7 December 2022

MOONPIG GROUP PLC
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2022

Resilient business model with high profitability and robust cash generation

Summary H1 FY23 financial results

	Six months ended 31 October 2022	Six months ended 31 October 2021	Six months ended 31 October 2019[3]	H1 FY23 Year-on-year growth %	H1 FY23 Three year growth %[3]
Group revenue (£m)	**142.8**	142.6	66.3	0.1%	115.4%
Gross profit (£m)	**77.2**	69.9	35.2	10.5%	119.3%
Gross margin (%)	**54.1%**	49.0%	53.1%	5.1%pts	1.0%pts
Adjusted EBITDA (£m)[1]	**34.6**	35.0	15.0	(1.2%)	129.6%
Adjusted EBITDA margin (%)[1]	**24.2%**	24.5%	22.7%	(0.3%pts)	1.5%pts
Reported profit before taxation (£m)	**9.1**	18.7	9.4	(51.3%)	(3.2%)
Adjusted profit before taxation (£m)[1]	**18.9**	24.1	9.8	(21.6%)	92.9%
Basic earnings per share (pence)[2]	**1.7**	4.5	n/a	(62.2%)	n/a

1 Before adjusting items of £9.8m in H1 FY23 and £5.4m in H1 FY22. See Adjusting Items at Note 3 and definition of Alternative Performance Measures at Note 20.
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 Three-year growth included to contextualise the impact of Covid-19 in H1 FY22.

Results summary
- Successfully navigating a challenging trading environment and Royal Mail industrial action in the UK.
- Revenue growth of 115.4% on a three-year basis against pre-Covid comparatives for H1 FY20.
- Revenue flat year-on-year reflecting annualisation against the prior year sales impact from lockdown restrictions, offset in part by first-time consolidation of £11.7m revenue from Experiences (Red Letter Days and Buyagift).
- Adjusted EBITDA more than doubled on a three-year basis and was flat year-on-year at £34.6m (H1 FY22: £35.0m).
- Adjusted Profit before Taxation of £18.9m (H1 FY22: £24.1m), reflecting interest on financing for the Experiences acquisition and amortisation of the technology platform investments that underpin our expectations for future growth.

Strategic and operational highlights
Resilience in more challenging conditions:
- Loyal customer cohorts, with 90% of Moonpig and Greetz revenue from existing customers (H1 FY22: 89%).
- Underpinned by the Group's proprietary data and AI capabilities, with over 79m occasion reminders (October 2021: over 60m) set by our customers.
- The greeting cards market has a long track record of stability and resilience through recession.
- Short buying cycles and structurally low inventory of £12.6m (October 2021: £12.0m) allow us to rapidly adapt the gifting range for changes in consumer preferences.
- Experiences revenue growth in H1 and through the Black Friday weekend has been in line with our expectations at acquisition.

High profitability:
- Gross margin rate has increased year-on-year, driven by category optimisation.
- No significant impact on gross margin rate from input cost inflation.
- The flexibility in our model has enabled us to maintain Adjusted EBITDA whilst continuing to deliver against strategy.
- We have taken a disciplined approach to indirect cost management in the light of trading conditions.

Borrowings controlled with deleveraging expected in H2:
- Net debt to last twelve months' pro forma Adjusted EBITDA was 2.45x as at 31 October 2022, with significant liquidity on the balance sheet.
- Most of the annual operating cash inflow typically arises in the second half of the financial year due to working capital seasonality. We expect pro forma net leverage to decrease to between approximately 1.9x and 2.0x at 30 April 2023.
- Senior debt facilities are committed until January 2026 with significant covenant headroom.

Continued delivery against our growth strategy:
- Greetz was successfully migrated onto our unified technology platform in September 2022.
- Most of our software engineers are now focused on delivering growth initiatives, enabling a step-up in the pace at which we are rolling out incremental improvements to our websites and apps.
- Management team at the Experiences segment strengthened by new leadership for the technology function.
- Continued focus on innovation, including testing the Moonpig Plus subscription service ahead of launch, the roll-out of video greeting cards across the Moonpig card design range and ongoing work to build digital gift experiences capability.
- Moonpig "Moments for Less" gift range introduced to meet increased consumer demand for gifting at lower price points.
- New in-house facilities at Tamworth in the UK and Almere in the Netherlands are now fully operational.

Significant runway for growth:
- Online penetration for greeting cards remains low, estimated at approximately 16% in the UK and 20% in the Netherlands for 2022 (source: OC&C).
- Significant opportunity to drive card-attached gifting, with fewer than one in five of orders across Moonpig and Greetz currently containing a gift.
- Overall value of customer spending on gifting in the UK, the Netherlands and the Republic of Ireland is £57 billion, of which £22 billion relates to gifts that are sent with a card (source: OC&C).
- Acquisition of Experiences in July 2022 is an enabler for unlocking innovation through digital gifting.

Outlook

Unchanged expectations for full year Adjusted EBITDA in FY23:
- Trading conditions have become progressively more challenging through October and November, and given the continued macroeconomic uncertainty, we now expect revenue for FY23 to be approximately £320 million.
- The actions that we have taken in response to the current environment mean that our expectations for full year Adjusted EBITDA remain unchanged.
- The business is highly cash generative on an annual basis, and we expect deleveraging in the second half of the financial year such that the ratio of net debt to pro forma Adjusted EBITDA is between approximately 1.9x and 2.0x at 30 April 2023.
- We remain confident in the structural growth opportunity in our markets, as well as the fundamental strength, resilience and agility of our business.

Nickyl Raithatha, CEO, commented:

"As the clear online leader in greetings cards, Moonpig Group is positioned to benefit as the market continues the long-term structural shift to online.

Our resilient business model offers a powerful and unique combination of leading market positions, strong customer retention, high profitability and robust cash generation, giving us flexibility to manage through the economic cycle. As a result, our expectations for profit for the current financial year remain unchanged.

We remain focused on delivering against our strategy, with the successful migration of Greetz onto our central technology platform and innovations such as the launch of video greeting cards and ongoing testing of our Moonpig Plus subscription service. Despite the difficult trading environment, we have delivered a robust set of results and with our data-led model we are ideally positioned to capture the significant long term opportunities in our markets."

Investor and analyst meeting

The half year results presentation will be available on the Investor Relations section of Moonpig Group's corporate website (www.moonpig.group/investors) shortly after 7:00am on 7 December 2022.

Nickyl Raithatha (CEO) and Andy MacKinnon (CFO) will host a Q&A for analysts and investors via webcast at 9:30am. Please note that the presentation will not be repeated during the webcast. Analysts wishing to register for the event should email investors@moonpig.com. Investors wishing to join the Q&A should register via the following link: https://www.lsegissuerservices.com/spark/MoonpigGroup/events/f811b7b7-afb7-4670-8c51-f6de8eaec8ed

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About Moonpig Group:

Moonpig Group plc (the "Group") is a leading online greeting cards and gifting platform, comprising the Moonpig, Red Letter Days and Buyagift brands in the UK and the Greetz brand in the Netherlands. The Group is the online market leader in cards in both of its markets and is also the UK market leader in gift experiences.

The Group's leading customer proposition includes an extensive range of cards, a curated range of gifts, personalisation features and next day delivery offering.

The Group offers its products through its proprietary technology platforms and apps, which utilise unique data science capabilities designed by the Group to optimise and personalise the customer experience and provide scalability. Learn more at https://www.moonpig.group/.

Forward Looking Statements:

This announcement contains certain forward-looking statements with respect to the financial condition, results or operation and businesses of Moonpig Group plc. Such statements and forecasts by their nature involve risks and uncertainty because they relate to future events and circumstances. There are a number of other factors that may cause actual results, performance or achievements, or industry results to be materially different from those projected in the forward-looking statements.

These factors include general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance of programmes, or the delivery of products or services under them; industry; relationships with customers; competition and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. We undertake no obligation to update or revise any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances.

Business review

Overview

The first half of FY23 has been a significant period for the Group, in which we delivered several landmark projects, including the completion of a unified technology platform for Moonpig and Greetz and the transfer of previously outsourced fulfilment activities to new in-house operational facilities. On 13 July 2022, we completed the acquisition of Red Letter Days and Buyagift, welcoming them to the Group as our new Experiences segment.

The trading environment has become more challenging in October and November. However, the work that we have done to build Moonpig Group's powerful business model, the inherent characteristics of the greeting card market and the continued dedication and efforts of all our people across the UK, Guernsey and the Netherlands, mean that we are well placed:

- Our strategy and business model equip 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 90% of revenue at these brands was generated from existing customers (H1 FY22: 89%). The long-term "sticky" nature of these customer cohorts is supported by our data and technology platform, including a database of over 79m reminders (October 2021: over 60m) which 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.

- Our expectations for year-on-year growth in FY23 Adjusted EBITDA remain unchanged. We have prioritised resources (for instance marketing investment that would otherwise have been deployed on raising awareness of our gifting proposition) towards cards, where profitability is highest. 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 taken a disciplined approach to the management of indirect costs in view of trading conditions.

- The Group is cash generative. Net debt to pro forma Adjusted EBITDA was 2.45x at 31 October 2022. Most of the operating cash inflow arises in the second half of the financial year due to working capital seasonality, and we expect to deleverage such that net debt to pro forma Adjusted EBITDA is between approximately 1.9x and 2.0x at 30 April 2023.

The growth opportunity for the Group remains vast. Online penetration of the single greeting cards market remains low at approximately 16% in the UK and 20% in the Netherlands for 2022 (source: OC&C). As the clear leader in the online segment in both the UK and the Netherlands, we are ideally placed to benefit as we drive the market to transition from offline to online. We also now own the UK’s largest gift experiences platform, which provides opportunities to unlock innovation through digital gifting and has equipped us with a profitable presence in the standalone gifting market. With several big foundational projects now completed, our teams are focusing on growth initiatives, including innovations under trial such as the Moonpig Plus subscription service and digital gifting, or initiatives in the process of roll-out such as video greeting cards.

The flexibility of our business model has enabled us to maintain profitability whilst continuing to deliver against our three strategic pillars, namely 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 commenced a multi-year journey to transform Moonpig and Greetz into technology and data-led businesses. We successfully delivered this in September 2022 with the completion of a unified technology platform.

For Greetz, this means that we are now able to leverage the Group's investment in technology and data to progressively increase customer retention, customer purchase frequency and gift attachment rates. As one example, Greetz now has native iOS and Android apps for the first time, enabling us to start the process of gradually migrating customers from the website to the apps to drive improvements in purchase frequency (in much the same way as we have done at Moonpig over the last two years).

After four years of work on foundational projects, 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. The pace of technology development has risen, with recent new features and functionality including:

- Improvements to "upcoming occasions" on personalised customer landing pages.
- Extension of personalised promotions to different stages throughout the online customer journey.
- Collage designer, which automatically arranges up to ten photographs into suggested card designs.
- Improvements in website functionality for greeting card multi-buy ahead of Christmas.
- Personalisation of My Account, with logic-based recommended next actions to aid customer self-service.
- Emails sent to customers following browse abandonment which are tailored based on their activity across the website.

