £000
At 1 May 2021	27,240	(225)	–	27,015
Other comprehensive income	–	190	–	190
Share-based payment charge (excluding National Insurance)	7,701	–	–	7,701
30 April 2022	34,941	(35)	–	34,906
Other comprehensive income:				
Foreign currency translation reserve reclassification	**–**	**(735)**	**–**	**(735)**
Cash flow hedges:				
Fair value changes in the year	**–**	**–**	**1,891**	**1,891**
Cost of hedging reserve	**–**	**–**	**126**	**126**
Fair value movements on cash flow hedges transferred to profit and loss	**–**	**–**	**(136)**	**(136)**
Exchange differences on translation of foreign operations	**–**	**(158)**	**–**	**(158)**
Share-based payment charge (excluding National Insurance)	**7,270**	**–**	**–**	**7,270**
30 April 2023	**42,211**	**(928)**	**1,881**	**43,164**

22 Financial risk management

The principal financial risks faced by the Group relate to capital risk, liquidity risk, credit risk, foreign currency risk and interest rate risk.

Market risk

Foreign currency risk

The Group's exposure to the risk of changes in foreign currency relates primarily to its operating activities. Operating companies generally only trade in their own currency. The Group is therefore not subject to any significant foreign exchange transactional exposure within these subsidiaries.

The Group transacts mainly in Sterling and Euros. The Group generates sufficient cash flows in each respective currency to service operating costs, therefore it does not see foreign currency risk as a significant risk.

The Group's principal exposure to foreign currency lies in the translation of overseas profits into Sterling; this exposure is not hedged. Other currency exposures comprise those currency gains and losses recognised in the income statement, reflecting other monetary assets and liabilities that are not denominated in the functional currency of the entity involved. At 30 April 2023 and 30 April 2022, these exposures were not material to the Group.

Interest rate risk

The Group is exposed to interest rate risk arising from borrowings under the Senior Facilities Agreement, which incurs interest at a floating reference rate plus a margin. The reference rate was LIBOR until 8 December 2021, after which it was replaced by SONIA.

On 1 August 2022, the Group executed two interest rate derivative agreements, with the intention of hedging its exposure to increases in SONIA for broadly three quarters of its current expected future senior net debt (net of cash) for the period until November 2024. For the remaining term, the agreements comprise an interest rate swap at a rate of 2.4725% with a floor strike rate of 0% on £55m notional until 30 November 2023 and an interest rate cap with a cap strike rate of 3.0000% on £70m notional until 30 November 2024.

The Group has elected to adopt the hedge accounting requirements of IFRS 9 Financial instruments. The Group enters into hedge relationships where the critical terms of the hedging instrument and the hedged item match, therefore, for the prospective assessment of effectiveness a qualitative assessment is performed. Hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effective tests are performed at each year end to determine the continuing effectiveness of the relationship.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the interest rate, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting changes in cash flows of the hedging item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- The effect of the counterparty and Group's own interest rate risk on the fair value of the cap and swap, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- Changes in the timing of the hedged item.

The derivative financial assets are all net settled; therefore, the maximum exposure to interest rate risk at the reporting date is the fair value of the derivative assets which are included in the Consolidated Balance Sheet:

Derivative financial assets	2023 £000	2022 £000
Derivatives designated as hedging instruments		
Interest rate swaps – cash flow hedges	706	–
Interest rate cap – cash flow hedges	1,762	–
Total derivatives financial assets	2,468	–

	2023 £000	2022 £000
Current and non-current:		
Current	711	–
Non-current	1,757	–
Total derivatives financial assets	2,468	–

22 Financial risk management continued

Market risk continued

a) Cash flow interest rate swap and cap

The was no ineffective portion recognised in finance expense that arose from cash flow hedges during the year (2022: £nil).

At 30 April 2023, the main floating rates were SONIA. Gains and losses recognised in the cash flow hedging reserve in equity on interest rate swap and cap contracts as at 30 April 2023 will be released to the consolidated statement of comprehensive income as the related interest expense is recognised.

The effects of the cash flow interest rate swap and cap hedging relationships are as follows at 30 April:

	Interest rate swap		Interest rate cap	
	2023	2022	2023	2022
Carrying amount of derivatives (£000)	**706**	–	**1,762**	–
Changes in fair value of the designated hedged item (£000)	**842**	–	**1,175**	–
Notional amount (£000)	**55,000**	–	**70,000**	–
Hedge ratio	**1:1**	–	**1:1**	–
Maturity date	**30/11/2023**	–	**30/11/2024**	–

Interest rate movements on deposits, lease liabilities, trade payables, trade receivables and other financial instruments do not present a material exposure to the Group's Balance Sheet.

Market risk sensitivity analysis

Financial instruments affected by market risks include borrowings and deposits.

The following analysis, required by IFRS 7 Financial Instruments: Disclosures, is intended to illustrate the sensitivity to changes in market variables, being Sterling interest rates, and Sterling/Euro exchange rates.

