moonpig group plc

Becoming the ultimate gifting companion.

Annual Report and Accounts 2022

We are the online market leader for greeting cards and gifting.

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

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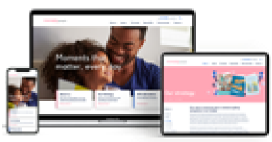

www.moonpig.group

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Performance highlights

Revenue (£m)
2021: £368.2m, 2020: £173.1m

£304.3m

Gifting mix (% revenue)
2021: 46.1%, 2020: 41.7%

47.7%

Orders (m)
2021: 50.9m, 2020: 24.3m

39.8m

Employee engagement score (%)
2021: 68%, 2020: 66%

65%

Card design range (number)
2021: 27,000, 2020: 17,000

43,000

Customer NPS (-100 to +100)
2021: 67, 2020: Not measured

71

Basic EPS (p)
2021: 6.1p, 2020: N/A

9.3p

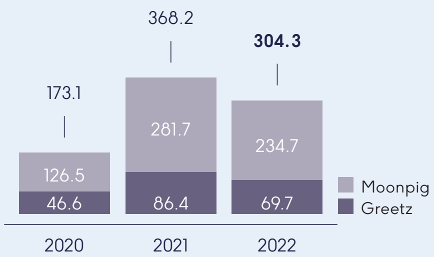
Existing customer mix (% revenue)
2021: 75.0%, 2020: 78.5%

86.5%

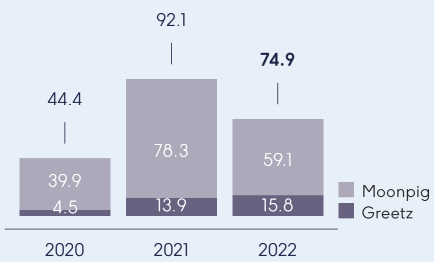
Adjusted EBITDA margin[1] (%)
2021: 25.0%, 2020: 25.6%

24.6%

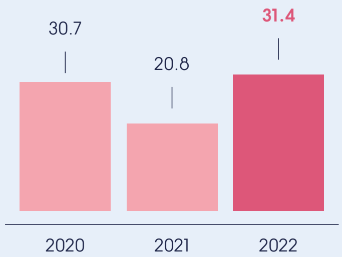
Revenue (£m)



Adjusted EBITDA (£m)



Profit after tax (£m)



Operational highlights

Two-year growth in revenue and Adjusted EBITDA[1] at 76% and 69% respectively[2]

We have grown the number of customer reminders set to over 70m as at 30 April 2022

Strong customer retention with 87% of revenue from existing customers

Gifts range expansion to 2,400 SKUs with new brands, categories and premium price points

Growth in online market share to 68% in the UK and 67% in the Netherlands[3]

Greetz migration onto the new technology platform remains on schedule for completion in 2022

Investment in new operational facilities in both the UK and the Netherlands

Further card range expansion to 43,000 designs, leveraging our Global Design Platform

1 Adjusted EBITDA and Adjusted EBITDA margin are Alternative Performance Measures, definitions of which are set out in the Chief Financial Officer's review on pages 51 to 52.

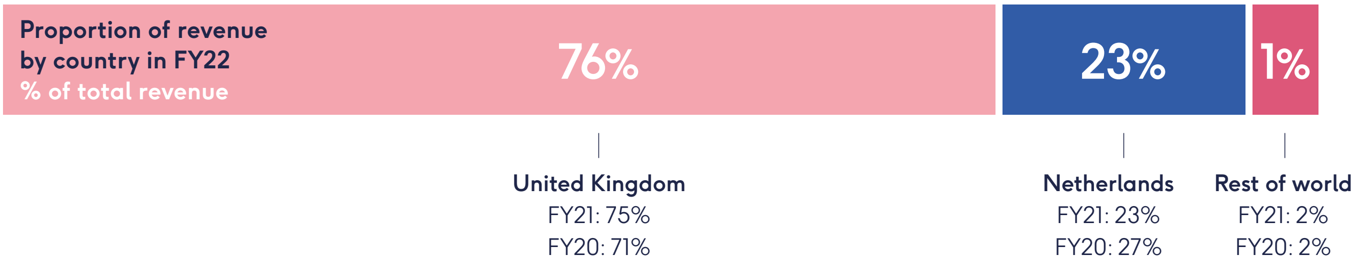
2 The two-year revenue growth rate is shown given the short-term effect of Covid-19 upon trading. On a one year basis, revenue and Adjusted EBITDA decreased by 17% and 19% respectively.

3 Source: OC&C, June 2022.

At a glance

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

The UK and the Netherlands are our core markets.



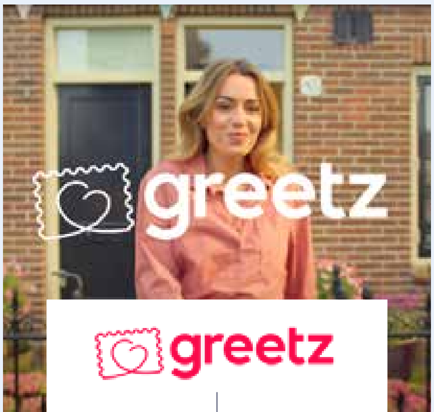
We have clear and growing online market leadership.

moonpig

Online market share[1] in 2021

68%

2020: 65%, 2019: 60%



greetz

Online market share[1] in 2021

67%

2020: N/A, 2019: 65%

1 Source: OC&C, June 2022. The Group held a 68% market share in the UK among online card specialists in 2021 and a 67% market share in the Netherlands amongst the top three online card operators in 2021. OC&C's review did not cover the Netherlands online market share of operator in 2020.

We are becoming the ultimate gifting companion.

Gifting share of revenue[2]

48%

FY21: 46%
FY20: 42%

Cards and gifts sold[2]

57m

FY21: 73m
FY20: 36m

Card design range[1]

43,000

April 2021: 27,000
April 2020: 17,000

Gifting SKUs[1]

2,400

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

We have a broad and balanced customer demographic.

% total users split by age group in FY22

	FY22	FY21	FY20
Under 35	38%	42%	40%
35 – 55	36%	35%	37%
Over 55	26%	23%	23%

% total users split by gender in FY22

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

We use data and technology to create loyal customer relationships.

Highly skilled data scientists, analysts and engineers[1]

195

April 2021: 153
April 2020: 106

Customer reminders set[1]

72m

April 2021: 52m
April 2020: 32m

App penetration of orders[2]

43%

FY21: 37%
FY20: 16%

Lifetime transactions[3]

230m

April 2021: 190m
April 2020: 130m

1 As at 30 April 2022.
2 FY22.
3 Cumulative transactions as of 30 April 2022 for Moonpig and from 1 September 2018 (post the acquisition of Greetz) to 30 April 2022 for Greetz.

Chair's statement

"Moonpig Group has delivered a strong set of results. The Board remains confident in the outlook for growth in the year ahead."

Overview

This has been another successful year for Moonpig Group, with the delivery of a significant increase in scale across the last two years. The Group's technology platform and its proprietary data on customers' gifting intent have enabled it to further consolidate its leadership of the online market for greeting cards and steadily increase the proportion of customers who attach a gift or flowers to their card order.

Moonpig Group has a passionate and ambitious leadership team, which is committed to driving shareholder value. With the Board's support, the Group has made significant additional investment in technology, raising the number of data scientists, analysts and engineers working in the business from 153 as at 30 April 2021 to 195 as at 30 April 2022. Once Greetz has been migrated onto the Group's central technology platform, a significant proportion of this expertise will be focused on developing new customer-facing functionality, to drive revenue growth and innovation.

The Board remains confident in the outlook for profitable growth in the year ahead. Although the wider economic environment has become more challenging, the Group has a resilient business model, which uses data and technology to create lasting customer relationships. Greeting cards have historically demonstrated very high resilience to economic recession. The Board expects gifting in general to be more resilient than self-purchase, with the Group's relatively low price points and exposure to special-occasion purchase patterns supporting this durability.

FY22 performance

In FY22, Moonpig Group significantly outperformed the guidance set out when we announced the previous year's results. The Group delivered revenue of £304.3m in FY22, representing two-year growth of 75.8% compared to FY20. This has been driven by an uplift in the size of the Group's customer base, an increase in the average number of orders per customer, and growth in the proportion of orders with an attached gift. FY22 revenue decreased year-on-year by 17.3% reflecting annualisation against periods of severe lockdown restrictions.

The Group has continued to grow gifting share of revenue from 41.7% in FY20 to 46.1% in FY21 and 47.7% in FY22, as the Group's data science and technology teams have delivered algorithm improvements that drive more relevant gift recommendations. The Group also continues to broaden its gifting proposition, for instance through the partnership with Virgin Wines and through the Cath Kidston flowers collaboration. With the Board's support, the Group is investing in two new operational facilities, in the Netherlands and the UK, to increase resilience to supply chain disruption and to support expected long-term sales growth.

Margin trends have remained resilient and Adjusted EBITDA margin rate remained broadly constant year-on-year at 24.6% in FY22 compared to 25.0% in FY21. The business remained strongly cash generative, reporting cash generated from operating activities of £63.9m (FY21: £64.4m), and the Group finished the year with gross cash and cash equivalents of £101.7m.

Proposed acquisition of Buyagift[1]

Following thorough due diligence, the Group announced the proposed acquisition of Buyagift in May 2022. The acquisition, which we anticipate will complete by the end of July 2022, is expected to accelerate the Group's strategy to become the gifting companion to its customers.

Alongside strong strategic fit and the opportunities for revenue synergies, the deal brings a high quality, complementary business to Moonpig Group at an attractive valuation. Cash consideration for the proposed acquisition is £124m, compared to unaudited FY22 EBITDA of £14m. The acquisition will be funded through cash available on the Group's balance sheet and through a committed additional revolving credit facility ("RCF"). We expect strong cash generation from each of the combined Group's businesses to drive rapid de-leveraging through the second half of the year, such that net debt to Adjusted EBITDA will be below 2.0x by April 2023.

Employees

The dedication and hard work of its people in the Netherlands, Guernsey and the UK has enabled the Group to deliver another year of strong performance. On behalf of the Board, I'd like to thank all the Group's employees for their contribution during the year.

Corporate responsibility

Moonpig Group's purpose centres around helping its customers to connect with those that they care about. The Board is pleased with the progress that the Group has made in delivering against its environmental, social and governance ("ESG") goals during the year. Highlights included the successful implementation of sustainable sourcing for 98% of paper, card and packaging SKUs and meeting the Group's goal for the representation of women and ethnic minorities in the Group's Leadership Team.