Alongside continuous iteration, testing and improvement on the Moonpig and Greetz platform, we are making good progress on product innovation. Ongoing testing of the Moonpig Plus subscription service ahead of launch indicates positive revenue incrementality. We commenced the launch of video greeting cards in November with planned rollout across our range during 2023, introducing another competitive advantage versus the market. We are also making good progress ahead of the launch of digital gift experiences on Moonpig, which should enable recipients to view their gift through a code inside their card.

At our new Experiences segment, we have strengthened the technology function with the transfer of a small number of senior leaders from the Moonpig technology team. This is the start of a multi-year strategic plan to transform Experiences from being an ecommerce marketing operator into a technology and data-led platform, with an emphasis on building a growth flywheel based on converting gift experience recipients into future customers.

Building our brands

We have maintained a disciplined approach to marketing, ensuring that the payback period for new customers remains within our framework. In market conditions where fewer consumers are searching online for new goods and services, this has meant a reduction in the mix of revenue from new customers at Moonpig and Greetz. This is consistent with our growth strategy, which focuses on acquiring good quality loyal customer cohorts that deliver lifetime value rather than pursuing the transactional purchase of short-term revenue.

Reminders are one of the most effective ways for Moonpig and Greetz to communicate with their customers. As well as our pre-event notifications, we now send customers a convenient monthly diary of their reminders to ensure our brands are top-of-mind.

At the Experiences segment, we have to date focused on the optimisation of online performance marketing. There should be opportunity in due course to invest in the Red Letter Days and Buyagift brands, which each have heritage stretching back 33 years and 23 years respectively, and to further differentiate their positioning. We have been encouraged by the early sales of Red Letter Days and Buyagift products on the Moonpig website, driven through card-attached gifting, despite the offer launching with only a limited selection of physical SKUs. As we improve the selection of gifts and introduce digital gifting capabilities, we would expect this to grow significantly.

Expanding our range

We aim to have the perfect card and gift for every relationship and every occasion. In the current environment, this has meant responding to customer demand for more affordable gifting. Our commercial model is characterised by low inventory, short lead times for buying and a focus on supplier relationships in our domestic markets, which has enabled us to respond with agility to changes in customer preferences. Accordingly, we have:

- Launched Moonpig "Moments for Less", a range of additional gifts at price points of between £8 and £15 (together with equivalent products at Greetz).
- Introduced a new letterbox gifting range at Greetz.
- Expanded Moonpig's range of balloons, with 78 new designs including numerous designs in the £8 to £14 range.
- Expanded Moonpig's range of personalised mugs, which we sell for £10 in the UK, with 171 additional designs.
- Offered value for customers through supplier-funded promotions.

As part of our ongoing technology roadmap, we continue to develop new ways to offer a broad range of gifting price points that drive incremental revenue. For instance, we have introduced the ability for customers to add gifts on the basket page of the website and apps. The centralisation of gift fulfilment within our newly opened facilities at Tamworth in the UK and Almere in the Netherlands should also present opportunities in due course to encourage the adding of multiple gifts to a single card order.

At Experiences, the range, brand and model have clear aspects that build resilience:

- Almost one quarter of the range retails at a headline price of less than £50. As most of the experiences are for consumption by two people, this equates to pricing for these products at below £25 per head.
- The Buyagift brand in particular is positioned to deliver further customer value through percentage promotional discounts, for instance at 20% off the headline experience price.
- For categories such as afternoon tea and casual dining, a gift experience voucher is often cheaper than the menu price. In return for this, suppliers benefit from incremental distribution as they do not otherwise operate in the gifting market.
- In a downturn, Red Letter Days and Buyagift offer suppliers in categories with higher fixed costs (such as hotels, spas and restaurants) an opportunity for value-led capacity utilisation without impacting prices in their primary distribution channels.

We also continue to develop our offering for customers who want to gift at higher price points, for instance through the launch of Virginia Hayward hampers at Moonpig. Likewise, the Experiences segment has launched new experiences with premium partners such as Harvey Nichols and Macdonald Spa Hotels, as well as Merlin Entertainments (allowing customers to gift tickets to 16 popular UK attractions including Alton Towers, the London Eye and Legoland) and City Cruises.

We have further grown our greeting card range, with over 45,000 designs available on our Global Design Platform (October 2021: 33,000), with a particular focus on expanding our range of licensed designs. For instance, we have launched Disney designs on Greetz; in partnership with Hasbro, we have introduced designs for Peppa Pig, Transformers, Guess Who and Monopoly; we have introduced a new Japanese anime range; and we expanded our football range ahead of the World Cup.

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.

Our new operational facilities at Tamworth and Almere are of a high environmental standard, with the UK facility rated as "BREEAM Excellent" and the Netherlands facility retrofitted in line with best practice. Across our businesses, we are working to measure greenhouse gas emissions in our wider value chain and set a Scope 3 reduction target for the next financial year.

One of our ESG goals is for new hires into technical roles (comprising those in technology security, engineering, product and analytics) to be at least 45% from women by 2025. For the six months ended 31 October 2022, 46% of new hires into these technical roles were women (H1 FY22: 46%).

At Moonpig and Greetz, we have extended maternity and paternity cover, increasing paid leave by four weeks in each case, and have introduced new policies to support employees through pregnancy, menopause and baby loss.

We continue to work to ensure that our card design range represents all of our customers and have launched designs that show sign language and wheelchair use, together with sentiment cards for difficult occasions such as baby loss and IVF treatment.

We are committed to ensuring our technology is usable and understandable for all users. Following the migration of Greetz onto our unified technology platform, our website and apps at both brands are accessible to a wide range of people with disabilities.

Financial review

Overview

The Group's financial model equips it with resilience in more challenging conditions. The greeting card market is characterised by low sensitivity to changes in GDP, the Group's revenue is underpinned by loyal cohorts of existing customers, profit margins are high, inventory levels are low with short buying cycles and the Group has strong annual operating cash conversion.

We have successfully navigated progressively more challenging trading conditions through October and November, across all segments of the Group, and we are operating the business on the basis that this environment will continue in the near term. Cards revenue and existing customer revenue have both grown year-on-year on an underlying basis (after taking into account the prior year impact of Covid on sales). Experiences has performed in line with our expectations at the time of acquisition. However, levels of new customer acquisition have decreased year-on-year and we have seen consumers trading down to lower gifting price points at Moonpig and Greetz. UK card-only orders have also been impacted by industrial action at Royal Mail during September and October.

The flexibility of our business model has enabled us to maintain profitability:

- We are able to shift resources between categories and events, for instance reflected in our recent prioritisation of resources towards higher-margin cards, and the focusing of marketing activity ahead of peak trading events.
- We can change the gifting range and mix at short notice, reflected for instance in Moonpig's recent launch of "Moments for Less" gifts at price points of between £8 and £15 and Greetz's launch of a range of letterbox gifts starting at €8.
- We have a degree of discretion in pricing strategy, for instance we have changed cards pricing and have flexed the focus of promotional activity from strategic objectives (such as incentivising customer migration to our apps) to payback objectives (such as "3 for 2" offers).
- We have a flexible cost base. We have reduced our total marketing budget and are managing indirect costs to reflect the current uncertain environment.

Hence, whilst full year FY23 revenue is now expected to be approximately £320 million (remaining above expectations at the time of the IPO, including on an organic basis), our expectations for absolute FY23 Adjusted EBITDA remain unchanged.

The Group is cash generative by virtue of its business model. We expect to deleverage in the second half of the financial year such that the ratio of net debt to last twelve months' pro forma Adjusted EBITDA is between approximately 1.9x and 2.0x at 30 April 2023. The Group's senior facilities are committed until January 2026. There is significant headroom against financial covenant thresholds. We have hedged floating rate exposure to movements in SONIA for interest on broadly three quarters of our current expected future senior debt (net of cash) until 30 November 2024.

Financial performance – Group

	Six months ended 31 October 2022	Six months ended 31 October 2021	Six months ended 31 October 2019[4]	H1 FY23 Year-on-year growth %	H1 FY23 Three year growth %[4]
Revenue (£m)	**142.8**	142.6	66.3	0.1%	115.4%
Gross profit (£m)	**77.2**	69.9	35.2	10.5%	119.3%
Gross margin (%)	**54.1%**	49.0%	53.1%	5.1%pts	1.0%pts
Adjusted EBITDA (£m)[1]	**34.6**	35.0	15.0	(1.2%)	129.8%
Adjusted EBITDA margin (%)[1]	**24.2%**	24.5%	22.7%	(0.3%pts)	1.5%pts
Reported profit before taxation (£m)	**9.1**	18.7	9.4	(51.3%)	(3.2%)
Adjusted profit before taxation (£m)[1]	**18.9**	24.1	9.8	(21.6%)	92.9%
Earnings per share – basic (pence)[2]	**1.7**	4.5	n/a	(62.2%)	n/a
Earnings per share – diluted (pence)[2]	**1.7**	4.4	n/a	(61.4%)	n/a
Net debt (£m)[3]	**208.8**	113.0	33.9	84.8%	515.2%

1 Before adjusting items of £9.8m in H1 FY23 and £5.4m in H1 FY22. See Adjusting Items at Note 3 and definition of Alternative Performance Measures at Note 20.
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.
4 Three-year growth included to contextualise the impact of Covid-19 in H1 FY22.

The Group delivered revenue of £142.8m in the first half of FY23, representing three-year growth of 115.4% against pre-Covid comparatives for H1 FY20. Revenue was flat year-on-year, reflecting annualisation against the prior year impact on sales from lockdown restrictions, offset in part by the initial consolidation of £11.7m revenue from Experiences from 13 July 2022 onwards.

Trading at Moonpig and Greetz reflected the more challenging conditions seen from October onward and was also impacted in the UK by industrial action at Royal Mail during September and October, which affected last-minute card-only orders around each strike day.

Trading at Experiences has been resilient, in line with our expectations at the time of acquisition. Stated on a pro forma basis (as if the segment had been controlled by the Group in each relevant period), Experiences revenue for the six months ended 31 October

2022 was £18.0m (H1 FY22: £15.1m). This represents growth of 30.9% on a three-year basis against pre-Covid comparative revenue of £13.7m in H1 FY20.

Gross margin rate has increased year-on-year reflecting management action to improve intake margin, the category mix impact of prioritising resources towards higher-margin cards, AI-powered personalisation of promotions and the impact of the acquisition of the Experiences segment.

Adjusted EBITDA was £34.6m (H1 FY22: £35.0m), with an Adjusted EBITDA margin rate of 24.2% (H1 FY22: 24.5%). Reported profit before taxation was £9.1m (H1 FY22: £18.7m) with the year-on-year decrease impacted by an increase in finance costs, one-off transaction costs related to the acquisition of Experiences, an increase in amortisation (reflecting the full year impact of investment in technology development which underpins our future growth) and the commencement of depreciation of fit-out costs and the right-of-use assets relating to the Group's new leasehold operational facilities.