The sensitivity analysis assumes reasonable movements in foreign exchange and interest rates before the effect of tax. The Group considers a reasonable interest rate movement in SONIA to be 3%, based on current interest rate projections. Similarly, sensitivity to movements in Sterling/Euro exchange rates of 10% are shown, reflecting changes of reasonable proportion in the context of movement in that currency pair over the last year.

The following table shows the illustrative effect on profit before tax resulting from a 10% change in Sterling/Euro exchange rates:

	Income (losses)/gains 2023 £000	Equity (losses)/gains 2023 £000	Income (losses)/gains 2022 £000	Equity (losses)/gains 2022 £000
10% strengthening of Sterling versus the Euro	**(390)**	**(814)**	(778)	(662)
10% weakening of Sterling versus the Euro	**477**	**995**	951	809

The following table shows the illustrative effect on the consolidated income statement from a 3% change in market interest rates on the Group's interest expense. Refer to borrowings in Note 19.

	2023 £000	2022 £000
3% increase in market interest rates	**(6,350)**	(5,250)
3% decrease in market interest rates	**6,350**	5,250

22 Financial risk management continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or banking institution fails to meet its contractual obligations. The Group's credit risk primarily arises from trade and other receivables. The Group has a very low operational credit risk due to the transactions being principally of a high volume, low value and short maturity. The Group has no significant concentration of operational credit risk.

The credit risk on liquid funds held with HSBC, JP Morgan, Citibank, Rabobank and Bank of Scotland is considered to be low. The long-term credit rating for HSBC is A1/A+ per Moody's/Standard & Poor's. The long-term credit rating for Rabobank is Aa2/A+ per Moody's/Standard & Poor's. The long-term credit rating for Bank of Scotland is A/A-1. The long-term credit rating for both JP Morgan and Citibank is Aa3/A+ per Moody's/Standard & Poor's.

Further information on the credit risk management procedures applied to trade receivables is given in Note 14 and to cash and cash equivalents in Note 15. The carrying amounts of trade receivables and cash and cash equivalents shown in those notes represent the Group's maximum exposure to credit risk and there is no customer that accounts for more than 10% of the balance.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash flow forecasting is performed centrally with rolling forecasts of the Group's liquidity requirements regularly monitored to ensure it has sufficient cash to meet operational needs. The Group's revenue model results in a strong level of cash conversion allowing it to service working capital requirements.

The Group's sources of borrowing for liquidity purposes include the Senior Facilities Agreement, which was executed on 7 January 2021 and amended on 22 June 2022. These facilities comprise a Term Loan of £175,000,000, the Original RCF of £20,000,000 and the Additional RCF of £60,000,000, provided by a syndicate of banks. All facilities provided under the Senior Facilities Agreement are committed until 8 December 2025. Lease liabilities are also reported in borrowings.

The amounts in the consolidated balance sheet and related notes that are accounted for as financial instruments and their classification under IFRS 9, are as follows:

Financial assets

	Note	2023 £000	2022 £000
Financial assets at amortised cost:			
Current assets			
Trade and other receivables[1]	14	**3,699**	2,540
Cash	15	**22,394**	101,677
Non-current assets			
Trade and other receivables	14	**2,153**	1,928
Financial assets at fair value:			
Current assets			
Financial derivatives		**711**	–
Non-current assets			
Financial derivatives		**1,757**	–
		30,714	106,145

Notes to the Consolidated Financial Statements

22 Financial risk management continued

Financial liabilities

	Note	2023 £000	2022 £000
Financial liabilities at amortised cost:			
Current liabilities			
Trade and other payables[2]	16	**103,363**	38,932
Lease liabilities	19	**3,443**	2,151
Borrowings	19	**27**	213
Non-current liabilities			
Trade and other payables[2]	16	**3,806**	4,974
Lease liabilities	19	**16,082**	13,169
Borrowings	19	**170,493**	169,950
		297,214	229,389

1 Excluding prepayments.
2 Excluding other taxation and social security.

The following tables provide an analysis of the anticipated contractual cash flows including interest payable for the Group's financial liabilities and derivative instruments on an undiscounted basis. Where interest payments are calculated at a floating rate, rates of each cash flow until maturity of the instruments are calculated based on the forward yield curve prevailing at the respective year ends. All derivative contracts are presented on a net basis:

Contractual cash flows 2023	Due within 1 year £000	Due within 1 and 3 years £000	Due between 3 and 5 years £000	Due after 5 years £000	Total £000	Carrying amount at balance sheet date £000
Borrowings[1]	**–**	**175,000**	**–**	**–**	**175,000**	**170,493**
Interest on borrowings	**12,533**	**24,804**	**–**	**–**	**37,337**	**27**
Lease capital repayments	**3,444**	**6,212**	**4,946**	**4,923**	**19,525**	**19,525**
Lease future interest payments	**776**	**1,089**	**532**	**379**	**2,776**	**–**
Trade and other financial liabilities[2]	**103,363**	**3,806**	**–**	**–**	**107,169**	**107,169**
Non-derivative financial liabilities	**120,116**	**210,911**	**5,478**	**5,302**	**341,807**	**297,214**
Interest rate swap	**723**	**–**	**–**	**–**	**723**	**706**
Interest rate cap	**1,216**	**422**	**–**	**–**	**1,638**	**1,762**
Derivative financial liabilities	**1,939**	**422**	**–**	**–**	**2,361**	**2,468**