The Group has continued to build on its long history of charitable activity. During the year, the Moonpig Group Foundation has supported a range of organisations with missions closely connected to the Group's aim of creating better, more personal connections between people that care about each other. These included End Youth Homelessness and Mind in the UK, Kindahulp in the Netherlands and Les Bourgs Hospice in Guernsey. We also supported two "Diversity in Technology" social enterprises, Stemettes and Cajigo.

Board and governance

The Group was fully compliant with the UK Corporate Governance Code in FY22, as set out in the Governance Statement from pages 72 to 79. The Board continues to meet the requirement that at least half its members (excluding the Chair) are Independent Non-Executive Directors.

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

On 27 June 2022, the Board approved the appointment of ShanMae Teo as an Independent Non-Executive Director. She has extensive experience in strategy, finance and M&A through executive and investor roles. I am delighted to welcome ShanMae to the Board and look forward to working with her.

Diversity of Board composition is important, and I am confident that the Board collectively possesses a broad range of experience, skills and knowledge from different backgrounds. During FY22, the Committee approved a Board Diversity Policy which adopted a target for at least 33% representation of women on the Board. As at the date of this Report, this target has been met as the Board has 38% female representation.

Looking ahead

The Board is pleased with the start to the new financial year and is confident that the Group is well positioned to drive sustained underlying growth in revenue and profit as it continues to lead the shift in its markets from offline to online. The Board looks forward to making strong strategic and operational progress in the year ahead.

Kate Swann
Non-Executive Chair
28 June 2022

1 For more information on the acquisition of Buyagift please see our website www.moonpig.group/investors.

Chief Executive Officer's review

"The Group has completed its transformation into a data-powered platform for gifting."

Overview

Over the last four years, Moonpig Group has completed its transformation into a data-powered technology platform. A relentless focus on creating and sustaining long-term customer relationships based on our proprietary data and algorithms has delivered above our expectations, with an enduring step-up in the loyalty of our customers in the past year. We have unique insights into consumer behaviour around gifting, celebrating and relationships and this has driven our growth and strategy. Continued investments in our card and gift ranges, our two leading brands, and most significantly in our technology platform and data science capabilities have deepened our competitive advantages and further extended our market leadership in the UK and the Netherlands.

In particular, I look forward to welcoming Buyagift (which operates the Buyagift and Red Letter Day brands) to the Group. The proposed acquisition will significantly enhance our overall gifting proposition, unlock innovation through digital gifting and provide us with a profitable presence in the standalone gifting market. As we look forward to our first post-pandemic year, we have never been better placed to accelerate our strategy; leveraging our scale, proposition and platform to deliver millions more special moments to our customers and their loved ones.

The Group traded strongly during FY22, with performance underpinned by three factors that are all critical to Moonpig Group's long-term success, namely the delivery of strategic initiatives to accelerate our data-driven customer retention flywheel, progress in enhancing our attached gifting proposition, and continued profitable investment in our brands:

- The Group's success in engaging customers and encouraging them deeper into our data-driven ecosystem through reminders and personalised recommendations has been key to FY22 performance. It has enabled Moonpig.com to extend its leadership position in UK online cards, such that its market share in calendar year 2021 was 4.4x[1] larger than its nearest online competitor (2019: 2.8x[1] larger). This reflects the Group's world-class proprietary technology platform, the scale and depth of its data on consumers' relationships and gifting intentions and its ability to apply this through self-learning algorithms, all of which is supported by two powerful consumer brands.

1 Source: OC&C, June 2022.

Gifting mix (% revenue)
2021: 46.1%, 2020: 41.7%

47.7%

Revenue (£m)
2021: £368.2m, 2020: £173.1m

£304.3m

Orders (m)
2021: 50.9m, 2020: 24.3m

39.8m

- We have continued to drive growth in gifting revenue mix, from 41.7% of revenue in FY20, to 46.1% in FY21 and 47.7% in FY22. Enhancements to our gifting range and to the recommendation algorithms driving our cross-sell page continue to drive customer propensity to attach a gift to their card.
- Marketing performance has remained consistently strong during the year. We have been able to acquire new customers at a faster rate than before the start of the pandemic, in an environment for new customer acquisition that has been largely normalised in both the UK and the Netherlands following the release of lockdown measures.

It has also been a year of significant investment, which will underpin future revenue and profits, supporting our continued confidence in the outlook for the year ahead. We have increased the number of data scientists, analysts and engineers in the business to 195 (April 2021: 153) to accelerate the pace of technology delivery, and we are on track with the migration of Greetz onto our central technology platform, which is due for completion before the end of 2022. Two major investments in operational infrastructure, to fit out new leasehold facilities in Tamworth in the UK and Almere in the Netherlands, are progressing well.

Leveraging data and technology

Ongoing investment in technology and data is key to our growth plans. Alongside work on the Greetz platform migration, we have rolled out a range of new functionality to the Moonpig brand:

- Progress towards delivering a hyper-personalised customer journey:
  - Personalised landing pages for customers who click on a reminder.
  - Upcoming occasions and reminders on the web home page.
  - Personalised hero messaging on landing pages.
  - Ordering of product search results based on personalised click rank algorithms.
- A personalised promotions engine to drive customer behaviours associated with higher retention and frequency:
  - Targeted offers to incentivise first-time use of the Moonpig app and first-time gift attachment.
  - Personalised offers on the cross-sell page to drive gift attachment for specific purchase missions.

Using data to incentivise incremental gift attachment

During the year we rolled out the capability to present personalised promotional discounts to Moonpig customers. Our algorithms now assess each customer's historical propensity to attach a gift for different combinations of recipient and occasion. Subsequently, discounts are displayed during the online journey that are personalised not only to the customer, but also to their specific purchase mission.

This, for instance, enables us to target customers who have not previously bought gifts from us, or to target particular missions for which propensity to attach a gift is lower.

This functionality will become available for Greetz customers once the technology platform migration is complete at the end of 2022.

Chief Executive Officer's review continued

- Launch of the dedicated Moonpig Ireland website, including Irish language cards, with dispatch from facilities in Ireland allowing speedy delivery.
- New features that make it even more effortless for customers to find the perfect card and the perfect gift, including:
  - A new online editor for the customisation of cards and personalised gifts.
  - An improved search service to help consumers navigate our constantly expanding cards range.
  - An improved user interface for card size format up-sell.
  - A new cross-sell touchpoint on the basket page of the website journey allowing customers a further opportunity to attach a gift before finalising their order.

Our algorithms are optimised across 230m cumulative transactions[1] as at 30 April 2022 (April 2021: 190m) and our online market leadership means that each day we capture more than four times[2] the additional customer data than the nearest competitor, constantly widening our relative competitive advantage. We have grown the database of calendar reminders, which are key to customer retention, to over 70m as at 30 April 2022 (April 2021: over 50m).

Our mobile apps offer the best experience for our customers, with a consistently higher lifetime value once customers migrate on to the apps. For the Moonpig segment, we have raised the proportion of orders placed on the app to 43% in FY22 (FY21: 37%). We have continued to improve the app experience, with a new iOS editor which makes it easier to upload a photo of a handwritten message, write a message with an Apple Pencil or invite multiple friends or colleagues to add messages to a group card. The development of a new app for Greetz is ongoing as part of the technology migration project.

We have begun trialling Moonpig Plus, a subscription service which offers a package of discounts and other benefits in return for an annual fee. The trial is available to a small proportion of customers, and we intend to test different variants over time to determine the proposition and pricing structure that is best suited to promoting customer purchase frequency and lifetime value.

Work to transition Greetz onto the Group's technology platform remains on schedule for completion by the end of calendar year 2022. As well as unlocking opportunities for strengthening retention and lifetime value for our Dutch customers, once the migration project is complete, all the Group's technology resource will become available to focus on accelerating the development of new, customer-facing and revenue-generating functionality that can be leveraged by both of our card-first brands.

Building our brands

A key pillar of our strategy is to ensure that the customer is always excited to send, and the receiver is always delighted to open, their Moonpig or Greetz product. It underpins the loyalty of our customers and drives a virtuous customer acquisition cycle as recipients become customers.

We finished the year with both brands in a strong position. In the UK, the scale of the Moonpig business means that we have been able to implement an "always on" approach to above-the-line marketing, in contrast to the previous concentration of marketing activity during peak trading periods. At Greetz, we have executed a refresh of the brand visual identity, supported by the "Voor jou" marketing campaign.

The Group's marketing activity is focussed on new customer acquisition. This marketing has remained effective following the end of lockdown, driving higher revenue from new customers than before the arrival of the pandemic.

A particular focus in FY22 has been to elevate the recipient's experience through the launch of new packaging across our gifting range, together with premium packaging for gifts at higher price points. The new packaging features a layer-on-layer unboxing journey which will make the Moonpig recipient experience stand out from the competition and help to promote viral customer-base growth by encouraging recipients to become future customers.

We have continued to expand UK delivery options with the launch of Royal Mail's Tracked 24 service. This has enabled both our latest ever non-peak card cut-off time of 9:00pm for next-day delivery and the launch of Sunday ordering for Monday delivery. Working with Royal Mail, we now also offer Sunday delivery for gifts every weekend.

1 Cumulative transactions as of 30 April 2022 for Moonpig and from 1 September 2018 (post the acquisition of Greetz) to 30 April 2022 for Greetz.

2 Source: OC&C, June 2022

Expanding our range

We aim to have the perfect card and gift for every relationship and every occasion. We now have our largest ever range of greeting cards, with over 43,000 designs available on our Global Design Platform (April 2021: 27,000). The platform is increasingly diverse and international, with 52% of our publishers creating cards for Greetz as well as for Moonpig. To support the Moonpig Ireland launch we sourced Irish designers to create 1200 unique designs for this new market, including 400 Irish language cards. Our diverse card range is very inclusive, reflecting a broad selection of life and religious celebrations, as well as depicting multiple ethnicities, so that whoever our customers are they can find a card which is authentic to them. We have also increased the number of licensed brands that we work with by 116% compared to 2020, with our recently introduced gaming proposition now forming 11% of revenue from this category.