Orders and Average Order Value ("AOV")

	Six months ended 31 October 2022	Six months ended 31 October 2021	Six months ended 31 October 2019	H1 FY23 Year-on-year growth %	H1 FY23 Three year growth %
Moonpig and Greetz orders (m)	**16.9**	19.5	9.5	(13.3%)	76.8%
Moonpig and Greetz AOV (£ per order)	**7.8**	7.3	6.9	6.0%	11.9%
Moonpig and Greetz revenue (£m)	**131.1**	142.6	66.3	(8.1%)	97.7%
Moonpig revenue (£m)	**103.0**	108.5	47.1	(5.1%)	118.7%
Greetz revenue (£m)	**28.1**	34.1	19.2	(17.7%)	46.3%
Moonpig and Greetz revenue (£m)	**131.1**	142.6	66.3	(8.1%)	97.7%
Experiences revenue (£m)	**11.7**	-	-	n/a	n/a
Group revenue (£m)	**142.8**	142.6	66.3	0.1%	115.4%

Group revenue was flat year-on-year (growth of +0.1%) reflecting annualisation against the prior year impact on sales from lockdown restrictions, offset in part by the initial consolidation of Experiences from 13 July 2022 onwards.

Moonpig and Greetz revenue decreased year-on-year by 8.1%, reflecting:

- A decrease in total orders of 13.3%, driven by annualisation against periods of Covid-related lockdown restrictions. Order volumes were also impacted to some extent by disruption to the UK regulated postal service because of industrial action at Royal Mail during September and October 2022.

- Strong growth in Average Order Value at 6.0% 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 have traded down to cheaper price points in the current economic climate.

The year-on-year revenue trend was stronger at Moonpig than at Greetz, consistent with previous periods. Moonpig's revenue performance has been supported by sustained investment in technology over the last four years. Greetz was successfully migrated onto our unified technology platform during September 2022. The year-on-year impact of foreign exchange rate translation upon Greetz revenue was not significant, as on average across the six month period, the Euro appreciated by only 0.2% versus Sterling.

Three-year revenue growth for Moonpig and Greetz combined was 97.7% against revenue of £66.3m in H1 FY20. For the full year, it will be more challenging to contextualise revenue against FY20, as the second half of that year was impacted by Covid-related lockdown restrictions in March and April 2020, however the preceding year provides a benchmark. For Moonpig and Greetz, combined revenue (stated pro forma as if Greetz had been controlled throughout the relevant period) was £131.6m in FY19 (of which H1 accounted for £57.5m or 43.7% of the total).

The Group's consolidated results include £11.7m of Experiences revenue for the period following acquisition on 13 July 2022. The equivalent figure for the full six months ended 31 October 2022 was £18.0m (H1 FY22: £15.1m), which represents growth of 30.9% on a three-year basis against pre-Covid comparative revenue of £13.7m in H1 FY20.

Gifting mix of revenue

	Six months ended 31 October 2022	Six months ended 31 October 2021	Six months ended 31 October 2019	H1 FY23 Year-on-year growth %	H1 FY23 Three year growth %
Moonpig and Greetz cards revenue (£m)	**74.7**	74.8	39.4	(0.2%)	89.5%
Moonpig and Greetz attached gifting revenue (£m)	**51.3**	61.6	22.4	(16.7%)	129.4%
Moonpig and Greetz standalone gifting revenue (£m)	**5.0**	6.1	4.5	(17.7%)	12.4%
Moonpig and Greetz revenue (£m)	**131.1**	142.6	66.3	(8.1%)	97.7%
Experiences gifting revenue (£m)	**11.7**	-	-	n/a	n/a
Group revenue (£m)	**142.8**	142.6	66.3	0.1%	115.4%
Moonpig / Greetz total gifting revenue (£m)	**56.4**	67.8	26.9	(16.8%)	109.9%
Moonpig / Greetz gifting revenue mix (%)	**43.0%**	47.5%	40.5%	(4.5%pts)	2.5%pts
Group gifting mix of revenue (%)	**47.7%**	47.5%	40.5%	0.2%pts	7.2%pts

For Moonpig and Greetz, total gifting mix of revenue was 43.0% (H1 FY22: 47.5%). 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

	Six months ended 31 October 2022	Six months ended 31 October 2021	Six months ended 31 October 2019	H1 FY23 Year-on-year growth %	H1 FY23 Three year growth %
Moonpig gross margin (%)	**51.9%**	49.6%	57.9%	2.3%pts	(6.0%pts)
Greetz gross margin (%)	**45.7%**	47.1%	41.6%	(1.5%pts)	4.1%pts
Moonpig and Greetz gross margin (%)	**50.6%**	49.0%	53.1%	1.6%pts	(2.6%pts)
Experiences gross margin (%)	**93.7%**	n/a	n/a	n/a	n/a
Group gross margin (%)	**54.1%**	49.0%	53.1%	5.1%pts	1.0%pts

Gross margin rate strengthened year-on-year at Moonpig reflecting management action to improve intake margin, 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 in H1 FY22.

Across the Group, we have continued to see no significant adverse gross margin impact from input cost inflation.

The relatively high Experiences gross margin rate reflects the nature of revenue recognised at this segment, which comprises agency commission earned from partners for the distribution of experiences, rather than the gross transaction value. Cost of goods at the Experiences segment relates primarily to packaging and distribution for the proportion of orders for which the consumer elects to pay for a physical gift box rather than digital delivery.

Adjusted EBITDA margin

	Six months ended 31 October 2022	Six months ended 31 October 2021	Six months ended 31 October 2019	H1 FY23 Year-on-year growth %	H1 FY23 Three year growth %
Moonpig Adjusted EBITDA margin %	**25.3%**	25.6%	31.0%	(0.3%pts)	(5.7%pts)
Greetz Adjusted EBITDA margin %	**16.4%**	21.0%	2.4%	(4.6%pts)	14.0%pts
Moonpig and Greetz Adjusted EBITDA margin %	**23.4%**	24.5%	22.7%	(1.1%pts)	0.7%pts
Experiences Adjusted EBITDA margin %	**33.0%**	n/a	n/a	n/a	n/a
Group Adjusted EBITDA margin %	**24.2%**	24.5%	22.7%	(0.3%pts)	1.5%pts

Group Adjusted EBITDA Margin rate was 24.2%, in line with the same period of the prior year (H1 FY22: 24.5%). Outside of periods impacted by Covid, Adjusted EBITDA margin in the first half of each year is typically lower than the annual average rate, reflecting seasonally lower revenues together with the impact of operational leverage.

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 considered to be a substitute for, or superior to, IFRS measures. These APMs may not be necessarily comparable to similarly titled measures used by other companies.

Directors and management use these APMs alongside IFRS measures when budgeting and planning and when 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.

	Six months ended 31 October 2022		Six months ended 31 October 2021		H1 FY23 Year-on-year growth %	
	IFRS Measures £m	**Adjusted Measures[1] £m**	IFRS Measures £m	Adjusted Measures[1] £m		
Pre-IPO share-based payment charges	**-**	**(3.5)**	-	(3.5)	-	0.9%
Pre-IPO bonus awards	**-**	**(1.9)**	-	(1.9)	-	0.2%
M&A related transaction costs	**-**	**(4.4)**	-	-	-	100%
Total Adjusting Items	**-**	**(9.8)**	-	(5.4)	-	81.5%
Revenue	**142.8**	**142.8**	142.6	142.6	0.1%	0.1%
PAT	**5.8**	**14.6**	15.4	20.4	(62.3%)	(28.4%)
Taxation	**(3.3)**	**(4.3)**	(3.4)	(3.7)	(2.9%)	16.2%
PBT	**9.1**	**18.9**	18.7	24.1	(51.3%)	(21.6%)
PBT margin	**6.4%**	**13.2%**	13.1%	16.9%	(6.7%pt)	0.1%pt
Finance costs	**(5.8)**	**(5.8)**	(4.9)	(4.9)	19.8%	19.8%
EBIT	**14.9**	**24.8**	23.6	29.0	(36.9%)	(14.5%)
EBIT margin	**10.4%**	**17.4%**	16.5%	20.3%	(6.1%pt)	(2.9%pt)
Depreciation and amortisation	**(9.8)**	**(9.8)**	(6.0)	(6.0)	65.0%	65.0%
EBITDA	**24.7**	**34.6**	29.6	35.0	(16.6%)	(1.1%)
EBITDA margin	**17.3%**	**24.2%**	20.8%	24.5%	(3.5%pt)	(0.3%pt)

1 See Adjusting Items at Note 3 and definition of Alternative Performance Measures below and at Note 20.

Adjustment has been made for the one-off compensation arrangements granted prior to IPO and described in the Prospectus as the Legacy Items and the All-Employee IPO Awards (together "Legacy Incentives"). These Legacy Incentives comprise a combination of cash and share-based payments and those that have not yet vested and will vest across each of the subsequent financial years ending 30 April 2023 and 2024. The combined cost of these arrangements was £5.4m in the first half of FY23, with full year costs expected to be approximately £10m in FY23, approximately £3m in FY24 and nil thereafter. The Group believes that it is appropriate to treat these costs as an adjusting item as they relate to a one-off award, designed and implemented whilst the Group was under private equity ownership (and are reasonably typical of that market and appropriate in that context).

Share-based payment charges of £1.3m in H1 FY23 which arose because of the operation of the Group's post-Admission Remuneration Policy are not treated as adjusting items and the cost is not deducted from the calculation of the APMs.

M&A-related transaction costs of £4.4m arising in H1 FY23 comprise advisers' fees, stamp duty and other costs directly relating to the acquisition of the Experiences segment. These are additional to the £0.9m of such costs recognised in the second half of FY22. No further fees are expected to be incurred in connection with this acquisition.

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

- Adjusted PAT is profit after taxation, before Legacy Incentive costs and M&A related transaction costs.
- Adjusted PBT is profit before taxation, Legacy Incentive costs and M&A related transaction costs.
- Adjusted PBT margin is Adjusted PBT divided by total revenue.
- Adjusted EBIT is profit before taxation, interest, Legacy Incentive costs and M&A related transaction costs.
- Adjusted EBIT margin is Adjusted EBIT divided by total revenue.
- Adjusted EBITDA is profit before taxation, interest, depreciation, amortisation, Legacy Incentive costs and M&A related transaction costs.
- Adjusted EBITDA margin is Adjusted EBITDA divided by total revenue.

Depreciation and amortisation

Depreciation and amortisation increased to £9.8m (H1 FY22: £6.0m), reflecting the decision taken last financial year to expand levels of technology investment, together with the fit out of new operational facilities in the UK and the Netherlands and the acquisition of the Experiences segment. Depreciation and amortisation within the Experiences segment includes amortisation of acquired intangible assets.

Our expectation for full-year FY23 depreciation and amortisation (excluding the amortisation of acquired intangibles arising on business combination with Experiences) remains unchanged at between approximately £17m and £19m for Moonpig and Greetz, together with up to £2m for Experiences.