Contractual cash flows 2022	Due within 1 year £000	Due within 1 and 3 years £000	Due between 3 and 5 years £000	Due after 5 years £000	Total £000	Carrying amount at balance sheet date £000
Borrowings[1]	–	175,000	–	–	175,000	169,950
Interest on borrowings	8,937	23,433	–	–	32,371	213
Lease capital repayments	2,151	4,391	4,811	3,967	15,320	15,320
Lease future interest payments	863	1,396	798	582	3,639	–
Trade and other financial liabilities[2]	38,932	4,974	–	–	43,906	43,906
Non-derivative financial liabilities	50,883	209,194	5,609	4,549	270,236	229,389
Interest rate swap	–	–	–	–	–	–
Interest rate cap	–	–	–	–	–	–
Derivative financial liabilities	–	–	–	–	–	–

1 For the purpose of these tables, borrowings are defined as gross borrowings excluding lease liabilities and fair value of derivative instruments.
2 Consists of trade and other payables that meet the definition of financial liabilities under IAS 32.

There is no difference between the fair value and carrying amounts of the financial assets and liabilities except for borrowings as detailed below.

22 Financial risk management continued

Capital management

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient cost of capital structure. To maintain or adjust the capital structure in future periods, the Group may pay dividends, return capital through share buybacks, issue new shares or take other steps to increase share capital and reduce or increase debt facilities.

As at 30 April 2023, the Group had gross borrowings of £175,000,000 through the Term Loan B. At time, during FY23, the Additional RCF of £60,000,000 was drawn. The Group remains compliant with its banking covenants.

Interest on senior facilities is based on a margin ratchet, which operates within a range of 3.00% to 3.75% for the Term Loan B and a range of 2.50% to 3.25% for the Additional RCF, dependent on the Group's latest six-monthly consolidated senior net leverage ratio:

- At 30 April 2022, the ratio was below 2.00:1, therefore interest was payable in the first half of FY23 at SONIA plus a margin of 3.00% on the Term Loan B and a margin of 2.50% on the Additional RCF.
- At 31 October 2022, the ratio was between 2.00:1 and 2.50:1, therefore interest was payable in the second half of FY23 at SONIA plus a margin of 3.25% for the Term Loan B and 2.75% for the Additional RCF.
- At 30 April 2023, the ratio was below 2.00:1, therefore the margins payable on senior facilities in the first half of FY24 will revert to the rates prevailing in H1 FY23.

Bank loans and loan notes

The fair value of bank loans is determined using a discounted cash flow valuation technique calculated at a prevailing interest rate of 7.47%, which is an unobservable input, and therefore can be considered as a level 3 fair value as defined within IFRS 13:

	Note	2023 Book value £000	2023 Fair value £000	2022 Book value £000	2022 Fair value £000
Non-current borrowing – external bank loans	19	**170,493**	**144,109**	169,950	154,230

23 Commitments and contingencies

a) Commitments

The Group entered a financial commitment in respect of floristry supplies of £59,000 (2022: £126,000) and rental commitments of £12,000 (2022: £72,000) which are due within one year.

b) Contingencies

Group companies have given a guarantee in respect of the external bank borrowings of the Group which amounted to £255,000,000 at 30 April 2023. This includes the Term Loan B of £175,000,000, the Original RCF of £20,000,000 and the Additional RCF of £60,000,000. Both the Original RCF and the Additional RCF are undrawn at 30 April 2023.

24 Related party transactions

Transactions with related parties

The Group has earned other income from subletting space at its head office to an entity formerly under common control.

	2023 £000	2022 £000
Other income from related parties formerly under common control	**1,319**	1,433

At the balance sheet date, the Group had the following balances with entities formerly under common control:

	2023 £000	2022 £000
Trade and other receivables from other related parties formerly under common control	**150**	458
Trade and other payables with other related parties formerly under common control	**(638)**	(638)

There is no expected credit loss provision recognised in relation to the above receivables as the probability of default and any corresponding expected credit loss are immaterial to the Group.

24 Related party transactions continued

Compensation of key management personnel of Moonpig Group plc

The amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel. Key management personnel are defined as the Directors as they are the members of the Group with the authority and responsibility for planning, directing and controlling the activities of the Group.

Further detail in respect of the Directors remuneration can be found within the Directors' Remuneration report on pages 104 to 124.

	2023 £000	2022 £000
Short-term employee benefits	**1,655**	3,007
Post-employment pension and medical benefits	**54**	53
Share-based payment schemes	**7,435**	6,667
Total compensation relating to key management personnel	**9,144**	9,727

25 Related undertakings

A full list of subsidiary undertakings as defined by IFRS as at 30 April 2023 is disclosed below. Titan Midco Limited is held directly by the Company and all other subsidiary undertakings are held indirectly.