Our strategy to drive our gifting business is through broadening our range in parallel with enhancing the algorithms driving our cross-sell recommendations and we have made significant progress on this during the year:

- Significant expansion in Moonpig's range of flowers and plants.
- Launch of 500 new branded gifting SKUs at Greetz.
- Strengthening Moonpig's range of toys with brands including Mattel, Barbie and Nerf.
- Launch of a UK jewellery range with brands including Lisa Angel, Posh Totty and Joma Jewellery.
- Gifting partnerships, such as with Virgin Wines and Cath Kidston flowers.

These improvements in the merchandising range, together with more powerful algorithms providing increasingly personalised recommendations drove an increase in gifting share of revenue to 47.7% (FY21: 46.1%, FY20: 41.7%).

Strategy acceleration through Buyagift

On 23 May 2022, we announced the proposed acquisition of Buyagift, which will accelerate the Group's strategy to become the ultimate gifting companion. Buyagift's portfolio of gift experiences will deliver a step-change to the breadth and relevance of the Group's gifting range without requiring additional inventory. It will enable us to combine the Group's proprietary dataset on gifting intent with an expanded offering to produce highly relevant gifting recommendations, allow us to leverage location-based data relating to recipients, and enable us to drive network effects as the gift redemption process brings recipients into the Moonpig ecosystem.

In addition to the strong strategic rationale for the acquisition, there are compelling financial benefits. Buyagift is profitable and highly cash generative, with a track record of strong growth and we are excited by the ways that we can further transform the business using the Group's proven playbook. We see significant potential for the cross-selling of gifting experiences to Moonpig Group's loyal customers. We look forward to working with the Buyagift team to deliver an enhanced proposition for our customers and to create value for our shareholders.

Chief Executive Officer's review continued

Maintaining high ethical, environmental and sustainability standards

During FY22, we made good progress on delivering against our ESG strategy, which commits the Group to eight long-term ESG goals focused on the environment, its people and the communities in which we operate.

We achieved our goal for the sustainable sourcing of paper, card, envelopes and packaging, delivering this for 100% of SKUs in our core markets of the UK, the Netherlands and Ireland, and 98.4% of SKUs globally. We delivered a 23% reduction in Scope 1 and 2 greenhouse gas emissions, offset all our Scope 1 and 2 emissions from the previous year through donation to The Woodland Trust and additionally planted 66 hectares of trees (FY21: nil).

We made good progress on increasing the combined representation of women and ethnic minorities, who accounted for 53% of the Leadership Team[1] on 30 April 2022 (April 2021: 45%). We raised the proportion of female new hires into technical roles to 37% (up from 28% in FY21 but below our long-term target of at least 45%) through broadening our candidate sources and partnering with networks such as SheCanCode and Women In Tech.

During the year, the Moonpig Group Foundation donated £189,000 to charity (FY21: £44,000); this brings our cumulative donation through the Foundation to £233,000, 23% of our five-year goal of £1m.

Demand for technology sector talent is intense, across all functional areas of expertise. This is reflected in our employee engagement score, which decreased year-on-year from 68% in FY21 to 65% in FY22 (based on the average of two surveys carried out in each year[2]). Areas of focus identified from the survey results are financial reward, well-being and career development.

Outlook

We are pleased with the start to the new financial year and remain confident in our existing expectations for Group trading in FY23. Based on the anticipated completion of the acquisition of Buyagift by the end of July 2022, we expect revenue for the enlarged Moonpig Group in FY23 to be approximately £350m.

In the medium-term, we continue to target mid-teens percentage underlying revenue growth for the enlarged Group. Margin trends remain resilient in the near and medium-term, and the proposed acquisition of Buyagift is expected to be margin accretive. In view of this, we have recently raised the Group's medium-term Adjusted EBITDA margin rate target to between approximately 25.0% and 26.0%.

Nickyl Raithatha
Chief Executive Officer
28 June 2022

1 Comprises the Group Leadership Team (including Executive Directors) and their direct reports who are also members of the Extended Leadership Team.

2 For consistency with the basis of calculation of the annual bonus target relating to Group employee engagement score, see Directors' Remuneration report page 92.


Holdsworth
HANDMADE ENGLISH CHOCOLATES
Happy Mother's D
HANDMADE ENGLISH CHOCOLATES
An exquisite assortment of creams, truffles, pralines and caramels
110g ℮ 3.9oz

Our journey

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

Moonpig Group has a history of innovation, growth and fun, evolving from a personalised greeting cards website to an international, cross-channel gifting platform.

The foundations for what would become Moonpig Group were laid in April 2000, when moonpig.com was launched as the UK's first online card retailer. The original vision for Moonpig was to combine digital printing and the internet to enable customers to make a better card than they would find on the high street.

Over time, the Group expanded into card-attached gifting, growing its range to include flowers, off-the-shelf gifts and balloons.

In the period from 2018 to 2020, the Group invested to transform itself into the leading technology and data platform for gifting. Work to migrate Greetz onto this technology platform is expected to be completed by the end of 2022.

On 5 February 2021, the Company was admitted to the Official List of the Financial Conduct Authority and to trading on the premium segment of the London Stock Exchange's Main Market for listed securities. It became a constituent of the FTSE 250 in June 2021.

In May 2022, the Group announced the proposed acquisition of Buyagift, the UK's leading gift experiences platform, which will accelerate our strategy of becoming the ultimate gifting companion.

01 **2000**

Moonpig, the first online greeting cards business, founded

2004

Greetz is founded in the Netherlands

2006

The launch of Moonpig's first television campaign, featuring the iconic jingle

- 01 **Innovator of personalised cards**
- 02 **The leading online card and gift shop**
- 03 **Transformation into a technology and data platform**
- 04 **Becoming the ultimate gifting companion**

June 2020

The Moonpig app reaches #1 shopping app in the UK for both Android and iOS

2019

Moonpig hits over £100m annual revenue

03

Nov 2018

Launch of the Group's Manchester technology hub

Aug 2018

Moonpig Group acquires Greetz

2016

Moonpig Group acquired by Exponent Private Equity

02

2010

Greetz introduces flowers and gifts. Moonpig launches in the United States

2007

Moonpig introduces gifts

Sep 2020

Launch of Global Design Platform

04

Dec 2020

Incorporation of Moonpig Group plc. Completion of three-year technology and data replatforming

Feb 2021

Moonpig Group floats on the London Stock Exchange

April 2021

Moonpig Group launches its ESG strategy

June 2021

Inclusion in the FTSE 250 index of leading UK companies

March 2022

Moonpig launches in Ireland

May 2022

Announcement of proposed acquisition of Buyagift

2022

New UK operational facility opens in Tamworth

New Netherlands operational facility opens in Almere

Greetz migration to new technology platform

Business model

Our data-driven customer retention flywheel

A virtuous cycle that drives strong customer retention and lifetime value

Card-first acquisition

Profitable with high loyalty

Retention cycle key

01 Capture of highly relevant predictive data around gifting intent

02 Personalised experience and contextual recommendations

03 Reminder setting and app downloads

04 Targeted marketing at times when the consumer has gifting intent

Virality

Recipients become customers

Competitive advantages

Brand power

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

Rich data pools

Proprietary recommendation algorithms are optimised across more than 70m reminders and across 230m[1] transactions as at 30 April 2022.

Scale

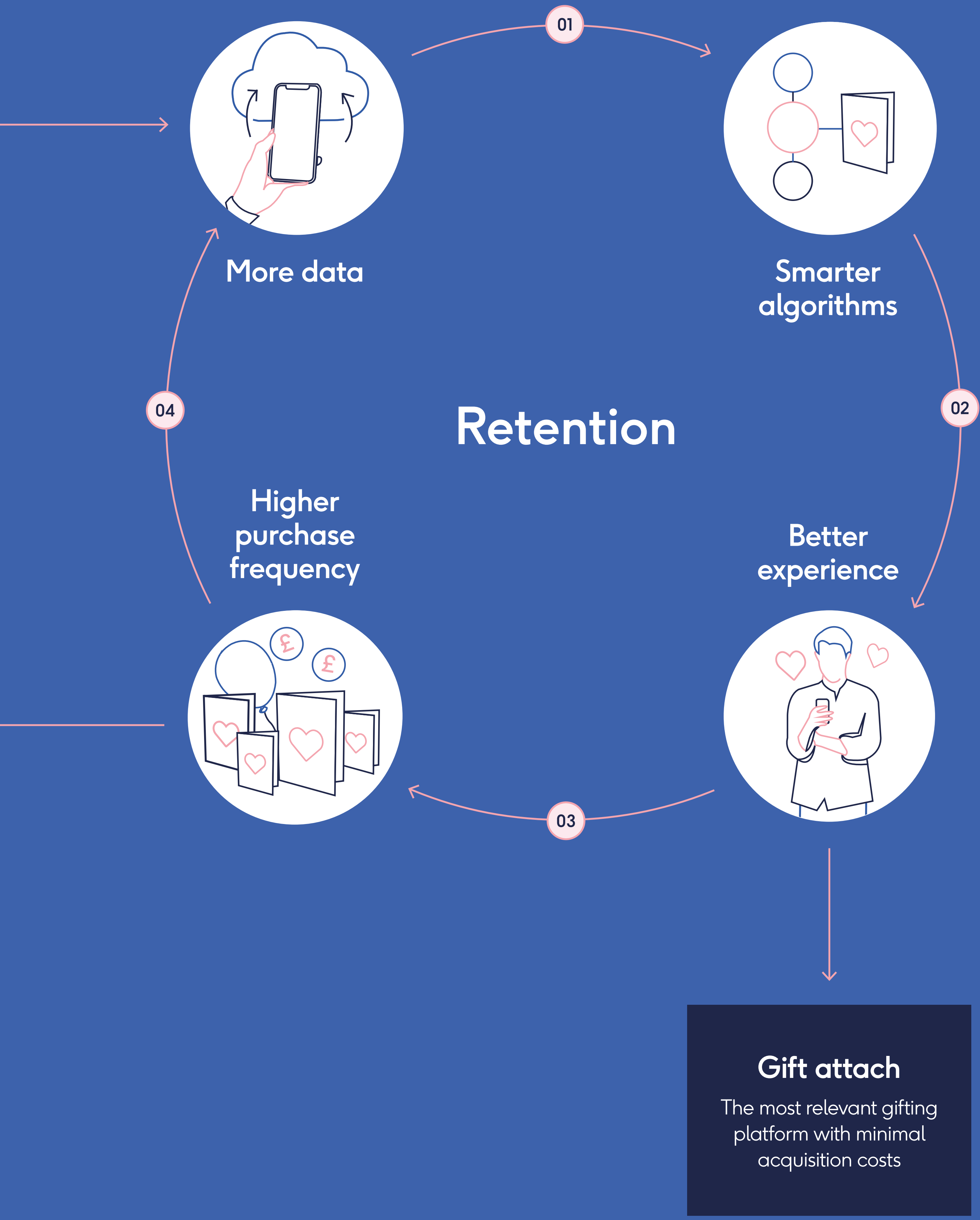
Each day, the Group captures more than four times[2] the customer data of its nearest competitor.