Further to the purchase price allocation exercise performed following the acquisition of Experiences, we expect the amortisation of intangible assets arising on business combination with this segment to be approximately £5m in FY23 and £6m on an annualised basis thereafter.

Finance costs

Finance costs were £5.8m (H1 FY22: £4.9m) with the year-on-year increase driven by additional senior debt drawn down in July to finance the acquisition of the Experiences segment, increases in the SONIA reference rate, the cost of interest rate hedging and deemed interest on new leases relating to warehouses in Tamworth, UK and Almere, Netherlands.

Finance costs for the full financial year are expected to be between £14m to £15m.

On 1 August 2022, the Group hedged its floating rate exposure to the SONIA element of interest on broadly three quarters of its current expected senior debt (net of gross cash), based on the future borrowing profile expected by management. The hedge comprises: (1) 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 (2) an interest rate cap with a cap strike rate of 3.0000% on £70m notional with a term that expires on 30 November 2024.

Taxation

The charge was £3.3m (H1 FY22: £3.4m), which represents an effective taxation rate of 35.9% (H1 FY22: 18.0%). This exceeded the prevailing rates of corporation tax of 19.0% in the UK and 25.8% in the Netherlands, primarily a result of the non-deductible nature of the M&A-related transaction costs relating to the acquisition of the Experiences segment and to the Legacy Incentives. Expressed as a percentage of Adjusted Profit Before Taxation, the effective tax rate was 22.8% (H1 FY22: 15.3%).

For the full financial year, the effective taxation rate is expected to be approximately 24%. The rate will reflect the increase of the UK statutory rate of corporation tax to 25.0% from 1 April 2023 onwards.

Profit before taxation ("PBT") and Earnings Per Share ("EPS")

Group PBT was £9.1m (H1 FY22: £18.7m), with the decrease driven by an increase in finance costs, the transaction costs related to the acquisition of the Experiences segment and an increase in depreciation and amortisation reflecting the full year impact of investment in technology development, the commencement of depreciation of fit-out costs and the right-of-use assets relating to the Group's new leasehold operational facilities.

Basic EPS for H1 FY23 was 1.7p (H1 FY22: 4.5p) based on the weighted average number of ordinary shares outstanding during the period of 342,111,621 less 3,075,329 shares subject to potential repurchase. After accounting for the effect of employee share arrangements, diluted earnings per share was 1.7p (H1 FY22: 4.4p).

Adjusted basic EPS, which is stated before Adjusting Items (as set under APMs) was 4.3p (H1 FY22: 6.0p).

Cash flow

Cash (used in)/generated from operating activities was (£4.2m) (H1 FY22: £14.6m):

- There was a cash outflow in the period of £1.1m (H1 FY22: £2.8m inflow), due to a temporary increase in stock from the opening of our new operations facilities. Inventory acquired upon business combination with the Experiences segment was £1.4m. Total inventory at 31 October 2022 was £12.6m (October 2021: £12.0m).

- There was a trade and other payables working capital outflow in the period of £30.8m (H1 FY22: £21.8m). The outflow derived from Moonpig and Greetz was £10.2m (compared to the £21.8m outflow in H1 FY22, which was driven by annualisation against periods of Covid-related lockdown restrictions). The remaining outflow of £20.6m (H1 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 £13.2m associated with the acquisition, which were fully provided for in the opening balance sheet, and movement in the merchant accrual during the period.

The merchant accrual balance acquired upon business combination with the Experiences segment 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 H1 FY23 are recognised as Adjusting Items.

Capital expenditure increased year-on-year to £14.2m (H1 FY22: £4.1m) 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. Our expectations for full-year FY23 capital expenditure remain unchanged and are as follows:

- Intangible capital expenditure at Moonpig and Greetz is expected to be between approximately £13m and £15m in FY23. We took a decision last financial year to step-increase levels of technology investment and we intend intangible capital expenditure to be at or above the FY23 level in future years. Following completion of the unified technology platform for Moonpig and Greetz in September 2022, most of our software engineers are now focused on the development of technology growth initiatives to be deployed across both brands.

- Tangible capital expenditure at Moonpig and Greetz is expected to be between approximately £11m and £13m because of expenditure incurred on the fit-out of new operations facilities in Tamworth in the UK and Almere in the Netherlands. From FY24, annual tangible capital expenditure is expected to reduce to below £2m. These figures exclude the initial recognition of IFRS 16 right-of-use assets in respect of the Tamworth facility in FY22 and in respect of the Almere facility in H1 FY23.

- Combined intangible and tangible capital expenditure at Experiences is expected to be approximately £2m.

Adjusted Operating Cash Conversion

The Group is cash generative on an annual basis, with cash inflows strongly weighted into the second half of each financial year. This is reflected in Adjusted Operating Cash Conversion of 3% (H1 FY22: 38%). Adjusted Operating Cash Conversion for the Group excluding Experiences was 30% (H1 FY22: 38%). Cash outflows at Experiences reflect payments to merchants made in the ordinary course, with voucher redemptions by recipients seasonally exceeding new voucher sales to customers in the period.

	Six months ended 31 October 2022 £m	Six months ended 31 October 2021 £m
Profit before taxation	**9.1**	18.7
Add back: Finance costs	**5.8**	4.9
Add back: Adjusting items (excluding share-based payments)	**6.3**	1.9
Add back: Share-based payments	**3.5**	3.5
Add back: Depreciation and amortisation	**9.8**	6.0
Adjusted EBITDA	**34.6**	35.0
Less: Capital expenditure (fixed and intangible assets)	**(14.2)**	(4.1)
Adjust: Impact of share-based payments[1]	**0.9**	-
Add back: (Increase) / decrease in inventories[2]	**(1.1)**	2.9
Add back: Decrease in trade and other receivables[2]	**1.8**	1.4
Add back: Decrease in trade and other payables[2]	**(20.9)**	(21.8)
Operating cash flow[3]	**1.1**	13.4
Adjusted Operating Cash Conversion	**3%**	38%
Add back: Capital expenditure	**14.2**	4.1
Add back: Loss on disposal of non-current assets	**-**	0.3
Add back: Increase / (decrease) in debtors and creditors with undertakings formerly under common control	**0.3**	(1.2)
Less: Adjusting items (excluding share-based payments)	**(6.3)**	(1.9)
Less: Research and development tax credit	**(0.3)**	(0.1)
Cash generated from underlying operating activities	**9.0**	14.6

1 Reflecting the non-cash share-based payment charge recognised within Adjusted EBITDA, net of NI on the share-based payments recognised below EBITDA.
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.

Adjusted Operating Cash Conversion is a non-GAAP measure and 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

When we announced the acquisition of Experiences, we stated that we expected Group net debt to last twelve months' pro forma Adjusted EBITDA to peak at approximately 2.8x at 31 October 2022. The actual ratio at this date was 2.45x and we expect it to decrease until it is between approximately 1.9x and 2.0x at 30 April 2023, driven by operating cash flows.

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 31 October 2022 was £208.8m (October 2021: £113.0m). The year-on-year increase in net debt reflects financing for the acquisition of Experiences, together with additional leases taken out in respect of new operational facilities at Tamworth in the UK and Almere in the Netherlands.

The Group's senior facilities of £255.0m comprise 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 ("Additional RCF") of £60.0m. Arrangement fees capitalised on the balance sheet as at 31 October 2022 were £5.2m (October 2021: £5.6m).

These senior facilities are committed until 6 January 2026. They are subject to a single covenant of total net debt to last twelve months' Adjusted EBITDA of 4.00x until 30 April 2023 and 3.50x thereafter, which is tested on a semi-annual basis. The senior facilities agreement specifies that for covenant purposes, Adjusted EBITDA is measured on a pro forma basis, including the pre-acquisition profits of the Experiences segment. As the Senior Facilities Agreement was put in place under a previous ownership structure, the definition of Adjusted EBITDA for covenant purposes includes several favourable add-backs that are more typical of an acquisition finance facility, for instance to include the anticipated pro forma impact of any planned cost reduction actions, and to exclude recurring share based expenses that are not treated by the Group as an Adjusting Item for reporting purposes.

Our short-term priority is deleveraging. Our medium-term capital allocation priorities are unchanged. Our priority remains organic investment to drive growth, and we continue to invest in technology and data, in our brands and in our operational capabilities. Our policy is not to pay dividends, which remains under review and may be revised from time to time.

Outlook

Trading conditions have become progressively more challenging through October and November, and given the continued macroeconomic uncertainty, we now expect revenue for FY23 to be approximately £320 million. The actions that we have taken in response to the current environment mean that our expectations for full year absolute Adjusted EBITDA remain unchanged.

The business is highly cash generative on an annual basis, and we expect deleveraging in the second half of the financial year such that the ratio of net debt to pro forma Adjusted EBITDA is between approximately 1.9x and 2.0x at 30 April 2023.

We remain confident in the structural growth opportunity in our markets, as well as the fundamental strength, resilience and agility of our business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that these Condensed Consolidated Interim Financial Statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

On behalf of the Board

Nickyl Raithatha	Andy MacKinnon
Chief Executive Officer	Chief Financial Officer
6 December 2022	6 December 2022

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Income Statement
For the six-month period ended 31 October 2022

	Note	**Six months ended 31 October 2022 £000**	Six months ended 31 October 2021 £000
Revenue	2	**142,793**	142,649
Cost of sales		**(65,552)**	(72,771)
Gross profit		**77,241**	**69,878**
Selling and administrative expenses		**(62,959)**	(46,984)
Other income		**661**	717
Operating profit		**14,943**	**23,611**
Finance costs	4	**(5,849)**	(4,884)
Profit before taxation		**9,094**	**18,727**
Taxation	5	**(3,268)**	(3,361)
Profit after taxation		**5,826**	**15,366**
Profit attributable to:			
Equity holders of the Company		**5,826**	**15,366**
Earnings per share (pence)			
Basic	6	**1.7**	4.5
Diluted	6	**1.7**	4.4

All activities relate to continuing operations.