The equity shares held are in the form of ordinary shares or common stock. The effective percentage of equity shares held in subsidiary undertakings is 100% in all cases.

Subsidiary undertakings	Number	Country of incorporation	Principal activity
Cards Holdco Limited[1]	12170467	England and Wales	Trading company, management services
Moonpig.com Limited[1]	03852652	England and Wales	Trading company
Titan Midco Limited[1]	13014525	England and Wales	Holding company
Horizon Bidco B.V.[2]	72238402	Netherlands	Holding company
Greetz B.V.[2]	34312893	Netherlands	Trading company
Full Colour B.V.[2]	34350020	Netherlands	Trading company
Experience More Limited[1]	03883868	England and Wales	Trading company

1 Registered office address is Herbal House, 10 Back Hill, London, EC1R 5EN, United Kingdom.
2 Registered office address is Herikerbergweg 1-35, 1101 CN Amsterdam, Noord-Holland.

All subsidiaries have a year-end of 30 April.

Titan Midco Limited is exempt from the Companies Act 2006 requirements relating to the audit of their individual financial statements by virtue of Section 479A of the Companies Act as this Company has guaranteed its subsidiary companies under Section 479C of the Companies Act.

In accordance with article 408 of the Dutch Civil Code, Horizon Bidco B.V. issued a declaration of joint and several liability in respect of its consolidated participants. The declaration covered and resulted in the standalone Horizon Bidco B.V. entity being exempt from an audit. Additionally, Full Colour B.V. is exempt from an audit under the Dutch Civil Code by virtue of its size.

Experience More Limited was acquired on 13 July 2022.

26 Events after the balance sheet date

There were no adjusting or non-adjusting events after the balance sheet date.

Company Balance Sheet

As at 30 April 2023

	Note	2023 £000	2022 £000
Non-current assets			
Investments	4	**845,468**	845,468
		845,468	845,468
Current assets			
Debtors: amounts falling due within one year	5	**53,428**	40,524
Cash and cash equivalents		**447**	1,343
		53,875	41,867
Total assets		**899,343**	887,335
Current liabilities			
Creditors: amounts falling due within one year	6	**5,567**	103
		5,567	103
Non-current liabilities			
Creditors: amounts falling due after more than one year	6	**4,219**	5,543
		4,219	5,543
Total liabilities		**9,786**	5,646
Equity			
Called-up share capital	7	**34,211**	34,211
Share premium	7	**278,083**	278,083
Retained earnings	7	**535,232**	534,634
Share-based payment reserve	7	**42,031**	34,761
Total equity		**889,557**	881,689
Total equity and liabilities		**899,343**	887,335

The accompanying notes are an integral part of the Parent Company financial statements.

As permitted by Section 408 of the Companies Act 2006, the profit and loss of the Company has not been presented in these financial statements. The profit for the financial year dealt with in the financial statements of the Company was £598,000 (2022: £95,000).

The financial statements on pages 181 to 187 were approved by the Board of Directors of Moonpig Group plc (registered number 13096622) on 28 June 2023 and were signed on its behalf by:

Nickyl Raithatha
Chief Executive Officer
28 June 2023

Andy MacKinnon
Chief Executive Officer
28 June 2023

Company Statement of Changes in Equity

For the year ended 30 April 2023

	Note	Share capital £000	Share premium £000	Retained earnings £000	Share-based payment reserve £000	Total equity £000
As at 1 May 2021		34,211	277,837	534,539	27,060	873,647
Profit for the year		–	–	95	–	95
Total comprehensive income for the year		–	–	95	–	95
Share-based payments	7	–	–	–	7,701	7,701
Proceeds from IPO share issue	7	–	246	–	–	246
As at 30 April 2022		**34,211**	**278,083**	**534,634**	**34,761**	**881,689**
Profit for the year		**–**	**–**	**598**	**–**	**598**
Total comprehensive income for the year		**–**	**–**	**598**	**–**	**598**
Share-based payments	7	**–**	**–**	**–**	**7,270**	**7,270**
As at 30 April 2023		**34,211**	**278,083**	**535,232**	**42,031**	**889,557**

The accompanying notes are an integral part of the Parent Company financial statements.

Notes to the Company Financial Statements

1 General information

Basis of preparation

Moonpig Group plc (the "Company" or "Parent Company") is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in England, the United Kingdom under the Companies Act 2006 (the "Act"), as applicable to companies using FRS 101. The Company was incorporated on 23 December 2020 and adopted Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") from that date. The Company's registered address is Herbal House, 10 Back Hill, London, EC1R 5EN.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken, including those relating to:

- A cash flow statement and related notes;
- Comparative year reconciliations;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the Group include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the disclosures under IFRS 2 related to Group-settled share-based payments.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities.

The Company financial statements have been prepared in Sterling, which is the functional and presentational currency of the Company. All figures presented are rounded to the nearest thousand (£000), unless otherwise stated.

The Directors have used the going concern principle on the basis that the current profitable financial projections and facilities of the consolidated Group will continue in operation for a period not less than 12 months from the date of this report.