Platform

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

1 Comprising Moonpig since launch and Greetz post acquisition since 1 September 2018.

2 Moonpig UK market share 2021 source: OC&C, June 2022.


01
More data
Smarter algorithms
02
Retention
04
Higher purchase frequency
Better experience
03
Gift attach
The most relevant gifting platform with minimal acquisition costs

Business model in action

Our platform is a data-driven gifting recommendation engine.

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

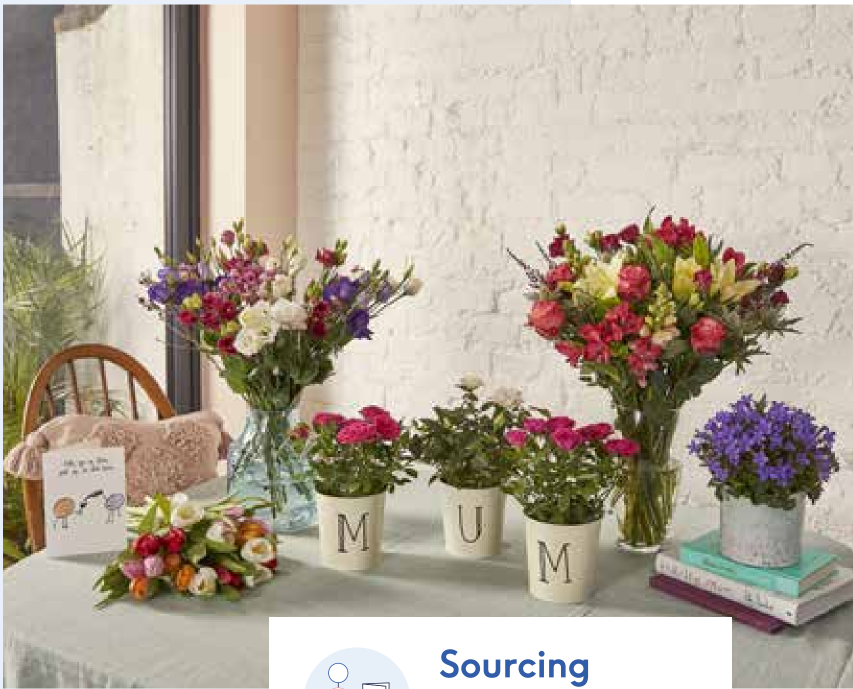
Card-first acquisition of loyal customers

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

Every card order is an opportunity to cross-sell gifts

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

1 Source: OC&C, December 2020.



Adding more datasets to our recommendation engine

Our gifting business is primarily driven by the recommendations on our cross-sell pages. This is the point in the online journey where we are able to leverage all the data that we have about the gifting moment to inspire the customer to add a gift.

These recommendations continue to evolve and during the year we added several new datasets to the algorithm, such that every day we now serve over 50,000 unique cross-sell pages to our customers.

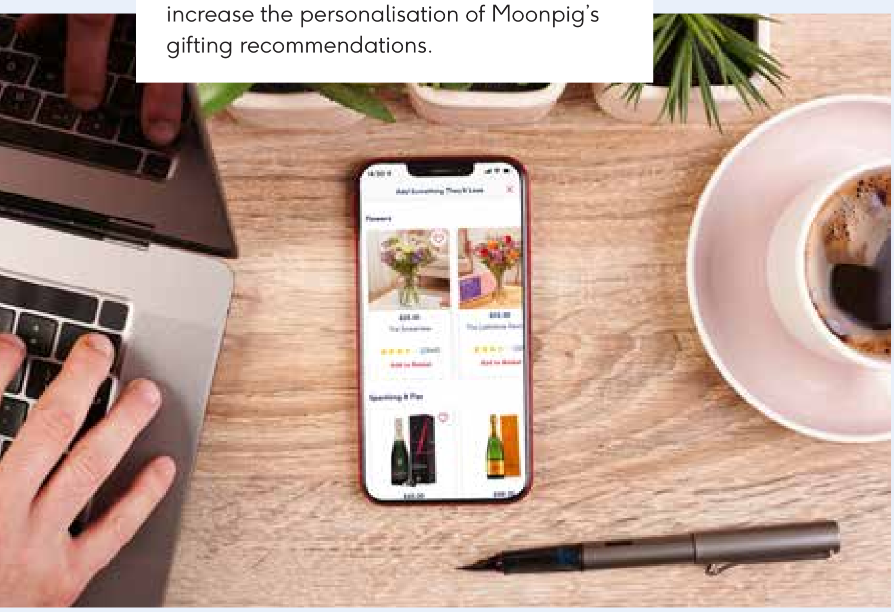
This will only increase over time as we increase the personalisation of Moonpig's gifting recommendations.

Sourcing the perfect gifts for our algorithms to recommend

For our algorithms to recommend the perfect gift for every relationship and occasion, we need to ensure we have the right range of curated gifts.

Ahead of Mother's Day 2022, we developed an exclusive range of flowers in partnership with the Cath Kidston brand. This was executed as part of a wider expansion of Moonpig's floristry offering.

Our data shows that brand partnerships such as these have resonance with our customers and enable us to create products that are unique to Moonpig.



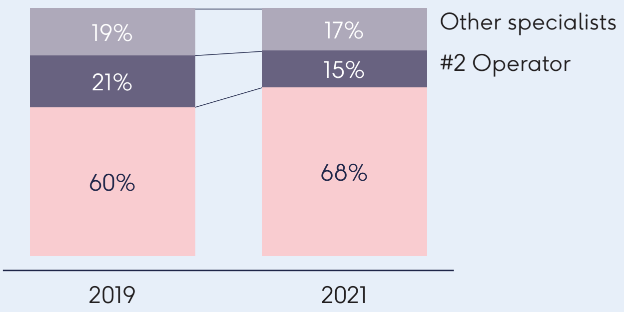
Market overview

The Group has consolidated its online leadership in cards, whilst online market penetration has risen.

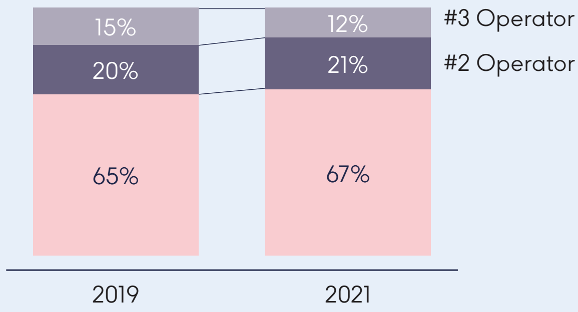
Clear and rising online leadership in cards.

Market share of online specialists 2019 – 2021[1,2]

UK



Netherlands



The Group is the clear online market leader in single greeting cards and has increased its share over the last three years. The Group's market share relative to its nearest competitor is now approximately 4.4x[1,2] in the UK and approximately 3.2x[1,2] in the Netherlands.

The cards market is rapidly shifting online.

Estimated single greeting cards market by segment 2019 – 2025[F]

UK:	2019 £m	2020 £m	2021 £m	2022[F] £m	2023[F] £m	2024[F] £m	2025[F] £m
UK offline	1,226	1,011	1,077	1,186	1,188	1,168	1,149
UK online	140	239	243	218	244	266	288
Total UK market	1,366	1,250	1,320	1,404	1,432	1,434	1,437
UK online share %	10%	19%	18%	16%	17%	19%	20%

Netherlands:	2019 £m	2020 £m	2021 £m	2022[F] £m	2023[F] £m	2024[F] £m	2025[F] £m
NL offline	262	194	210	249	251	253	254
NL online	39	73	83	62	66	70	74
Total NL market	301	267	293	311	317	323	328
NL online share %	13%	27%	28%	20%	21%	22%	23%

There has been an enduring step-up in online penetration since 2019, to an estimated 16% in the UK and 20% in the Netherlands for 2022. Online market penetration is forecast to reach 20% (UK) and 23% (Netherlands) in 2025.

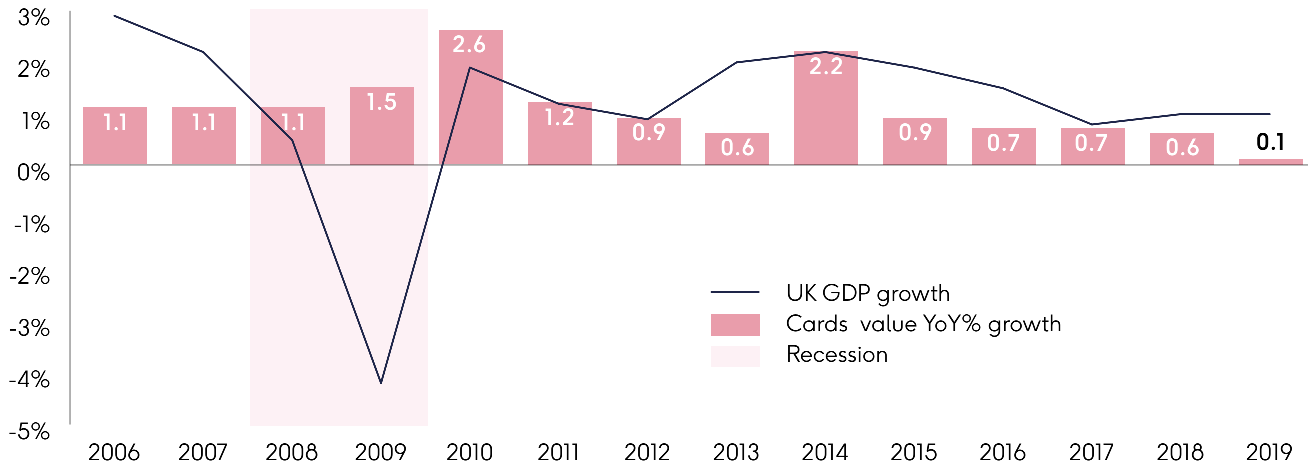
1 Source: OC&C, June 2022.