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Statement of Comprehensive Income
For the six-month period ended 31 October 2022

		Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Profit for the period		**5,826**	**15,366**
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(179)	186
Cash flow hedge:			
Fair value changes in the period	16	2,354	-
Cost of hedging reserve	16	225	-
Fair value movements on cash flow hedges transferred to profit and loss	16	(148)	-
Total other comprehensive income		**2,252**	**186**
Total comprehensive income for the period		**8,078**	**15,552**

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Balance Sheet
As at 31 October 2022

	Note	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Non-current assets				
Intangible assets	8	**212,893**	35,489	34,028
Property, plant and equipment	9	**33,139**	16,149	21,241
Other non-current assets	11	**2,178**	1,389	1,928
Non-current financial derivatives	16	**3,253**	-	-
		251,463	**53,027**	**57,197**
Current assets				
Inventories	10	**12,601**	12,041	10,117
Trade and other receivables	11	**10,073**	3,794	4,292
Current tax receivable		**1,977**	748	256
Cash and cash equivalents		**40,972**	67,400	101,677
		65,623	**83,983**	**116,342**
Total assets		**317,086**	**137,010**	**173,539**
Current liabilities				
Trade and other payables	12	**98,241**	37,856	43,302
Provisions for other liabilities and charges		**1,486**	1,527	1,837
Contract liabilities		**2,862**	2,691	2,247
Lease liabilities	13	**3,087**	2,328	2,151
Borrowings	13	**162**	323	213
		105,838	**44,725**	**49,750**
Non-current liabilities				
Trade and other payables	12	**7,331**	3,152	6,312
Borrowings	13	**229,751**	169,359	169,950
Lease liabilities	13	**16,735**	8,381	13,169
Deferred tax liabilities		**11,535**	2,720	2,168
Provisions for other liabilities and charges		**2,709**	816	1,509
		268,061	**184,428**	**193,108**
Total liabilities		**373,899**	**229,153**	**242,858**
Equity				
Share capital	15	**34,211**	34,211	34,211
Share premium	15	**278,083**	277,837	278,083
Merger reserve		**(993,026)**	(1,000,586)	(993,026)
Retained earnings		**583,068**	565,549	576,507
Other reserves	15	**40,851**	30,846	34,906
Total equity		**(56,813)**	**(92,143)**	**(69,319)**
Total equity and liabilities		**317,086**	**137,010**	**173,539**

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Statement of Changes in Equity
For the six-month period ended 31 October 2022

	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 period		-	-	-	15,366	-	**15,366**
Other comprehensive expense		-	-	-	-	186	**186**
Total comprehensive income for the period		**-**	**-**	**-**	**15,366**	**186**	**15,552**
Share-based payments	14	-	-	-	-	3,645	**3,645**
As at 31 October 2021		**34,211**	**277,837**	**(1,000,586)**	**565,549**	**30,846**	**(92,143)**
Profit for the period		-	-	-	16,073	-	**16,073**
Other comprehensive income		-	-	-	-	4	**4**
Total comprehensive income for the period		**-**	**-**	**-**	**16,073**	**4**	**16,077**
Group relief reclassification		-	-	7,560	(5,115)	-	**2,445**
Share-based payments	14	-	-	-	-	4,056	**4,056**
Proceeds from IPO share issue	15	-	246	-	-	-	**246**
As at 30 April 2022		**34,211**	**278,083**	**(993,026)**	**576,507**	**34,906**	**(69,319)**
Profit for the period		**-**	**-**	**-**	**5,826**	**-**	**5,826**
Foreign currency translation reserve reclassification		**-**	**-**	**-**	**735**	**(735)**	**-**
Other comprehensive income:							
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**(179)**	**(179)**
Cash flow hedges:							
Fair value changes in the period		**-**	**-**	**-**	**-**	**2,354**	**2,354**
Cost of hedging reserve		**-**	**-**	**-**	**-**	**225**	**225**
Fair value movements on cash flow hedges transferred to profit and loss		**-**	**-**	**-**	**-**	**(148)**	**(148)**
Total comprehensive income for the period		**-**	**-**	**-**	**6,561**	**1,517**	**8,078**
Share-based payments	14	**-**	**-**	**-**	**-**	**4,428**	**4,428**
As at 31 October 2022		**34,211**	**278,083**	**(993,026)**	**583,068**	**40,851**	**(56,813)**

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Cash Flow Statement
For the six-month period ended 31 October 2022

	Note	**Six months ended 31 October 2022 £000**	Six months ended 31 October 2021 £000
Cash flow from operating activities			
Profit before taxation		**9,094**	**18,727**
Adjustments for:			
Depreciation and amortisation	8,9	**9,788**	5,908
Loss on disposal of non-current assets		**-**	244
Finance costs	4	**5,849**	4,884
R&D tax credit		**(300)**	(115)
Share-based payment charges	14	**4,428**	3,695
Changes in working capital:			
(Increase)/decrease in inventories		**(1,103)**	2,841
(Increase)/decrease in trade and other receivables		**(1,385)**	1,412
Decrease in trade and other payables		**(30,847)**	(21,798)
Net decrease/(increase) in trade and other receivables and payables with undertakings formerly under common control		**270**	(1,215)
Cash (used in)/generated from operating activities		**(4,206)**	**14,583**
Income tax paid		**(5,036)**	(4,314)
Net cash (used in)/generated from operating activities		**(9,242)**	**10,269**
Cash flow from investing activities			
Capitalisation of intangible assets	8	**(6,665)**	(3,746)
Purchase of property, plant and equipment	9	**(7,574)**	(390)
Acquisition of subsidiary, net of cash acquired	7	**(88,598)**	-
Net cash used in investing activities		**(102,837)**	**(4,136)**
Cash flow from financing activities			
Proceeds from increases in borrowings	13	**60,000**	-
Payment of fees related to borrowings		**(988)**	-
Payment of interest rate cap premium		**(940)**	-
Interest paid on borrowings	13	**(4,879)**	(3,315)
Interest paid on swap derivatives		**(148)**	-
Lease liabilities paid	13	**(1,195)**	(1,260)
Interest paid on leases	13	**(423)**	(328)
Net cash generated from/(used in) financing activities		**51,427**	**(4,903)**
Net cash flows (used in)/generated from operating, investing, and financing activities		**(60,652)**	**1,230**
Differences on exchange		**(53)**	150
Net (decrease)/increase in cash and cash equivalents in the period		**(60,705)**	**1,380**
Net cash and cash equivalents at beginning of the period		**101,677**	66,020
Net cash and cash equivalents at the end of the period		**40,972**	**67,400**

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

Moonpig Group plc (the "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 Condensed Consolidated Interim Financial Statements of the Company as at and for the period ended 31 October 2022 comprise the Company and its interest 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, United Kingdom. The Company's LEI number is 213800VAYO5KCAXZHK83.

Basis of preparation
The annual financial statements of Moonpig Group plc will be prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The annual financial statements will also comply with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom. These Condensed Consolidated Interim Financial Statements for the six-month period ended 31 October 2022 have been prepared in accordance with UK adopted International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

These Condensed Consolidated Interim Financial Statements do not constitute statutory accounts as defined by the Companies Act 2006, Section 435. This report should be read in conjunction with the Group's Annual Report and Accounts as at and for the year ended 30 April 2022 ("last Annual Report and Accounts"), which were prepared in accordance with IFRSs as adopted by the United Kingdom. The last Annual Report and Accounts have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified.

All figures presented are rounded to the nearest thousand (£000), unless otherwise stated.

The Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis and under the historical cost convention.

The Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on 6 December 2022 and have been reviewed and not audited by PricewaterhouseCoopers LLP, the auditors, and its report is set out at the end of this document.

Going concern
These Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis. The group ended the six month period with a cash and cash equivalents balance of £40,972,000 (30 April 2022: £101,677,000). The Group has a Senior Facilities Agreement which is committed until 6 January 2026 and comprises a Term Loan of £175,000,000, an Original RCF of £20,000,000 and an Additional RCF of £60,000,000. As at 31 October 2022, the Additional RCF was drawn down in full whilst the Original RCF remains undrawn.

The Term Loan and any 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, 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. The agreements comprise: (1) 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 (2) an interest rate cap with a cap strike rate of 3.0000% on £70m notional with a term that expires on 30 November 2024.

The Senior Facilities Agreement is subject to a Total Net Debt to last twelve months' pro forma Adjusted EBITDA covenant of 4.00x until 30 April 2023 and 3.50x thereafter. It is tested on a semi-annual basis, with Total Net Debt and 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 Condensed Consolidated Interim Financial Statements and is forecast to comply with these during the going concern assessment period.

The Directors have reviewed a downside scenario, which is considered to be severe but plausible, and the impact resulting on the Group's performance and position. The scenario models the impact of the possibility that a downturn in consumer demand could lead to a sustained adverse impact on trading. In this scenario, the Group continues to have sufficient resources to continue in operational existence. In the event that more severe impacts occur, mitigating actions are available to the Group should they be required.

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.

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 Condensed Consolidated Interim Financial Statements.

1 General information (continued)

Accounting policies
The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the accounting policies set out on pages 124-130 of the Group's Annual Report and Accounts for the year to 30 April 2022. Owing to changes in the current reporting period, specifically the acquisition of Experience More Limited and use of financial derivatives as part of the Group's financial risk management strategy, additional accounting policy disclosures are required as set out below:

Revenue recognition
In addition to the revenue recognition policy as described in the Annual Report and Accounts for the year to 30 April 2022, the below accounting policy is applicable for the six-month period ended 31 October 2022.

The Experiences segment operates a platform for the distribution of vouchers that may be redeemed for a wide choice of experiences provided by third party merchant partners. Revenue is primarily generated through the sale and issue of these vouchers, which may be gifted or kept for a consumer's own use.

Revenue is recognised when a consumer purchases a voucher, with the Experiences segment 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 voucher recipient's chosen merchant partner.

The amount of revenue recognised primarily comprises the expected value of fees and any other income receivable by the Experiences segment in accordance with its 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 shortly after its legal obligations to the merchant expires.

Financial Instruments
Derivative financial instruments are used to manage risks arising from changes in interest rates relating to the Groups 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.

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. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is recycled to the profit or loss. 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.

Taxation
Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected annual profit or loss.

Critical accounting judgements and estimates
In preparing these Condensed Consolidated Interim 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.

1 General information (continued)

Critical accounting judgements and estimates (continued)
The area of judgement which has the greatest potential effect on the amounts recognised in these Condensed Consolidated Interim Financial Statements is the capitalisation of internally generated assets, whilst the areas of estimates and assumption that have the greatest potential effect are the useful life of internally generated assets and the merchant accrual. Capitalisation and the useful life of internally generated assets are consistent with matters disclosed on page 124 in the FY22 Annual Report and Accounts.

The merchant accrual has been identified as a significant estimate following the acquisition of the Experiences segment. The Experiences segment acts as an agent at the point of sale. Therefore, 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 £2,600,000 movement in the amount recognised in revenue. The estimates are trued up for actual customer utilisation rates in the period.

2 Segmental analysis

The chief operating decision maker ("CODM") reviews external revenue 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 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 3 for details of these adjustments.

The three segments (Moonpig, Greetz and Experiences) are the reportable segments for the Group, with Moonpig and Experiences based in the UK and Greetz in the Netherlands. The Experiences segment, consisting of and trading under the Red Letter Days and Buyagift brands, became an operating segment of the Group on acquisition on 13 July 2022 and has been consolidated into the Group's overall position and performance since this date. The three segments form the focus of the Group’s internal reporting systems and are the basis used by the CODM for assessing performance and allocating resources. Finance costs are not allocated to the reportable segments, as this activity is managed centrally.

Most of the Group's revenue is derived from retail to consumers in the cards and gifting markets. No single customer accounted for 10% or more of the Group's revenue. In common with many retailers, revenue and trading profit are subject to seasonal fluctuations and are weighted towards the second half of the financial 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.