Amounts paid to the Company's auditors in respect of the statutory audit were £35,000 (2022: £16,000). The charge was borne by a subsidiary company and not recharged.

Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Carrying amount of investment in subsidiary

The areas of critical accounting judgements and estimates which have the greatest potential effects on the amounts recognised in the financial statements are the key assumptions in the impairment review on the investment recognised on the Company balance sheet. Annually, the investment balance is subject to an impairment review, the critical accounting judgements and estimates made in the value in use calculation of the investment's recoverable amount are:

- Pre-perpetuity period of seven years (April 2022: eight years);
- Pre-perpetuity compound annual revenue growth rate of 12.7% (April 2022: 13.3%); and
- Discount rate of 14.0% (April 2022: 12.7%).

Sensitivity analysis relating to these critical accounting judgements and estimates are set out in Note 4. In addition, the reasons why the Company considers that a seven-year period is appropriate and why it considers that the Company meets the reliability requirements of IAS 36, are also set out at Note 4.

Notes to the Company Financial Statements

2 Summary of significant accounting policies

Investment in subsidiary

The investment in subsidiary is held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of the investment may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying amount of the related investment.

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.

Other accounting policies

For other accounting policies, please refer to the Group accounting policies on pages 147 to 153.

3 Directors' emoluments

The Company has no employees. Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration report on pages 104 to 124.

4 Investments

	2023 £000	2022 £000
At the beginning of the year	**845,468**	845,468
At the end of the year	**845,468**	845,468

The Company's share price decreased during the year and the carrying amount of the Company's investments was more than its market capitalisation on the reporting date. IAS 36 specifies each of these as indicators that impairment may have arisen. Accordingly, the Company has assessed the recoverable amount of its investment in subsidiary. Recoverable amount is determined as the higher of the fair value less costs of disposal and value in use ("VIU") based on estimated future cash flows that are discounted to their present value.

Estimated future cash flows are based on the approved Group plan, including the FY24 budget, for the three years ending 30 April 2026. The estimated future cash flows are identical to those used for the Group's viability statement. They have been extended by a further four years before applying perpetuity using an estimated long-term growth rate. When estimating value in use, the Group does not include estimated future cash flows that are expected to arise from improving or enhancing the asset's performance.

The use of a pre-perpetuity projections period of more than five years is a critical accounting judgement. The Company considers that a seven-year period is appropriate to reflect the fact that online penetration of the single greeting cards market is relatively low and there is headroom for continued growth for at least seven years, potentially longer. The single greeting cards market is key to the Company's assessment of growth rate, as sales of gifting products are achieved through persuading card-first customers to attach a gift to their order. The Company also believes that a seven-year pre-perpetuity growth period is appropriate to reflect the fact that penetration of the overall UK gift experiences market by the experience gifting aggregator segment remains low. OC&C estimates that gift experience aggregators represented only £0.3bn of the overall £6.8bn UK experience gifting market in 2022. The Company believes that there is headroom for continued growth for at least seven years, potentially longer. The assumed year-on-year reduction in the pre-perpetuity period of one year is intended to reflect the effluxion of time, which the Directors consider to be prudent as OC&C's June 2023 Market Report indicates that there has been no reduction in the size of the remaining addressable online market during the past year.

The Company considers that it meets the reliability requirements of IAS 36 as there is evidence of its ability, based on past experience, to forecast cash flows accurately over a period of longer than five years. The online segment of the single cards market has an established track record of growth across two decades, driven by offline-to-online demand migration. Combined with the stable and predictable behaviour of the Company's customer base, this has meant a consistent historical profile of revenue growth over time. The Company has also demonstrated its ability to forecast cash flows over the longer term, and has a positive track record of forecasting accuracy. Whilst revenue performance in FY23 was below the Company's initial expectations, this was largely mitigated at Adjusted EBITDA level and was driven by cyclical and short-term external market factors rather than any structural market change.

The potential impact of climate change on estimated future cash flows is not considered significant, as set out at Note 11 to the Group consolidated financial statements.

4 Investments continued

The Company has identified the following key assumptions as having the most significant impact on the VIU calculation:

	Key assumptions	
	2023	2022
Pre-tax discount rate (%)[1]	**14.0%**	12.7%
Revenue growth rate (%)[2]	**12.7%**	13.3%
Pre-perpetuity period (years)	**7**	8

1 The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the cash generating units. The pre-tax discount rates used to calculate value in use are derived from the Group's post-tax weighted average cost of capital.

2 The compound annual growth rate ("CAGR") represents the average yearly growth rate over the pre-perpetuity period.

The Company has performed sensitivity analysis to assess the impact of a plausible change in each key assumption in the VIU. The relevant scenario, in relation to a revenue decrease, is consistent with the more severe downside scenario (Plausible Scenario 2) prepared in connection with the viability statement at pages 72 and 73.