2 Data for 2019 has been updated for additional public disclosure by competitors since the OC&C report produced in December 2020 in connection with Admission. UK Other Specialists include Card Factory, Thortful, TouchNote, Clintons, Paperchase, Hallmark, Boomf and Papier. Chart excludes non-card specialists which accounted for £28m of the £239m total online segment in 2020. For the Netherlands, the total market share of the three largest online specialist greeting cards operators equals c. 65% of the total online cards market.

F Forecast.

Large, stable and resilient cards market.

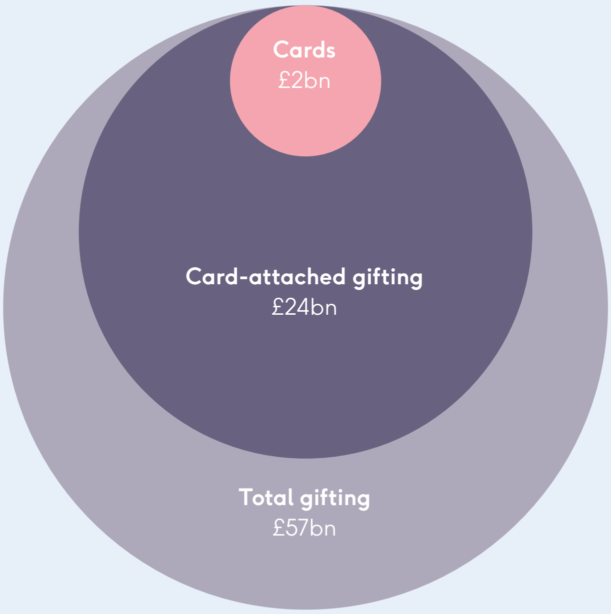
UK single greeting cards market, year-on-year growth 2006 – 2019[1]



There is an ingrained culture of sending cards in the UK and the Netherlands. The average Moonpig customer in the UK sends 24 cards[2] each year from all retail sources. The overall UK greeting card market has historically proven to be non-cyclical and resistant to recessions, demonstrating growth through the 2008-2009 economic downturn.

The overall gifting market is large and underpenetrated.

Market size – UK, Ireland and the Netherlands[2, 3]



	Ireland	Netherlands	UK
Data-driven insight into Customers' intent	£0.1bn	£0.3bn	£1.6bn[4]
Competitive advantage in attached-gifting	£1bn	£4bn	£19bn
Untapped non-attached gifting opportunity	£3bn	£14bn	£40bn

The Group's leading position in online cards provides a competitive advantage in the market for card-attached gifting. Online penetration of gifting is low, at 12%[2] for card-attached gifting and 22%[2] for total gifting (driven primarily by Christmas gifting). Within the UK gifting market, the gift experiences segment is worth £6bn[1].

1 Source: OC&C, June 2022
2 Source: OC&C, December 2020.
3 Of the £57bn total gifting market, £33bn is standalone gifts, £22bn is gifts attached to a card and £2bn is greeting cards.
4 UK total cards market of £1.6bn in 2019 comprises £1.4bn single greeting cards and £0.20bn boxed card sets.

Our strategy

Our strategy is to become the ultimate gifting companion.

Strategic focus

Building our brands

What this means

We ensure that the customer is always excited to send, and the receiver is always delighted to open their Moonpig or Greetz product.

Building our brands so that customers trust our quality and service is critical. It underpins the loyalty of our customers and drives a virtuous customer acquisition loop as recipients become customers.

What we have done

- Continued significant brand marketing investment.
- Launch of a new visual identity for the Greetz brand.
- Retention of customers acquired during lockdown is in line with that of previous cohorts.
- Website launch in the Republic of Ireland.
- Elevating the recipient experience through the launch of new Moonpig packaging, together with premium packaging for gifts at higher price points.
- Proposed acquisition of Buyagift (which operates the Buyagift and Red Letter Days brands).

Expanding our range

What this means

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

We have made further progress towards this, improving both our card and gifting product ranges. As we help our customers to discover the full extent of our offering, we aim to capture a greater share of their gifting wallet, through raising both purchase frequency and gift attach rate.

What we have done

- Our largest ever greeting card design range, which has now been expanded to 43,000 designs (FY21: 27,000).
- Partnerships with category experts, including a branded “shop-in-shop” with Virgin Wines, and the launch of our new ranges of fragrances and jewellery.
- Flowers proposition extended into premium price points.
- Proposed acquisition of Buyagift will step-change the breadth and relevance of our gifting offering, adding 4,800 gift experience SKUs.

Strategic focus

Leveraging data and technology

What this means

We have an extensive and unique dataset on our customers' gifting behaviour, which we harness using technology to generate highly-relevant, personalised gifting recommendations.

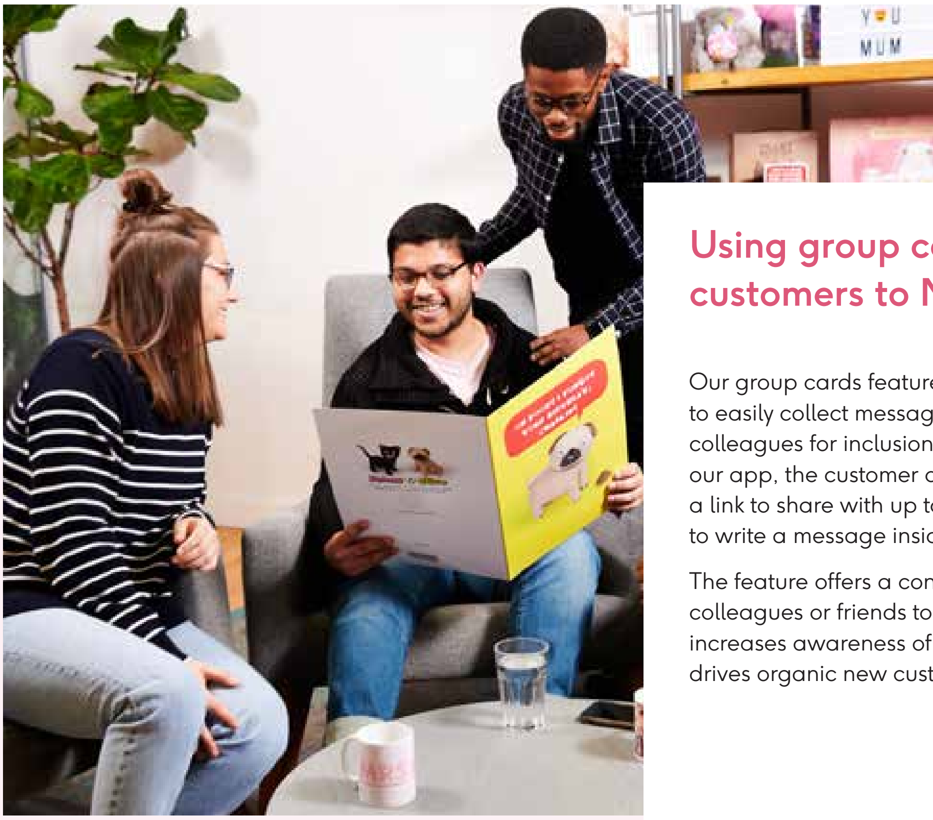
Our algorithms are optimised across 230m cumulative transactions as at April 2022 (April 2021: over 190m)[1] Our online market leadership means that each day we capture more than four times the amount of customer data than our nearest competitor.

What we have done

- Ongoing enhancements to our recommendation algorithms.
- Moonpig app penetration of orders raised to 43% (FY21: 37%).
- Reminders database grown to over 70m (April 2021: over 50m).
- Ongoing migration of Greetz to the Group's single unified technology and data platform, to be completed by the end of 2022.

1 Cumulative transactions as of April 2022 for Moonpig and from 1 September 2018 (post acquisition of Greetz) to April 2022 for Greetz.

Strategy in action



Using group cards to bring customers to Moonpig

Our group cards feature allows Moonpig customers to easily collect messages from friends and colleagues for inclusion in a single card. From our app, the customer can within seconds create a link to share with up to 20 people to invite them to write a message inside a card.

The feature offers a convenient way for workplace colleagues or friends to send shared greetings, increases awareness of the Moonpig brand and drives organic new customer acquisition.

Building our brands

Leveraging data and technology

Continued progress towards a hyper-personalised customer journey

Our data-science investments have made it even easier for customers to find and write their perfect card and gift.

When a customer clicks on a reminder within our app, an email or on our site, they are presented with a personalised landing page with recommendations for cards and gifts based on their previous purchases for that recipient. Logged-in customers also see upcoming occasion reminders on our home page and personalised search results.

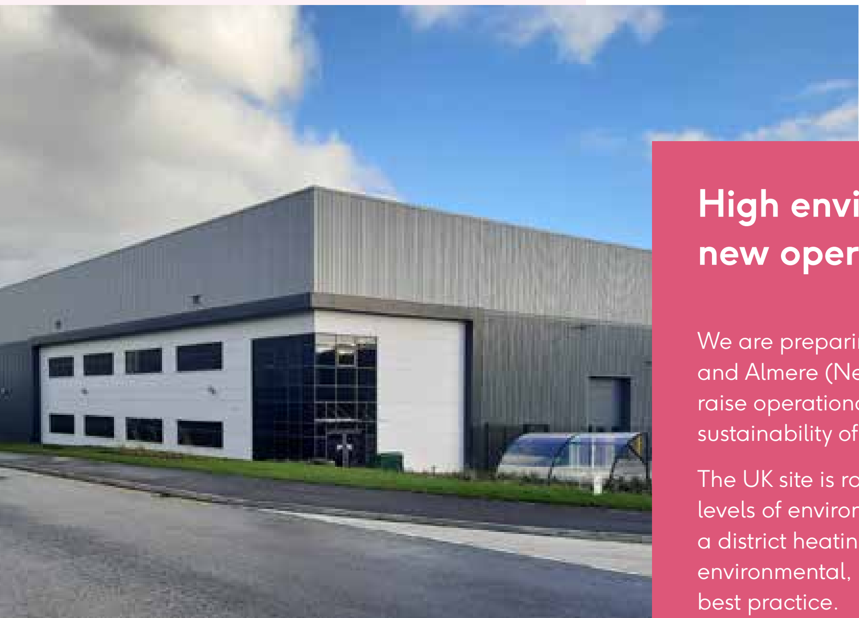
Leveraging data and technology

The perfect card and gift for every relationship and occasion in Ireland

As part of our ongoing expansion of the Group's card design range, we developed a dedicated range for the launch of the Moonpig Ireland website on 1 March 2022.