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Moonpig	**103,018**	108,509
Greetz	**28,085**	34,140
Experiences	**11,690**	-
Total external revenue	**142,793**	**142,649**

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:

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
UK and Ireland	**111,985**	106,653
Netherlands	**28,085**	33,422
Rest of the world[1]	**2,723**	2,574
Total external revenue	**142,793**	**142,649**

1 Rest of the world revenue includes the USA and Australia.

2 Segmental analysis (continued)

The following table shows the information regarding assets by segment that reconciles to the consolidated results of the Group.

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Moonpig		
Non-current assets[1]	**40,893**	28,982
Capital expenditure	**(5,563)**	(116)
Intangible expenditure	**(6,415)**	(3,746)
Depreciation and amortisation	**(4,883)**	(4,084)
Greetz		
Non-current assets[1]	**27,319**	22,656
Capital expenditure[2]	**(7,353)**	(274)
Intangible expenditure	**-**	-
Depreciation and amortisation	**(2,115)**	(1,899)
Experiences		
Non-current assets[1]	**177,820**	-
Capital expenditure	**(15)**	-
Intangible expenditure	**(250)**	-
Depreciation and amortisation	**(2,790)**	-
Group		
Non-current assets[1]	**246,032**	51,638
Capital expenditure[2]	**(12,931)**	(390)
Intangible expenditure	**(6,665)**	(3,746)
Depreciation and amortisation	**(9,788)**	(5,983)

1 Comprises intangible assets and property, plant and equipment.
2 Includes ROU asset capitalised in the period.

The Group's measure of segment profit, Adjusted EBITDA, excludes the adjusting items set out at Note 3; refer to Alternative Performance Measures ("APMs") at Note 20 for calculation.

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Adjusted EBITDA		
Moonpig	**26,090**	27,814
Greetz	**4,600**	7,174
Experiences	**3,861**	-
Group Adjusted EBITDA	**34,551**	**34,988**
Depreciation and amortisation		
Moonpig	**4,883**	4,084
Greetz[1]	**2,115**	1,899
Experiences[2]	**2,790**	-
Group depreciation and amortisation	**9,788**	**5,983**

1 Includes amortisation arising on 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	**Six months ended 31 October 2022 £000**	Six months ended 31 October 2021 £000
Adjusted EBITDA	20	**34,551**	34,988
Depreciation and amortisation	8,9	**(9,788)**	(5,983)
Adjusting items	3	**(9,820)**	(5,394)
Operating profit		**14,943**	**23,611**
Finance costs	4	**(5,849)**	(4,884)
Profit before taxation		**9,094**	**18,727**
Taxation	5	**(3,268)**	(3,361)
Profit for the period		**5,826**	**15,366**

3 Adjusting items

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Pre-IPO bonus awards	**(1,899)**	(1,895)
Pre-IPO share-based payment charges	**(3,530)**	(3,499)
M&A related transaction costs	**(4,391)**	-
Total adjustments made to operating profit	**(9,820)**	**(5,394)**

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 and 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, the UK's leading gift experiences platform.

Cash paid in relation to adjusting items in the period totalled £5,419,000 (H1 FY22: £Nil).

4 Finance costs

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Interest payable on leases	**(423)**	(328)
Bank interest payable	**(4,965)**	(3,336)
Amortisation of capitalised borrowing costs	**(790)**	(676)
Amortisation of interest rate cap premium	**(117)**	-
Net foreign exchange gain/(loss) on financing activities	**446**	(544)
Total finance costs	**(5,849)**	**(4,884)**

5 Taxation

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Total current tax	**3,897**	3,921
Total deferred tax	**(629)**	(560)
Total tax charge in the income statement	**3,268**	3,361
Effective tax rate %	**35.9%**	18.0%

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 2023 Tax Plan, the general corporate income tax rate will remain 25.8% for the year 2023 whereby the first EUR 200K profit is taxed at 19%. The Tax Plan was adopted by the Lower House and is currently being discussed in the Upper House.

6 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. Basic EPS is calculated based on the weighted average number of ordinary shares outstanding during the period of 342,111,621 less 3,075,329 shares subject to potential repurchase.

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 14 of these Condensed Consolidated Interim Financial Statements.

Adjusted earnings per share
Earnings attributable to ordinary equity holders of the Group for the period, 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 period.

6 Earnings per share (continued)

	Adjusted Six months ended 31 October 2022	**IFRS Six months ended 31 October 2022**	Adjusted Six months ended 31 October 2021	IFRS Six months ended 31 October 2021	Adjusted Year ended 30 April 2022	IFRS Year ended 30 April 2022
Earnings attributable to equity holders of the Company (£000):						
Profit for the period	**14,628**[1]	**5,826**	20,448[1]	15,366	41,674[1]	31,439
Number of shares:						
Weighted average number of ordinary shares - Basic	**339,036,292**	**339,036,292**	339,036,292	339,036,292	339,036,292	339,036,292
Weighted average number of ordinary shares - Diluted	**349,088,615**	**349,088,615**	345,993,719	345,993,719	345,993,719	345,993,719
Earnings per share attributable to equity holders of the Company - continuing operations:						
Basic earnings per share (pence)	**4.3**	**1.7**	6.0	4.5	12.3	9.3
Diluted earnings per share (pence)	**4.2**	**1.7**	5.9	4.4	12.0	9.1

1 Refer to the Alternative Performance Measures section at Note 20 for reconciliation. Adjusting Items are listed summarised at Note 3.

7 Acquisition of subsidiary

On 13 July 2022, the Group acquired 100% of the issued share capital of Experience More Limited (formerly Smartbox Group UK Limited), the UK's leading gift experiences platform. 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, provisional goodwill and the provisional 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	41,517	**42,694**
Tangibles assets	834	-	**834**
Right-of-use asset	2,105	(800)	**1,305**
Investments	528	(528)	**-**
Inventories	1,335	46	**1,381**
Trade and other receivables	4,939	(22)	**4,917**
Trade and other payables	(87,141)	209	**(86,932)**
Lease liability	(2,286)	1,298	**(988)**
Current tax asset	474	-	**474**
Provision	(95)	(651)	**(746)**
Deferred tax asset / (liability)	176	(10,006)	**(9,830)**
Total	**(77,954)**	**31,063**	**(46,891)**

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	46,891
Goodwill	**135,489**
Intangible assets:	
Development costs	1,177
Customer relationships	33,831
Brand names	7,686
Total	**42,694**

None of the goodwill acquired is expected to be deductible for income tax purposes. The goodwill constitutes the value of revenue synergies and 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.

The Experiences segment contributed £11,690,000 of revenue and £686,000 on a profit before taxation basis for the period between the date of acquisition and the Balance Sheet date.

7 Acquisition of subsidiary (continued)

If the acquisition of the Experiences segment had been completed on the first day of the financial year, Group revenue for the period would have been £6,282,000 higher and Group profit before taxation for the period would have been £13,003,000 lower (before amortisation of intangible assets arising on consolidation). This profit before taxation impact 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.

Acquisition costs of £5,300,000 arose as a result of the transaction, of which £909,000 were incurred in the year ended 30 April 2022 and £4,391,000 were incurred in the six months ended 31 October 2022. These have been recognised as Adjusting Items within operating profit in the Condensed Consolidated Income Statement (see Note 3).

8 Intangible assets

	Goodwill £000	Trademark £000	Technology and development costs £000	Customer relationships £000	Software £000	Total £000
Net Book Value ("NBV") at 1 May 2021	**6,459**	**6,523**	**11,922**	**11,054**	**364**	**36,322**
Additions	-	-	3,746	-	-	**3,746**
Disposals	-	-	-	-	(152)	**(152)**
Amortisation charge for the period	-	(438)	(2,455)	(775)	(83)	**(3,751)**
Foreign exchange	(189)	(257)	(100)	(132)	2	**(676)**
NBV at 31 October 2021	**6,270**	**5,828**	**13,113**	**10,147**	**131**	**35,489**
Additions	-	35	4,516	-	-	**4,551**
Disposals	-	-	-	-	73	**73**
Amortisation charge for the period	-	(328)	(3,064)	(2,432)	(126)	**(5,950)**
Foreign exchange	(34)	(134)	-	34	(1)	**(135)**
NBV at 30 April 2022	**6,236**	**5,401**	**14,565**	**7,749**	**77**	**34,028**
Additions	-	-	6,657	-	8	**6,665**
Additions from acquisition of subsidiary	135,489	7,686	1,177	33,831	-	**178,183**
Amortisation charge for the period	-	(709)	(3,431)	(2,348)	(43)	**(6,531)**
Foreign exchange	130	177	-	241	-	**548**
NBV 31 October 2022	**141,855**	**12,555**	**18,968**	**39,473**	**42**	**212,893**

(a) Goodwill
Goodwill of £6,366,000 relates to the acquisition of Greetz in 2018, recognised within the Greetz CGU.

Goodwill of £135,489,000 relates to the acquisition of the Experiences segment and is allocated to the Experiences CGU.

(b) Trademark
£5,098,000 of the asset balance are trademarks relating to the acquisition of Greetz with finite lives. The remaining useful economic life at 31 October 2022 of the trademarks is 5 years 10 months (October 2021: 6 years 10 months).

£7,457,000 of trademark assets relate to the brands valued on the acquisition of the Experiences segment. The remaining useful economic life at 31 October 2022 on these trademarks is 9 years and 9 months.

(c) Technology and development costs
Technology and development costs of £17,909,000 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 £1,059,000 relate to the acquisition of the Experiences segment and are allocated to the Experiences CGU. The remaining useful economic life at 31 October 2022 is 2 years and 9 months.

(d) Customer relationships
£7,484,000 of the asset balance relates to the valuation of existing customer relationships held by Greetz on acquisition. The remaining useful economic life at 31 October 2022 on these customer relationships is 7 years 10 months (October 2021: 8 years 10 months).

£31,989,000 of customer relationship assets relates to those valued on the acquisition of the Experiences segment. The remaining useful economic life at 31 October 2022 on these customer relationships ranges between 6 years and 9 months and 11 months.

(e) Software
Software intangible assets include accounting and marketing software purchased by the Group and software licence fees from third-party suppliers.