The Company has separately modelled the impact of a 1%pts increase in the discount rate, a 15% decrease in the forecasted revenue and a reduction in the pre-perpetuity period from seven to six years. The Company has also modelled a scenario in which all three of these changes arise concurrently. The below table summarises the results of these sensitivities:

	Sensitivity analysis
	2023 £m
Original headroom	**139.2**
Headroom using a discount rate increased by 1%pts	**17.5**
Headroom using a 15% decrease in forecasted revenue	**(226.9)**
Headroom using a pre-perpetuity period reduced by one year	**73.0**
Headroom combining all three sensitivity scenarios detailed above	**(349.0)**

In the sensitivity scenario in relation to a decrease in the forecasted revenue, the value-in-use would be lower than the carrying amount. In relation to the discount rate and the pre-perpetuity period assumptions, further modelling was undertaken to assess the point at which headroom would be reduced to £nil. For the carrying amount and recoverable amount to be equal, the pre-tax discount rate would need to increase by 1.5%pts from 14.0% to 15.5% and the pre-perpetuity period would need to reduce from seven to four years (each sensitivity applied individually).

No impairment to the carrying amount of the investment has been recorded in the current year, reflecting the fact that the carrying amount remains higher than the recoverable amount. However, in view of the outcome of the sensitivity analysis, the Directors have identified that each of the three key assumptions are a major source of estimation uncertainty that has a significant risk of resulting in an adjustment to the carrying amount within the year ending 30 April 2024 under paragraph 125 of IAS 1. We have therefore provided the disclosure above of quantification of all key assumptions in the value in use estimate and the impact of a change in each key assumption.

The Directors specifically considered fact that the Company's market capitalisation at the reporting date was lower than the carrying amount of its investments in subsidiaries. They concluded that no impairment is required because of this, basing their conclusion on the value in use calculation. The Directors do not consider that volatility in listed companies' share prices is necessarily related to the recoverable amount of their investments in subsidiaries. Movements such as this are not unique to the Company.

Subsidiary undertakings are disclosed within Note 25 of the Group financial statements.

Notes to the Company Financial Statements

5 Debtors

	2023 £000	2022 £000
Current		
Amounts owed by Group companies	**53,393**	40,250
Other receivables	**15**	245
Prepayments	**20**	29
Debtors	**53,428**	40,524

Within the amount owed by Group companies is a loan receivable subject to interest and repayable on demand. At 30 April 2023, the amount bears interest at a rate of 5% (2022: 3%). IFRS 9 expected credit losses have been assessed as immaterial in relation to both balances.

6 Creditors

	2023 £000	2022 £000
Current		
Other payables	**4,361**	–
Other taxation and social security	**1,157**	–
Accruals	**49**	103
Creditors	**5,567**	103

	2023 £000	2022 £000
Non-Current		
Other payables	**2,967**	4,205
Other taxation and social security	**1,252**	1,338
Creditors	**4,219**	5,543

The increase in the current other payables and taxation and social security balances relate to the vested tranche of the cash component of the Pre-IPO awards that will be paid out (along with the national insurance cost) within one year.

Non-current other payables relate to the remaining tranche of the cash component of the Pre-IPO awards, which remain non-current. Refer to Note 20 of the Group's consolidated financial statements for further details.

7 Share capital and reserves

Called-up share capital

Ordinary share capital represents the number of shares in issue at their nominal value. Ordinary shares in the Company are issued, allotted and fully paid-up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Shareholding as at 30 April 2023:

	2023 Number of shares	2023 £000	2022 Number of shares	2022 £000
Allotted, called-up and fully paid ordinary shares of £0.10 each	**342,111,621**	**34,211**	342,111,621	34,211

As at 30 April 2023, ordinary share capital represents 342,111,621 ordinary shares with a par value of £0.10. During the current year the Company has not changed its share capital.

Share premium

Share premium represents the amount over the par value which was received by the Company upon the sale of the ordinary shares. Upon the date of listing the par value of the shares was £0.10 but the initial offering price was £3.50. Share premium is stated net of direct costs of £736,000 (2022: £736,000) relating to the issue of the shares.

Share-based payment reserve

The share-based payment reserve represents the corresponding increase to reserves in relation to the share-based schemes in operation.

8 Related party transactions

Under FRS 101 "Related party disclosures" the Company is exempt from disclosing related party transactions with entities which it wholly owns. There are no other related party transactions.

9 Events after the balance sheet date

Refer to Note 26 of the Group financial statements.

Alternative performance measures

Adjusted EBITDA

Adjusted EBITDA is a measure of the Group's operating performance and debt servicing ability. It is calculated as operating profit adding back depreciation and amortisation and adjusting items (Note 5 of the Group financial statements).

Depreciation and amortisation can fluctuate, is a non-cash adjustment and is not linked to the ongoing trade of the Group.

Adjusting items are excluded as management believe their nature distorts trends in the Group's underlying earnings. This is because they are often one-off in nature or not related to underlying trade.

A reconciliation of operating profit to Adjusted EBITDA is as follows:

	2023 £000	2022 £000
Operating profit	**48,461**	48,937
Depreciation and amortisation	**22,653**	14,361
Adjusting items	**13,085**	11,585
Adjusted EBITDA	**84,199**	74,883

Adjusted EBIT

Adjusted EBIT is the operating profit and before Adjusting items.