Working with Irish designers and publishers we built a range of 1,200 bespoke cards for the Irish market, including 400 Irish language cards, to supplement our existing global range.

Expanding our range



High environmental standards for our new operational facilities

We are preparing to open new facilities in Tamworth (UK) and Almere (Netherlands), which will increase capacity, raise operational efficiency and further improve the sustainability of our operations.

The UK site is rated as "BREEAM Excellent", ensuring the highest levels of environmental efficiency. The Netherlands facility is on a district heating system and has been retrofitted to improve its environmental, social and economic sustainability in line with best practice.

Maintaining high ethical, environmental and sustainability standards

Key drivers of growth

A compelling growth opportunity with three compounding growth drivers

Growth driver

Customer acquisition

What this means

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

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

Future priorities

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

Principal risks

3 Downward pressure on consumer demand

4 Brand strength and reputation

7 Competitive environment

Share of wallet (order frequency)

What this means

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

By leveraging data and technology we aim to make gifting for every occasion easy to remember, to choose, to create and to purchase.

Future priorities

- Data-driven personalisation of the customer journey.
- Enhancements to reminders programme.
- Artificial Intelligence-driven Customer Relationship Management.
- Trial of Moonpig Plus subscription service.

Principal risks

3 Downward pressure on consumer demand

4 Brand strength and reputation

7 Competitive environment

1 Source: OC&C, December 2020.

Growth driver

Driving gift attachment

What this means

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

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

Future priorities

- Further strengthening of merchandise range, including new categories.
- Ongoing programme of improvements in user experience and personalised gift recommendations.
- Opening of our two new operations facilities to support future gifting growth.

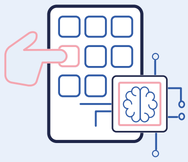
Principal risks

2 Supply chain disruption and input cost inflation

3 Downward pressure on consumer demand

6 Disruption to operations

Enabler



Technology and data platform

What this means

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

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

Future priorities

- Once the Greetz migration is complete, a significant proportion of our technology resource will be focused on the development of consumer-facing and revenue-generating technology product.
- We intend to continue to grow the Group's technology headcount.

Principal risks

1 Data protection and technology security

5 Securing, development and retention of talent

1 Source: OC&C, December 2020.

Section 172 statement and stakeholder engagement

Section 172(1) statement

The Directors of the Company (and those of all UK companies) are required to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, whilst also having regard to the matters listed in section 172 ("s172") of the Companies Act 2006 (the "Act").

The interests of key stakeholders and the Board's approach to these are explained below. Further information on the Board's approach during FY22 to the matters set out in s172 of the Act, and on decisions made by the Board, are set out in the Corporate Governance Statement at pages 72 to 79, and forms part of this s172(1) statement.

Stakeholder	What matters to them	How we engage
Customers **The Group's business model is built around the progressive accumulation of loyal customer cohorts.** **The use of data and technology to create a gifting companion ecosystem differentiates the Group from its competitors.**	• Ability to express that they care about the recipient. • The right card design. • Relevant gifting recommendations. • Ability to personalise. • Convenience, including same-day despatch. • Product quality. • Timely delivery. • Recipient experience. • Data protection.	• The Group's investment in its technology platform, the broadening of its range of card designs and gifts, and the securing of later cut-off times for same-day despatch are each focused on better addressing the needs of customers. • The Group's platform uses self-learning algorithms to leverage its pools of historical data on customer gifting intent, to continuously enhance the relevance of its recommendations to customers. • The Greetz platform migration (due to be completed in calendar year 2022) will improve the customer experience in the Netherlands. • Substantial and ongoing investment in data protection and technology security. • Moonpig launched its leading card and gift offer in Ireland during FY22, including a dedicated website and app. • The Group makes considerable ongoing investment in multi-channel marketing. • Moonpig and Greetz allow customers to set reminders, to ensure that they never miss important occasions. • Customer feedback is collected through channels including on-site surveys, multivariate testing, consumer research and monitoring of brand awareness. • The Board has set a goal for the Group to maintain a Customer NPS of at least 70. • The customer service team operates seven days per week.
Recipients **We want recipients to be delighted to open their Moonpig or Greetz product.** **Positive recipient experience drives virality, as recipients become customers.**	• A memorable and enjoyable experience. • Convenient and reliable delivery. • High quality products and packaging. • Sustainability and ease of recycling. • Data protection.	• Seven-day parcel delivery service in the UK and the Netherlands. • We have refreshed our packaging at both Moonpig and Greetz, with a focus on the recipient experience. • We have launched new flowers and gifts ranges and introduced The Moonpig Flower Quality Commitment, guaranteeing freshness for five days. • The breadth of our card design range means that recipients see the perfect card upon opening their envelope. In FY22 we launched a dedicated card range for the Irish market and broadened our range of Welsh language cards. • The Group's cards are fully recyclable, with 100% sustainably sourced paper and card in our core markets (98% globally). • Substantial and ongoing investment in data protection and technology security. • A key strategic attraction of Buyagift (the proposed acquisition of which is expected to complete in July 2022) is its digital interaction with recipients during the gift redemption process, which it increasingly leverages to convert a proportion of recipients into customers.
Employees **The Group's delivery against its strategic objectives is dependent upon it being able to attract, recruit, motivate and retain its highly skilled workforce.** **Competition remains intense, in particular for technology and data expertise.**	• Financial reward. • Career and personal development. • Respect and inclusivity. • Employee engagement. • Health & well-being. • Safe working conditions.	• Open, transparent culture including regular "All Hands" meetings and an annual strategy conference, which are led by the Group Leadership Team ("GLT"). • Twice-annual employee engagement surveys, the results of which are presented to and discussed at Board meetings. • Employee resource groups, which are supportive forums for under-represented employee groups. • Investment in leadership coaching and employee training. • The Group's ESG strategy includes a goal for raising employee engagement (see page 31). • The Designated Non-Executive Director for workforce engagement, met directly with employees during the year. • During the year, the Board approved that all UK and Guernsey employees would be paid the UK Real Living Wage (as published by the Living Wage Foundation) from 1 May 2022. • An all-employee SAYE scheme was launched during FY22. • Health and safety assessments are regularly undertaken to ensure the safety and well-being of employees. • An independent whistleblowing service allows all employees to raise relevant concerns confidentially.

Stakeholder	What matters to them	How we engage
Investors **Access to capital is vital to the Group's long-term performance.** **The Group aims to provide fair, balanced, and understandable information to shareholders and analysts including on strategy, business model, culture, performance and governance.**	• High governance standards. • A balanced and fair representation of financial results and future prospects. • Confidence in the Company's leadership. • Clarity around principal risks and uncertainties. • Total shareholder return. • Progress on business and ESG strategy delivery.	• Formal investor roadshows following the half-year and final results announcements, together with additional investor meetings. • Disclosure through this Annual Report, the half-year results announcement and trading updates. • All Directors appointed at the time attended the Annual General Meeting held on 28 September 2021. • The investor relations section of our corporate website provides investor information and presentations, alongside other information reported to the market via the regulatory news service. • Regular updates are provided to the Board on market sentiment, investor relations activity, and equity research reports. • Exponent has one representative on the Board who has been involved in Board decision-making since appointment in January 2021. Since October 2021, Exponent no longer has a Board observer following a reduction in its shareholding. • A Relationship Agreement has been entered into with Exponent, further details of which are set out on page 76.
Suppliers **Strong relationships with suppliers critical to the Group's performance.** **The Group seeks to build long-term mutually beneficial relationships with suppliers, and works with them to ensure that respective standards and expectations of business conduct are adhered to.**	• Long-term collaborative relationships. • Growth opportunities. • Fair terms and conditions. • Responsible, ethical procurement. • Prompt and accurate payment.	• Regular engagement with suppliers and partners, including through members of the GLT. • Rigorous supplier onboarding, which includes information security and data protection due diligence as well as checks on financial viability, modern slavery, anti-facilitation of tax evasion, anti-bribery and sanctions. • Supplier Code of Conduct published during the year, which is available on our corporate website. • Continued collaboration with key outsourcing partners to raise operational performance. • Partnering with gift suppliers to expand our gifting proposition as we look to drive increased gift attach rates. • The Group's Global Design Platform enables independent designers to make their card designs available to the Group's customers in return for royalty payments. • Reporting on the payment of suppliers.
Community and environment **The Group seeks to ensure that it provides a positive contribution to the communities in which it operates and to the environment.**	• Having a positive impact on the community. • Energy usage and carbon emissions. • Sustainability.	• The Group has a long history of charitable activity. During FY22 the Moonpig Group Foundation (an account within the Charities Aid Foundation ("CAF")) donated £189,000 to charity (FY21: £44,000). In addition, the Group made charitable donations on its own account totalling £81,000 of which £75,000 was to the CAF (FY21: £678,000, of which £344,000 was to the CAF). • The Group continues to develop its strategy to support the wider tech industry, including extending its apprenticeship programme and by recruiting an inclusive range of candidates to participate in coding bootcamps. • During FY22 the Group increased the proportion of card, envelope and paper packaging SKUs that are sustainably sourced to 100% for its core UK and Netherlands markets, and 98% globally. Sustainable sourcing is defined as being either Forest Stewardship Council ("FSC") certified, having Programme for the Endorsement of Forest Certification ("PEFC") certified or containing over 75% recycled content. • In FY22 we partnered with Tree-Nation and planted 66 hectares of woodland (FY21: nil), in addition to amounts invested to offset our Scope 1 and 2 emissions.

Environmental, social and governance

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

Across an extended period, Moonpig Group has contributed to society through its core purpose and by its support for charities. In FY21 the Group extended its contribution through the launch of its ESG strategy.

The Group's ESG strategy commits it to eight long-term goals focused on the environment, its people and its communities. In setting the strategy, the Board chose to focus on six of the United Nations' 17 Sustainable Development Goals that they consider most relevant to the business.

The Group's focus during FY22 has been on embedding the ESG goals within business practices and aligning its strategy, people and partners behind them. We are pleased with the progress that we have made to date.

For FY23 we intend to implement a new goal relating to the environment, which recognises the importance of reducing indirect emissions in the Group's value chain. The goal is to "more accurately measure supply chain emissions and set Scope 3 reduction targets by the end of FY23". This replaces the goal relating to sustainable sourcing of paper, card and packaging, which has moved from being an area of strategic focus to one which can be managed through business-as-usual monitoring and delivery.