9 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
NBV at 1 May 2021	**2,068**	**2,851**	**486**	**2,459**	**911**	**508**	**8,718**	**18,001**
Additions	-	269	-	-	121	-	-	**390**
Disposals	(57)	(10)	(2)	(4)	(19)	-	-	**(92)**
Depreciation charge for the period	(80)	(491)	(145)	(197)	(206)	(232)	(806)	**(2,157)**
Foreign exchange	-	(29)	-	3	(15)	76	(28)	**7**
NBV at 31 October 2021	**1,931**	**2,590**	**339**	**2,261**	**792**	**352**	**7,884**	**16,149**
Additions	-	534	94	11	415	-	6,571	**7,625**
Disposals	-	-	-	-	(19)	(43)	-	**(62)**
Modifications	-	-	-	-	7	-	-	**7**
Depreciation charge for the period	(77)	(539)	(145)	(202)	(296)	(104)	(1,138)	**(2,501)**
Foreign exchange	-	(11)	-	-	(9)	1	42	**23**
NBV at 30 April 2022	**1,854**	**2,574**	**288**	**2,070**	**890**	**206**	**13,359**	**21,241**
Additions	-	2,203	5	4,960	406	24	5,333	**12,931**
Acquired additions	-	-	692	-	143	371	933	**2,139**
Disposals	-	-	6	(6)	-	-	-	**-**
Transfers	-	-	(81)	205	(124)	-	-	**-**
Depreciation charge for the period	(78)	(666)	(147)	(285)	(294)	(185)	(1,602)	**(3,257)**
Foreign exchange	-	31	-	9	13	5	27	**85**
NBV at 31 October 2022	**1,776**	**4,142**	**763**	**6,953**	**1,034**	**421**	**18,050**	**33,139**

10 Inventories

	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Raw materials and consumables	**2,434**	2,395	2,109
Finished goods	**12,318**	11,210	9,987
Total inventory	**14,752**	**13,605**	**12,096**
Less: Provision for write off of:			
Raw materials and consumables	**(10)**	(210)	(194)
Finished goods	**(2,141)**	(1,354)	(1,785)
Net inventory	**12,601**	**12,041**	**10,117**

The cost of inventories recognised as an expense and included in cost of sales during the period amounted to £21,595,000 (H1 FY22: £34,751,000).

11 Trade and other receivables

	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Current:			
Trade receivables	**1,742**	125	138
Trade receivables with entities formerly under common control	**-**	1,090	-
Less: provision for impairment of receivables	**(408)**	(44)	-
Trade receivables - net	**1,334**	**1,171**	**138**
Other receivables	**4,354**	1,010	1,944
Other receivables with entities formerly under common control	**150**	-	458
Prepayments	**4,235**	1,613	1,752
Total current trade and other receivables	**10,073**	**3,794**	**4,292**

11 Trade and other receivables (continued)

	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Non-current other receivables			
Other receivables	**2,178**	1,389	1,928
Total non-current trade and other receivables	**2,178**	**1,389**	**1,928**

Non-current other receivables relate to security deposits in connection with leased property.

12 Trade and other payables

	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Current			
Trade payables	**23,150**	14,065	19,402
Other payables	**418**	-	-
Other taxation and social security	**6,325**	4,801	4,370
Accruals	**19,079**	16,632	19,530
Merchant accrual	**49,269**	-	-
Other payables to entities formerly under common control	**-**	2,358	-
Total current trade and other payables	**98,241**	**37,856**	**43,302**

	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Non-current			
Other payables	**6,005**	1,876	4,207
Other taxation and social security	**688**	638	1,338
Accruals	**-**	-	129
Other payables to entities formerly under common control	**638**	638	638
Total non-current trade and other payables	**7,331**	**3,152**	**6,312**

13 Borrowings

	At 31 October 2022 £000	**At 31 October 2021 £000**	**At 30 April 2022 £000**
Current			
Lease liabilities	**3,087**	2,328	2,151
Borrowings	**162**	323	213
Non-current			
Lease liabilities	**16,735**	8,381	13,169
Borrowings	**229,751**	169,359	169,950
Total borrowings and lease liabilities	**249,735**	**180,391**	**185,483**

The Group's sources of borrowing for liquidity purposes include the Senior Facilities Agreement executed on 7 January 2021. Liabilities arising from the Group's lease arrangements are also reported in borrowings. The Senior Facilities Agreement comprises a Sterling (GBP) Term Loan of £175,000,000 and the Original RCF of £20,000,000, provided by a syndicate of banks.

In connection with the acquisition of Experience More Limited, certain existing lenders committed £60,000,000 of Additional RCF in an agreement executed on 22 June 2022, which formed part of the Group’s Senior Facilities Agreement since this date.

All facilities provided under the Senior Facilities Agreement are committed until 6 January 2026. As at 31 October 2022, £60,000,000 of the Additional RCF was drawn down in full. The Original RCF remained undrawn.

The Term Loan and any amounts drawn down under the Original RCF and Additional RCF (referred to when drawn as the Group's "senior debt") 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, 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: (1) 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 (2) an interest rate cap with a cap strike rate of 3.0000% on £70m notional with a term that expires on 30 November 2024.

13 Borrowings (continued)

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 until and including the year ended 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:

	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Within one year	**162**	323	213
Within one and two years	**-**	-	-
Within two and three years	**-**	-	-
Within three and four years	**229,751**	-	169,950
Within four and five years	**-**	169,359	-
Beyond five years	**-**	-	-
Total borrowings	**229,913**	**169,682**	**170,163**

Total borrowings include £162,000 in respect of accrued unpaid interest and are shown net of capitalised borrowing costs of £5,249,000 (H1 FY22: £5,641,000).

Lease liabilities are repayable as follows:

	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Within one year	**3,658**	2,868	2,798
Within one and two years	**3,570**	2,029	2,680
Within two and three years	**3,412**	1,934	2,670
Within three and four years	**3,392**	1,926	2,667
Within four and five years	**3,184**	1,926	2,667
Beyond five years	**5,745**	1,698	4,259
	22,961	**12,381**	**17,741**
Effect of discounting	**(3,139)**	(1,672)	(2,421)
Total lease liability	**19,822**	**10,709**	**15,320**

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	(3,315)	(1,588)	(4,903)
Foreign exchange	-	(63)	(63)
Interest and other[1]	3,926	328	4,254
31 October 2021	**169,682**	**10,709**	**180,391**
Cash flow	(3,136)	(1,517)	(4,653)
Foreign exchange	-	(5)	(5)
Interest and other[1]	3,617	6,133	9,750
30 April 2022	**170,163**	**15,320**	**185,483**
Cash flow	**55,121**	**(1,618)**	**53,503**
Foreign exchange	**-**	**31**	**31**
Interest and other[1]	**4,629**	**6,089**	**10,718**
31 October 2022	**229,913**	**19,822**	**249,735**

1 Interest and other within borrowings comprises amortisation of capitalised borrowing costs and the interest expense in the period. Interest and other within lease liabilities comprises interest on leases as disclosed in Note 4, as well as the lease liability addition in relation to the new Netherlands facility and office and the lease liability acquired on acquisition of the Experiences segment.

14 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 (Horizon Holdco Limited, the parent entity of the previous private group which the Group was a part of) 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.moonpiggroup/investors. The awards included 3,075,329 shares in Moonpig Group plc that did not vest at the date of Admission, and which are due to vest on 7 January 2023. In respect of these shares, there were non-cash charges of £3,260,000 in FY22 and £1,643,000 in H1 FY23, and we expect further non-cash charges of £607,000 in the remainder of 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 June 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. On 19 May, 6 September and 25 October 2022 new share awards were granted under the existing scheme and will vest on 30 April 2024, the below tables give the assumptions applied to the options granted in the period and the shares outstanding:

	May 2022	**September 2022**	**October 2022**
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price (pence)	236.20	189.80	127.00
Exercise price (pence)	0	0	0
Expected dividend yield	0%	0%	0%
Risk-free interest rate	1.52%	3.10%	3.30%
Volatility	34.64%	32.86%	33.97%
Expected term (years)	1.95	1.65	1.51
Weighted average fair value (pence)	236.20	189.80	127.00
Attrition	0%	0%	0%
Weighted average remaining contractual life	1.50 years	1.50 years	1.50 years

Pre-IPO awards	**Number of shares**
Outstanding at the beginning of the period	2,546,859
Granted	52,498
Exercised	-
Forfeited	(7,143)
Outstanding at the end of the period	2,592,214
Exercisable at the end of the period	-

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 Shareholders 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 period and the shares outstanding:

14 Share-based payments (continued)

	July 2022	October 2022
Valuation model	Stochastic, Black-Scholes and Chaffe	Stochastic and Black-Scholes
Weighted average share price (pence)	211.20	127.00
Exercise price (pence)	0	0
Expected dividend yield	0%	0%
Risk-free interest rate	1.64%/1.76%	3.43%
Volatility	35.10%/34.38%	34.84%
Expected term (years)	3.00/2.00	3.00
Weighted average fair value (pence)	211.20/131.70	127.00/62.30
Attrition	0%	0%
Weighted average remaining contractual life	2.70/1.70	2.99 years

LTIP awards	Number of shares
Outstanding at the beginning of the period	871,275
Granted	2,296,209
Exercised	-
Forfeited	-
Outstanding at the end of the period	**3,167,484**
Exercisable at the end of the period	**-**

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 period is 392,289 (H1 FY22: 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	2.70

DSBP awards	Number of shares
Outstanding at the beginning of the period	92,970
Granted	299,319
Exercised	-
Forfeited	-
Outstanding at the end of the period	**392,289**
Exercisable at the end of the period	**-**

14 Share-based payments (continued)

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 period 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	2.9 years

SAYE	**Number of shares**
Outstanding at the beginning of the period	318,021
Granted	692,957
Exercised	-
Forfeited	(186,864)
Outstanding at the end of the period	**824,114**
Exercisable at the end of the period	**-**

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 payment charges recognised in the income statement:

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000	Year ended 30 April 2022 £000
Legacy schemes	**1,643**	1,643	3,260
Pre-IPO awards	**1,887**	1,856	3,778
LTIP	**833**	410	822
SAYE	**258**	11	79
DSBP	**160**	58	369
Share-based payment charges[1]	**4,781**	**3,978**	**8,308**

1 The £4,781,000 (H1 FY22: £3,978,000) stated above is presented inclusive of NI of £353,000 (H1 FY22: £284,000).

15 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, hedging reserve and foreign exchange translation reserve. Quantitative detail is shown in the Condensed 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.

15 Share capital and reserves (continued)

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 31 October 2022 is:

	Number of shares	£000
Allotted, called-up and fully paid ordinary shares of £0.10 each	342,111,621	34,211

As at 31 October 2022, ordinary share capital represents 342,111,621 (H1 FY22: 342,111,621) ordinary shares with a par value of £0.10 (H1 FY22: £0.10).

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 (H1 FY22: £982,000) relating to the issue of the shares. The movement in direct costs from H1 FY22 is in relation to the final settlement of held back funds by the sponsor to cover potential tax liabilities. This has resulted in additional net proceeds of £246,000 being received by the Company.