	2023 £000	2022 £000
Operating profit	**48,461**	48,937
Adjusting items	**13,085**	11,585
Adjusted EBIT	**61,546**	60,522

Adjusted PBT

Adjusted PBT is the profit before taxation and before Adjusting items.

	2023 £000	2022 £000
PBT	**34,905**	39,960
Adjusting items	**13,085**	11,585
Adjusted PBT	**47,990**	51,545

Adjusted PAT

Adjusted PAT is the profit after taxation, before adjusting items and the tax impact of these adjustments.

The adjusted PAT is used to calculate the underlying basic earnings per share in Note 9 of the Group financial statements.

	2023 £000	2022 £000
PAT	**26,607**	31,439
Adjusting items	**13,085**	11,585
Tax impact of the above	**(1,823)**	(1,350)
Adjusted PAT	**37,869**	41,674

Net debt

Net debt is a measure used by the Group to reflect available headroom compared to the Group's secured debt facilities.

The calculation is as follows:

	2023 £000	2022 £000
Borrowings	**(170,520)**	(170,163)
Cash and cash equivalents	**22,394**	101,677
Lease liabilities	**(19,524)**	(15,320)
Net debt	**(167,650)**	(83,806)

Ratio of net debt to Adjusted EBITDA

The ratio of net debt to last twelve months Adjusted EBITDA helps management to measure its ability to service debt obligations. The calculation is as follows:

	2023 £000	2022 £000
Net debt	**(167,650)**	(83,806)
Adjusted EBITDA	**84,199**	74,883
Net debt to Adjusted EBITDA	**1.99:1**	1.12:1

Operating cash conversion

Operating cash conversion is operating cash flow divided by Adjusted EBITDA, expressed as a ratio.

The calculation of operating cash conversion is as follows:

	2023 £m	2022 £m
Profit before tax	**34.9**	40.0
Add back: Net finance costs	**13.6**	9.0
Add back: Adjusting items (excluding share-based payments)	**7.7**	4.5
Add back: Share-based payments	**5.4**	7.0
Add back: Depreciation and amortisation	**22.7**	14.4
Adjusted EBITDA	**84.2**	74.9
Less: Capital expenditure (fixed and intangible assets)	**(22.6)**	(9.7)
Adjust: Impact of share-based payments[1]	**1.9**	0.7
Add back: (Increase)/decrease in inventories[2]	**(0.8)**	4.8
Add back: Decrease/(increase) in trade and other receivables[2]	**5.3**	(0.3)
Add back: Decrease in trade and other payables[2]	**(11.8)**	(10.8)
Operating cash flow[3]	**56.2**	59.6
Operating cash conversion	**67%**	80%
Add back: Capital expenditure (fixed and intangible assets)	**22.6**	9.7
Add back: Loss on disposal and impairment of right-of-use asset	**0.5**	–
Add back: Decrease/(increase) in debtors with undertakings formerly under common control	**0.3**	(0.4)
Less: Adjusting items (excluding share-based payments)	**(7.7)**	(4.5)
Less: Research and development tax credit	**(0.4)**	(0.5)
Cash generated from underlying operating activities	**71.4**	63.9
Settlement of M&A related employee bonuses at Experiences	**(13.5)**	–
Cash generated from operating activities	**57.9**	63.9

1 Comprises non-cash share-based payment charges recognised within Adjusted EBITDA and relating to operation of post-IPO Remuneration Policy (£2.2m), net of employer's national insurance on the share-based payments relating to pre-IPO awards recognised below Adjusted EBITDA (£0.3m).
2 Working capital movements for the six months ended 31 October 2022 have been adjusted for the opening balances arising upon acquisition of Experiences.
3 Operating cash flow excludes settlement of legacy incentive obligations associated with the acquisition, which were fully provided for in the opening balance sheet.