ESG goals
See pages 30 to 31

Environment
See page 32

Energy and carbon reporting
See page 33

TCFD
See pages 34 to 41

People
See page 42

Diversity and gender pay gap
See pages 43 to 44

Communities
See page 45

UN Sustainable Development Goals

The Directors have chosen to focus on six of the United Nations' 17 Sustainable Development Goals that they consider most relevant to the business.

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages

8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

4 QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

5 GENDER EQUALITY

Achieve gender equality and empower all women and girls

15 LIFE ON LAND

Protect, restore and promote sustainable use of terrestrial ecosystems and sustainably manage forests

Environmental, social and governance continued

Goal	Progress to date	Next steps for FY23
Goal 1 - Net zero operational carbon emissions (Scope 1 and Scope 2) by 2030, aligned to the SBTi near term target **The goal commits the Group to: (a) reduce absolute greenhouse gas emissions arising from its own operations (Scope 1 and Scope 2) by at least 50% by 2030 versus total emissions of 635 tCO_2e in the baseline year of FY20; and (b) offset any emissions that cannot be reduced.** **This goal has been validated by the Science Based Target initiative ("SBTi"), and is aligned with the Paris Agreement's aspiration to limit global warming to 1.5°C. The Group's net zero goal will be reviewed in line with updated SBTi guidance during the year ahead.**	Scope 1 and 2 emissions were 518 tCO_2e, representing a decrease of 23% tCO_2e year-on-year (FY21: 675 tCO_2e) and a reduction of 18% compared to our benchmark year of FY20. The decrease in emissions was driven by: • Introducing an environmental management system that reduced energy usage across our sites. We conducted building performance evaluations that led to several energy reduction initiatives, including improved heating controls and changes to our building hardware and systems. • Migrating electricity supply to renewable sources. From November 2021 all our UK and Netherlands electricity supply was 100% renewable[1]. In FY22 we offset Scope 1 and 2 emissions from the previous year by investing £22,500 through The Woodland Trust (FY21: nil).	In FY23 we plan to open two new fulfilment sites. The UK facility is rated as "BREEAM Excellent". The Netherlands facility is on a district heating system and has been retrofitted to improve its environmental, social and economic sustainability in line with best practice. The Group is committed to offsetting Scope 1 and 2 emissions that cannot be reduced. In FY23 the Group plans to offset 518 tCO_2e of Scope 1 and 2 emissions from the previous year at an estimated cost of £20,000.
Goal 2 - 100% sustainably sourced paper, card and packaging by 2022 **The Group aims to consume resources sustainably and to minimise the forestry impact of the wood products that the Group uses.**	We have achieved 100% sustainable sourcing[2] for SKUs of paper, card, envelopes and packaging in our core markets of the UK, the Netherlands and Ireland, and 98% globally. We completed an extensive programme of work which included auditing our full range of SKUs, attaining or renewing FSC Chain of Custody Certification in the UK and the Netherlands, working with our supply chain to replace non-compliant SKUs and developing internal tracking.	This goal has been substantially delivered and will move from being an area of strategic focus to one that is managed on a business-as-usual basis. It will be replaced by a new goal to more accurately measure supply chain emissions and set Scope 3 reduction targets by the end of FY23.
Goal 3 – Reforest at least 330 hectares of woodland by 2025 **The Group relies on wood pulp to make its products and therefore aims to be "forest positive".**	In FY22 we delivered 20% of this five-year goal. We partnered with Tree-Nation and planted 66 hectares of woodland (FY21: nil) with 106,000 trees (FY21: nil). This is in addition to any offsetting of emissions conducted within Goal 1. Tree-Nation enabled us to focus planting activity in ecologically sensitive areas and safeguards the long-term impact of tree planting by managing the forests. In FY22 we contributed to projects in Madagascar, Nepal, Tanzania, Columbia, Thailand and India.	In FY23 the Group has committed to plant a further 66 hectares of forest.

1 In Guernsey, the sole provider of electricity to the island, Guernsey Electric, supplies 93% (in 2020) renewable electricity.

2 Sustainable SKUs are from FSC or PEFC certified sources or recycled sources.

3 Comprises the Group Leadership Team (including Executive Directors) and their direct reports who are also members of the Extended Leadership Team.

Goal	Progress to date	Next steps for FY23
Goal 4 – Increase the combined representation of women and ethnic minorities on the Leadership Team[3] to at least 50% by 2025 **The Group wants to be representative of its customers and the communities in which it operates.**	As at 30 April 2022, the combined representation of women and ethnic minorities on the Leadership Team[3] was 53% (2021: 45%). In FY22 we have worked to develop our next generation of female leaders. We set up new coaching and mentoring schemes, established our gender-balance network and implemented a range of initiatives including unconscious bias training for hiring managers.	For FY23 this goal will be updated to "Maintain the combined representation of women and ethnic minorities on the Leadership Team[3] at around 50%".
Goal 5 – Reach and maintain an engagement score at or above 72% **Improving engagement in our teams will improve productivity and hence business performance. It will help to ensure that employees are retained for longer, reducing recruitment costs.**	Across the two surveys carried out in FY22, the average engagement score was 65%, below prior year (68%) and target (72%). In a competitive recruitment market, remuneration and career development were key survey themes. Our survey continued to show many positive trends. 83% of employees say that they are proud to work for the Group, and 81% say they would recommend a friend to work for the Group. During FY22 we launched the Group's new values (see the corporate governance statement on page 72), implemented hybrid home/office working, increased employer pension contributions and implemented new flexible benefit options and new staff discounts.	The focus areas for action on driving engagement in FY23 will be compensation, career development, care and recognition. We have implemented cumulative average pay increases of 8.6% in FY22, of which 6.3% was effective from 1 May 2022. We intend to give our people more bespoke training and our well-being programme will be refreshed.
Goal 6 – Invest £1.0m between 2020-2025 through the Moonpig Group Foundation **Through the Moonpig Group Foundation, we want to support initiatives that create connections and spark moments of joy in our communities.**	During FY22 the Moonpig Group Foundation made charitable donations totalling £189,000 (FY21: £44,000). As at 30 April 2022 the Foundation has cumulatively donated £233,000 (30 April 2021: £44,000) to third-party charities since being set up in FY21. The Group also made charitable donations on its own account totalling £81,000 of which £75,000 was to the CAF (FY21: £678,000, of which £344,000 was to the CAF).	Employees in each of our locations have chosen a cause to support in FY23. The chosen charities are End Youth Homelessness (UK), Les Bourgs Hospice (Guernsey) and Kinderhulp (Netherlands).
Goal 7 – New hires into technical roles[1] to be at least 45% from women by 2025 **To deliver the Group's strategy, we need to hire highly skilled technology workers from all areas of society.**	In FY22 37% of new hires into technical roles were female (FY21: 28%). As at 30 April 2022, 33% of employees in these teams are female (2021: 27%). We launched an apprentice scheme to support women who change careers into technology roles. To attract women, we partnered with women's networking events, for example SheCanCode and Women In Tech. We increased referral fees to incentivise employees to introduce female candidates.	We intend to continue to enhance recruitment practices, support apprenticeship programmes and engage with networking events. We intend to expand our apprenticeship scheme. We intend to communicate our flexibility as an employer to attract women with care-giving commitments.
Goal 8 – Reach and maintain a top-quartile Customer NPS score of at least 70 **The Group's mission is to help people connect, and it is important that the Group's customers believe it is doing this.**	The Group's weighted average Customer NPS score across its brands was 71 in FY22 (FY21: 67), which places it in the top quartile for technology companies. We have improved order and delivery information, introduced a customer service chatbot, worked with our partners to improve delivery performance and worked with our supply chain to improve flower quality.	We intend to place significant focus in FY23 upon further elevating our gifting proposition. The migration of Greetz onto the Group technology platform will deliver new customer-facing functionality for our Dutch customers.

1 Technical roles for these purposes comprise those in technology security, engineering, product and analytics.

Environmental, social and governance continued

The environment

The Group aims to consume resources sustainably and to minimise its impact on the environment.

Packaging and waste

The Group is committed to phasing out single-use plastic packaging throughout its supply chain and has a packaging waste-management programme in place.

Projects undertaken during the year have ensured that all card, envelopes and packaging procured by Moonpig and Greetz is now reusable, recyclable or compostable. Messages encouraging recipients to recycle are written in large text next to a prominent recyclable symbol, and box packaging is predominantly made from sustainably-sourced brown fluted cardboard, further identifying it as recyclable to recipients.

The Group is committed to international guidelines for the disposal of electronic waste.

Energy use and greenhouse gas emissions

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

In FY22, the Group's Scope 1 and 2 carbon emissions were 518 tCO_2e (FY21: 675 tCO_2e) which is a reduction of 157 tCO_2e, or 23%, year-on-year.

During the year, the Group has worked to construct a roadmap for reducing its Scope 1 and 2 emissions, with a focus on: (1) reducing our energy use; (2) switching to renewable energy; and (3) ensuring that any additions to our operational infrastructure are consistent with our goals for energy efficiency.

The majority of the Group's emissions lie within its supply chain, with the following areas identified as material:

- Products - the goods and packaging purchased and resold to customers,
- Downstream distribution - covering transport, warehousing and outsourced fulfilment, and
- Technology footprint - the energy required to support online services and communications.

We have commenced data collection for these areas and will work with suppliers to deliver this. We have set a new ESG goal to more accurately measure supply chain emissions and set Scope 3 reduction targets by the end of FY23 (see page 30).

The greenhouse gas reporting period is aligned to the financial reporting year. The Group reports emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol"). The 2020 UK Government GHG Conversion Factors for Company Reporting are used to convert energy use in operations to emissions of tCO_2e. Carbon emission factors for purchased electricity are calculated according to the "location-based grid average" method. This reflects the average emission of the grid where the energy consumption occurs. Data sources include billing, invoices and the Group's internal environment management system.

For transport data where actual usage data (e.g. type and size of engine) was unavailable, conversions were made using average fuel consumption factors to estimate the usage. Mileage claims are provided in number of miles and converted into tCO_2e using an average-car calculation.