Merger reserve
The merger reserve arises from the Group reorganisation accounted for under common control. In the prior year to 30 April 2022 £7,560,000 has been 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, hedging reserve and the foreign currency translation 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 Condensed 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	-	186	-	**186**
Share-based payment charge (excluding National Insurance)	3,645	-	-	**3,645**
At 31 October 2021	**30,885**	**(39)**	**-**	**30,846**
Other comprehensive income	-	4	-	**4**
Share-based payment charge (excluding National Insurance)	4,056	-	-	**4,056**
At 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 period	**-**	**-**	**2,354**	**2,354**
Cost of hedging reserve	**-**	**-**	**225**	**225**
Fair value movements on cash flow hedges transferred to profit and loss	**-**	**-**	**(148)**	**(148)**
Exchange differences on translation of foreign operations	**-**	**(179)**	**-**	**(179)**
Share-based payment charge (excluding National Insurance)	**4,428**	**-**	**-**	**4,428**
At 31 October 2022	**39,369**	**(949)**	**2,431**	**40,851**

16 Financial instruments and related disclosures

The amounts in the Condensed Consolidated Balance Sheet and related notes that are accounted for as financial instruments and their classification under IFRS 9, are as follows:

	Note	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Financial assets				
Financial assets at amortised cost:				
Trade and other receivables[1]	11	**8,017**	3,570	4,468
Cash		**40,972**	67,400	101,677
Financial assets measured at fair value				
Interest rate cap used for hedging		**2,220**	-	-
Interest rate swap used for hedging		**1,033**	-	-
		52,242	**70,970**	**106,145**
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables[2]	12	**98,559**	36,207	43,906
Lease liabilities	13	**19,822**	10,709	15,320
Borrowings	13	**229,913**	169,682	170,163
		348,294	**216,598**	**229,389**

1 Excluding prepayments.
2 Excluding other taxation and social security.

The interest rate cap and swap derivatives are valued using market data to construct a forward interest rate curve which govern the future flows under the derivative. These are then discounted back at the requisite discount curve.

To the extent that financial instruments are not carried at fair value in the Condensed Consolidated Balance Sheet, the carrying values approximate fair values at 31 October 2022, 30 April 2022 and 31 October 2021, except for borrowings where the fair value of bank loans is determined using a discounted cash flow valuation technique calculated at prevailing interest rate of 5.19%. This is an unobservable input and therefore can be considered as a level 3 fair value as defined within IFRS 13. There have been no changes to classifications in the current or prior period.

17 Commitments and contingencies

a) Commitments
The Group entered a financial commitment in respect of floristry supplies of £91,000 (H1 FY22: £93,000) and rental commitments of £12,000 (H1 FY22: £161,000) 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 31 October 2022. This includes the Term Loan of £175,000,000, an undrawn revolving credit facility of £20,000,000 and a fully drawn revolving credit facility of £60,000,000.

18 Related party transactions

Transactions with related parties
The Group has transacted with entities formerly under common control which are presented below.

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Other income from other related parties formerly under common control	**661**	717

At the balance sheet date, the Group had the following balances with entities formerly under common control:

	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Trade and other receivables from other related parties formerly under common control	**150**	1,090	465
Trade and other payables to other related parties formerly under common control	**(638)**	(2,996)	(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.

19 Events after the balance sheet date

There were no adjusting or non-adjusting events after the balance sheet date.

20 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 3 of these Condensed Consolidated Interim 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 reported 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:

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Operating profit	**14,943**	23,611
Depreciation and amortisation	**9,788**	5,983
Adjusting items	**9,820**	5,394
Adjusted EBITDA	**34,551**	34,988

Adjusted EBIT

Adjusted EBIT is calculated as operating profit before adjusting items as follows:

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Operating profit	**14,943**	23,611
Adjusting items	**9,820**	5,394
Adjusted EBIT	**24,763**	29,005

Adjusted PBT

Adjusted PBT is the profit before taxation and before adjusting items.

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
PBT	**9,094**	18,727
Adjusting items	**9,820**	5,394
Adjusted PBT	**18,914**	24,121

Adjusted PAT

Adjusted PAT is the profit after tax, before adjusting items and the tax impact of these adjustments. The adjusted PAT is used to calculate the adjusted basic earnings per share in Note 6 of these Condensed Consolidated Interim Financial Statements.

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
PAT	**5,826**	15,366
Adjusting items	**9,820**	5,394
Tax impact of the above	**(1,018)**	(312)
Adjusted PAT	**14,628**	20,448

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:

	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Borrowings	**(229,913)**	(169,682)	(170,163)
Cash and cash equivalents	**40,972**	67,400	101,677
Lease liabilities	**(19,822)**	(10,709)	(15,320)
Net debt	**(208,763)**	(112,991)	(83,806)

Ratio of net debt to Adjusted EBITDA

The ratio of Net Debt to Last Twelve Months' pro forma Adjusted EBITDA helps management to measure its ability to service debt obligations. The calculation is as follows:

	At 31 October 2022 £000	At 31 October 2021 £000	At 30 April 2022 £000
Net debt	**(208,763)**	(112,991)	(83,806)
Pro forma Adjusted EBITDA[1]	**85,142**	85,903	74,883
Total Net debt to Last Twelve Months' Adjusted EBITDA	**2.45:1**	1.32:1	1.12:1

1 Pro forma Adjusted EBITDA is stated pro forma to include a full year of profit from acquired businesses.

Adjusted operating cash conversion

Adjusted operating cash conversion is operating cash flow divided by Adjusted EBITDA, expressed as a ratio. The calculation of adjusted operating cash conversion is as follows:

	Six months ended 31 October 2022 £000	Six months ended 31 October 2021 £000
Profit before taxation	**9.1**	18.7
Add back: Finance costs	**5.8**	4.9
Add back: Adjusting items (excluding share-based payments)	**6.3**	1.9
Add back: Share-based payments	**3.5**	3.6
Add back: Depreciation and amortisation	**9.8**	6.0
Adjusted EBITDA	**34.6**	35.0
Less: Capital expenditure (fixed and intangible assets)	**(14.2)**	(4.1)
Adjust: Impact of share-based payments[1]	**0.9**	-
Add back: (Increase) / Decrease in inventories[2]	**(1.1)**	2.9
Add back: Decrease in trade and other receivables[2]	**1.8**	1.4
Add back: Decrease in trade and other payables[2]	**(20.9)**	(21.8)
Operating cash flow[3]	**1.1**	13.4
Adjusted Operating Cash Conversion	**3%**	38%
Add back: Capital expenditure	**14.2**	4.1
Loss on disposal of non-current assets	**-**	0.3
Add back: Increase / (decrease) in debtors and creditors with undertakings formerly under common control	**0.3**	(1.2)
Less: Adjusting items (excluding share-based payments)	**(6.3)**	(1.9)
Less: Research and development tax credit	**(0.3)**	(0.1)
Cash generated from underlying operating activities	**9.0**	14.6
Settlement of M&A related employee bonuses at Experiences	**(13.2)**	-
Cash (used in) / generated from operating activities	**(4.2)**	14.6

1 Reflecting the non-cash share-based payment charge recognised within Adjusted EBITDA, net of NI on the share-based payments recognised below EBITDA.
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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors has collective overall responsibility for the identification and management of the principal and emerging risks to the Group. The Board has carried out a robust assessment of such risks. This included an assessment of the likelihood of each risk identified and of the potential impact of each risk after taking into account mitigating actions being taken. Risk levels were reviewed and modified where appropriate to reflect the Board's current view of the relative significance of each risk.

The principal risks and uncertainties identified are detailed 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 Board has approved amendments of the Group's assessment of principal risks since the prior year:

- The risk relating to competitive environment continues to be captured on the risk register (as the Group competes with a range of companies). However, it is no longer classified as a principal risk given the Group's share of the online market has increased over the past three years.

- 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.

Risk	Description	Management and mitigation
1. Downward pressure on consumer demand	In the context of current macroeconomic conditions, there is downward pressure on consumers' disposable incomes in the UK and the Netherlands. This may have adverse consequences upon consumer demand for discretionary goods and services. Indeed, we have seen a year-on-year reduction in H1 FY23 gifting revenue at Moonpig and Greetz. There is a risk that the downturn in consumer demand accelerates during winter 2022 because of consumer price inflation and rising interest rates.	The overall UK greeting card market has historically proven resilient to recession, demonstrating growth through the 2008-2009 downturn (Source: OC&C, June 2022). In addition, Moonpig delivered growth in revenue through this period. At Moonpig and Greetz, our approach is focused around acquiring loyal customer cohorts that drive recurring annual revenue and 90% of revenue at these brands was generated from existing customers (H1 FY22: 89%). The "sticky" nature of these customer cohorts is underpinned by our data and technology platform, including a database of over 79m reminders (October 2021: over 60m) which enables us to communicate directly with customers at times of maximum purchase intent.
2. Data protection and technology security	As a digital platform business, the Group is reliant on its IT infrastructure to continue 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.	The Group has a disaster recovery and business continuity plan in place which is regularly reviewed and tested. The Group's platforms are cloud-based, hosted by leading technology firms. The Group's Technology Security team performs regular security testing of the key platform and applications and reviews internal processes and capabilities. The Group subscribes to bug bounty schemes that reward friendly hackers who uncover security vulnerabilities. Quarterly health checks are performed on critical security tools to ensure they are configured and operating appropriately. 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 GDPR training is mandatory for all employees.
3. Input cost inflation	The Group has not seen significant inflation in overall cost of goods sold, but has exposure to rising costs, for instance labour costs in its fulfilment operations. The Group has seen instances of its postal service providers increasing wholesale charges	The largest cost of sale for greeting cards is postage, which the Group passes on to card customers as part of the annual increase to the retail price of a stamp. Consumers have historically accepted postage price increases above inflation.

	ahead of the annual increase to retail stamp prices, the consequence of which is a delay before costs are passed through to consumers. The Group's direct energy use is not significant in the context of its overall cost base, however there is potential for rising energy prices to feed through into wider input cost inflation.	There is significant substitutability between gifting product lines. The Group exists to help our customers fulfil missions (for instance, seeking to recommend the ideal gift for a mother's birthday) rather than to fulfil demand for products of a specific category.
4. Brand strength and reputation	The Group's business depends on the strength of its brands: Moonpig, Greetz, Red Letter Days and Buyagift. If events occur that damage the Group's reputation or brands, this could have a material adverse effect on the Group's business, results of operations, financial condition, or prospects.	The Group has market-leading brands, with high levels of brand awareness. Ongoing investment in brand marketing maintains the brand in consumers' minds. The Group's brands are further strengthened by the network that is created with each customer interaction. The Group's investment in data protection and technology security helps to protect us from the adverse impact of a data breach or cyber-attack.
5. Securing, development and retention of talent	The Group's delivery against its strategic objectives is dependent upon it being able to attract, recruit, motivate and retain its skilled workforce. Competition remains strong, albeit there are indicators of a softening relative to the levels of intensity seen earlier in calendar year 2022.	The Group has competitive reward schemes in place for all employees. For senior management, these include a blend of short and long-term incentives. The Group performs ongoing succession planning and invests in leadership development. On an ongoing basis, management works to strengthen the culture of the Group, which generates employee engagement. Digital marketing, commercial and technology employees operate from three hubs in London, Amsterdam and Manchester. This, together with the option for full remote working at any location within the UK and the Netherlands, provides the Group with access to a broad pool of talent.
6. 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.	Moonpig and Greetz operate flexible fulfilment technology with application programming interface ("API") based data architecture, allowing 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 Experiences segment offers digital voucher fulfilment, meaning that it could continue to trade in the event of disruption to its operations. 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.

Independent review report to Moonpig Group plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Moonpig Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Results Announcement of Moonpig Group plc for the 6 month period ended 31 October 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 31 October 2022;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Results Announcement of Moonpig Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Results Announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Results Announcement, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Results Announcement in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results Announcement, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results Announcement based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
6 December 2022