Glossary

Term	Definition
Acquisition of Experiences	The acquisition of the entire issued share capital of Experience More Limited, which completed on 13 July 2022
Adjusted EBIT	Profit before tax, interest and Adjusting Items
Adjusted EBIT margin	Adjusted EBIT margin is the Adjusted EBIT divided by total revenue
Adjusted EBITDA	Profit before tax, interest, depreciation, amortisation and Adjusting Items
Adjusted EBITDA margin	Adjusted EBITDA margin is the Adjusted EBITDA divided by total revenue
Adjusted PBT	Profit before tax and Adjusting Items
Adjusted PBT margin	Adjusted PBT margin is Adjusted PBT divided by total revenue
Adjusting items	Items that are considered exceptional or non-underlying in nature and are either added back or deducted from performance measures such as EBITDA, EPS and profit before tax to enable like-for-like comparison between reporting years
Admission	The Company's admission to the Official List and to trading on the Main Market for listed securities of the London Stock Exchange on 5 February 2021
Alternative Performance Measures or APMs	A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework
Attached gifting revenue	Revenue where product(s) are purchased in addition to a card, including the shipping fee that is charged to the customer and excluding revenue relating to the card
Attach rate	The proportion of card orders for which the customer adds a gift to their purchase
Average Order Value or AOV	Revenue for the year divided by total orders for that year
Board	The Board of Directors of the Company
CAGR	Compound annual growth rate
Card-attached gifting	Gifts that are sent or given in accompaniment to a card, including occasions where the card is purchased at the same or at a different retailer to the gift
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Code	UK Corporate Governance Code published by the FRC in July 2018
Company	Moonpig Group plc, a company incorporated in England and Wales with registered number 13096622 whose registered office is at Herbal House, 10 Back Hill, London EC1R 5EN, United Kingdom
Covid	A novel strain of coronavirus causing Covid-19 disease
Customer cohort	A collection of customers organised by the fiscal year in which such customer made their first purchase
Customer NPS	Customer net promoter score, the percentage of customers rating their likelihood to recommend a company.
DNED	Designated Non-Executive Director for workforce engagement
EPS	Earnings per share
ESG	Environmental, social and governance
Executive Committee	The Executive Directors and the CEO's direct reports
Existing customer	A customer that has placed an order in any previous financial year
Exponent	Exponent Private Equity Partners III (SPV) LP
FCA	The UK Financial Conduct Authority
Former Parent Undertaking	Horizon Holdco Limited
FRC	The Financial Reporting Council
FSC	The Forest Stewardship Council
FY19, FY20, FY21, FY22, FY23, FY24	The years ended or ending 30 April 2019, 30 April 2020, 30 April 2021, 30 April 2022, 30 April 2023 and 30 April 2024 respectively

Term	Definition
GDPR	The UK General Data Protection Regulations and its European Union equivalent
GHG	Greenhouse gas
Gifting revenue mix	Revenue derived from the sale of non-card products, divided by total revenue
Global Design Platform	The Group's Global Design Platform, which licenses card designs created by established and new independent freelance designers and publishers
Gross margin rate	The ratio of gross profit to revenue, expressed as a percentage
HMRC	His Majesty's Revenue and Customs, the UK tax authority
IFRS	International Financial Reporting Standards
IPO	The initial public offering of the Company's ordinary shares
IPO transaction costs	Costs in relation to the initial public offering of the Company's ordinary shares
Moonpig Group or Group	The Company, its subsidiaries, significant undertakings and affiliated companies under its control or common control
NED	Non-Executive Director
Net debt	Total borrowings (including lease creditors) less cash and cash equivalents
New customer	A customer that has not previously transacted with the Group
Non-GAAP measure	See Alternative Performance Measures above
Operating cash conversion	Operating cash flow divided by Adjusted EBITDA, expressed as a ratio
Paris Aligned scenario	A climate change scenario in which global warming is limited to 1.5°C above the pre-industrial level, the goal of the Paris Agreement (an international treaty on climate change, adopted in 2015)
PEFC	The Programme for the Endorsement of Forest Certification
Post-IPO Remuneration Policy	The Remuneration Policy in place since Admission
Previously acquired customers	Customers acquired prior to the year
Prospectus	The prospectus relating to the Company, issued on 2 February 2021
Relationship Agreement	The agreement between the Company and Exponent to ensure that the Company is capable at all times of carrying on its business independently of its former controlling shareholder and its associates
SASB Standards	The SASB Standards maintained by the International Sustainability Standards Board of the IFRS Foundation
SBTi	The Science Based Targets initiative to set science-based climate targets
Senior net debt	Total borrowings (excluding lease creditors) less cash and cash equivalents
Senior net leverage ratio	Senior net debt divided by the last twelve months EBITDA, as used to determine the Group's margin ratchet as per the Senior Facilities Agreement
SKU	Stock Keeping Unit, a unique line of inventory
SONIA	Sterling Overnight Index Average, the interest rate benchmark specified in the Senior Facilities Agreement (as amended)
TCFD	The Task Force on Climate-related Financial Disclosures
tCO2e	Tonnes of carbon dioxide equivalent, a standard unit for counting GHG emissions
Total orders	The total number of orders placed by all customers in the year
TSR	Total shareholder return – the growth in value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional shares
VAT	Value added tax

Shareholder information

Registered office and headquarters

Moonpig Group plc

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Company Secretary

Jayne Powell

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Signal Shares shareholder portal: www.signalshares.com

Email: shareholderenquiries@linkgroup.co.uk

Financial calendar 2023

Annual General Meeting 19 September 2023

2024 Half-year results 5 December 2023

2024 Full-year results 27 June 2024

Shareholder enquiries

Our registrars will be pleased to deal with any questions regarding your shareholdings (see contact details in the opposite column). Alternatively, you can access www.moonpig.group/investors/shareholder-faqs where you can access frequently asked questions including information to allow you to view and manage all aspects of your shareholding securely, including electronic communications, account enquiries or amendment to address.

Investor relations website

The investor relations section of our website, www.moonpig.group/investors, provides further information for anyone interested in Moonpig Group plc. In addition to the Annual Report and Financial Statements and share price, Company announcements including the full-year results announcements and associated presentations are also published there.

Cautionary note regarding forward-looking statements

Certain statements made in this Report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this Report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Moonpig Group plc does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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