	FY22			FY21		
Energy consumption (kWh)	UK[1]	NL	Total	UK[1]	NL	Total
Gas	4,920	912,195	**917,116**	13,427	1,109,564	**1,122,991**
Electricity (purchased)	725,359	775,209	**1,500,568**	782,131	896,019	**1,678,150**
Total energy consumption	730,279	1,687,404	**2,417,684**	795,558	2,005,583	**2,801,141**
Mileage claims (miles)	27,487	12,595	**40,082**	–	14,772	**14,772**

	FY22			FY21		
GHG emissions (tCO_2e)	UK[1]	NL	Total	UK[1]	NL	Total
Scope 1: Emissions from combustion of gas	1	167	**168**	2	204	**206**
Scope 2: Emissions from purchased electricity	60	290	**350**	64	405	**469**
Total operational emissions (tCO_2e)	61	457	**518**	66	609	**675**
Intensity ratio: tCO_2e per £1m of revenue	0.26	6.57	**1.70**	0.23	7.04	**1.83**

1 The UK data also includes energy used and emissions produced within the factory located in Guernsey, to support our UK business.

Task Force on Climate-related Financial Disclosures ("TCFD")

Overview

This section sets out the Group's inaugural disclosures consistent with the TCFD framework. The Board is satisfied with the progress made to date. Going forward, we will work to reduce the Group's direct and indirect emissions, further integrate positive environmental actions into our business strategy and further evolve our reporting on this topic.

The following table sets out where recommended TCFD disclosures can be found in this report and explains the key future steps the Group intends to take to ensure full and consistent compliance with the TCFD framework in future:

TCFD pillar	TCFD recommended disclosure	Current status	FY23 focus
Climate governance **The organisation's governance around climate-related risks and opportunities**	• Describe the Board's oversight of climate-related risks and opportunities. • Describe management's role in assessing and managing climate-related risks and opportunities.	The Board's oversight of climate-related risks and opportunities and how management has assessed and managed these risks and opportunities, is set out in the Climate governance section on pages 35 to 36.	We intend to make our inaugural Carbon Disclosure Project ("CDP") submission. We have introduced a climate-related measure into the FY23 annual bonus scheme for the Executive Directors and the Group Leadership Team.
Climate risk management **How the organisation identifies, assesses and manages climate-related risks**	• Describe the organisation's processes for identifying and assessing climate-related risks. • Describe the organisation's processes for managing climate-related risks. • Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	The Group's approach to climate risk identification, assessment and management is set out in the Climate risk management section on pages 37 to 38. The Audit Committee and the full Board have received an update on the inclusion of climate-related risks into the Group's risk management framework as part of the FY22 risk management process.	Climate risk management will be considered by the Board (based on recommendation from the Audit Committee) in line with the Group's risk management framework. Climate-related risks will be subject to the same identification, analysis and mitigation processes as operational risks.
Climate strategy **The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material**	• Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. • Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. • Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios.	The material climate-related risks and opportunities identified by the Group are described in the Climate strategy section on pages 39 to 41. The Group modelled the potential impact of discrete risks and opportunities within the selected time horizons to identify key exposures for this report. The Audit Committee and the Board have reviewed the methodology and analysis of risks and opportunities. Impacts on the business, strategy and financial planning, and the resilience of strategy, are described on page 39.	We aim to progressively incorporate quantitative analysis into our identification of the potential impacts of climate-related risks and opportunities.

TCFD pillar	TCFD recommended disclosure	Current status	FY23 focus
Climate metrics and targets **The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material**	• Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. • Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks. • Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	The Group's current climate-related metrics are Scope 1 and Scope 2 GHG emissions, as set out in the SECR disclosure on page 33. The Group does not currently use other climate-related metrics. The Group's climate-related targets are set out within its ESG goals on page 30.	The Board has approved a goal to more accurately measure indirect emissions and set a Scope 3 reduction target by the end of FY23. We intend to extend our climate-related metrics beyond GHG emissions. The additional metrics will be aligned with our strategy and risk management goals and, as per the guidance provided by the TCFD, will be decision-useful, clear and understandable, reliable, verifiable and objective and consistent over time.

Climate governance

The Group has put in place governance arrangements relating to climate-related risks and opportunities, which are summarised below with reference to eight key principles[1]:

Principle	Governance arrangements
Board structure **The Board has determined how to effectively integrate climate considerations into its structure and committees.**	The Board has collective responsibility for risk. Consistent with this, climate-related risks and opportunities are considered by the Board as a whole, based on recommendations made by the Audit Committee. Going forward it will be considered twice annually. The Board does not consider it currently necessary to establish a dedicated sustainability committee, given the size and composition of the Board (in which all Independent Non-Executive Directors sit on all committees). This will remain under review. The Board has appointed Susan Hooper as the lead Independent Non-Executive Director in relation to oversight of ESG-related matters, including climate-related matters.
Command of the subject **The Board considers that it has sufficient knowledge, skills, experience and background to ensure awareness and understanding of climate-related risks and opportunities.**	Five of the Board members in place at 30 April 2022 have ESG skills and experience, including relating to climate matters (refer to the Board skills matrix set out in the Nomination Committee report on page 90). Specialist advice relating to climate-related matters is obtained where appropriate. The Executive Directors obtained external advice on the development of the Group's ESG Strategy in FY21 and on the implementation of TCFD framework disclosures in FY22. The Remuneration Committee obtained independent remuneration advice prior to setting a climate-related bonus measure and target for FY23.
Board accountability to shareholders **The Board considers Directors' duties to shareholders with respect to the Company's long-term resilience to potential shifts in the business landscape that may result from climate change.**	The Board receives periodic, scheduled updates from management on delivery against the Group's ESG strategy, including in relation to climate-related matters. This is the way that the Board oversees progress against the Group's goal for net zero goal operational emissions. Climate impacts are routinely considered by the Board as part of deliberations relating to major projects. For instance, in FY22, prior to approving investments in two new operational facilities in Almere in the Netherlands and Tamworth in the UK, the Board specifically appraised consistency with the Group's goal for net zero operational emissions.

1 Eight key principles set out in "How to Set Up Effective Climate Governance on Corporate Boards", World Economic Forum, January 2019.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Principle	Governance arrangements
Strategic integration **The Board has ensured that climate systemically informs strategic planning and decision-making and is embedded into risk management across the organisation.**	The Group is progressively embedding climate-related risk into the "three lines of defence" of its risk management framework. Operationally, members of the Group Leadership Team are responsible for overseeing delivery of the Group's climate-related commitments. Climate-related matters are routinely considered by the Group Leadership Team. Cross-functional working groups are in place, delivering against all areas of our ESG strategy, including climate-related goals. The Group established an ESG function during FY21 to supplement existing second-line oversight provided by the Finance function. Going forward, the internal audit planning process will consider a review of climate-related procedures and controls. For FY22, the focus has instead been on obtaining advice on the initial establishment of such procedures and controls.
Material risks and opportunities **The Board has structures in place for reviewing the materiality of climate-related risks and opportunities on an ongoing basis.**	The Group's inaugural review of climate-related risks and opportunities was performed in FY22, following the process set out on the following page. It has been approved by the Board based on recommendation from the Audit Committee. Going forwards, climate risk management will be embedded within the Group's risk management framework.
Remuneration **The Board has considered the inclusion of climate-related targets when setting executive management remuneration.**	In FY22, ESG-related measures were introduced into the annual bonus scheme for Executive Directors and Group Leadership Team. For FY23, one of these ESG bonus measures will be climate-related, requiring both: (a) delivery against a quantified target for the reduction of Scope 1 and 2 emissions; and (b) the implementation of processes for the measurement of indirect emissions, to allow a quantified Scope 3 emissions target to be set in FY24.
Reporting and disclosure **The Board has ensured that material climate-related risks and opportunities are disclosed in accordance with regulatory requirements.**	In FY21, the Group implemented reporting in accordance with SECR, covering Scope 1 and 2 emissions. In FY22, the Group has made its first disclosure against the TCFD framework. Implementation of systems and process to enable the measurement of Scope 3 emissions will be an area of management focus during FY23.
Exchange **The Board has maintained appropriate exchanges and dialogues with stakeholders.**	The Executive Directors discuss sustainability and other ESG topics as part of their ongoing programme of meetings with investors, fund managers and analysts. The Group engages regularly with third-party organisations that monitor or score company ESG performance on behalf of shareholders. The Group's carbon emissions reduction target was validated by the Science Based Target initiative ("SBTi") during FY21. The Independent Non-Executive Director with responsibility for oversight of ESG matters is a founding director of Chapter Zero, an organisation which promotes corporate awareness of climate change.

Climate risk management

In FY22, we established a working group to conduct the Group's inaugural climate risk management process. With support from a third-party specialist and with executive-level sponsorship, we carried out the following stages:

Stage 1
Risk and opportunity identification

Beginning with the TCFD framework and literature, the Group performed risk and opportunity identification. This process identified approximately 30 relevant climate-related risks and opportunities.

Risk and opportunity types assessed included:

- **Transition risk:** comprising the market, policy and legal, technology and reputation risks associated with transitioning to a lower carbon economy.
- **Acute physical risks:** that are event-driven, including increased severity of extreme weather events.
- **Chronic physical risks:** arising from longer-term climate shifts that may cause sea-level rise or chronic heat waves.

Stage 2
Risk and opportunity prioritisation

Based on workshops with Group management, nine key risks and opportunities were identified across three key themes. Selection was based on the potential significance of the risk/opportunity and industry relevance.

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

Stage 3
Selection of time horizon

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

- **Short term (0 – 3 years) -** climate-related risks which are identified to occur during this time frame will additionally be categorised as a principal risk, in line with our overall risk management process.
- **Medium term (4 – 10 years) -** climate-related risks which are identified as having potential to occur during this time frame are monitored and assessed.
- **Long term (10+ years) -** the Group recognises that it must consider and address longer-terms risks as it formulates business strategy.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Stage 4 **Selection of climate change scenarios.**	We performed analysis of individual risks and opportunities using two climate scenarios: • **Scenario 1 –** "Paris Aligned"[1]: Under this transition scenario, there is sustained and coordinated collective action, with emissions reductions meeting the required levels to keep global average temperature increases to below 1.5°C by 2100. There is a lower likelihood of severe climate-change-related weather events, but potential impact from the climate change policies implemented globally to align to the 1.5°C warming pathway. • **Scenario 2 –** "Business as Usual"[2]: Under this scenario, there is inadequate action to limit greenhouse gas emissions and modelling reflects a world where increasing concentrations of CO_2 puts global average temperature increases on a trajectory towards 4°C by 2100. There is no further climate policy intervention, but increased risk of physical impacts due to the increased severity and frequency of climate-change-related weather events.
Stage 5 **Risk and opportunity assessment.**	For physical risks and for transition risks related to price analysis and regulatory changes the Group performed a quantitative assessment of individual key risks under two scenarios, with support from external advisers. For physical risks, the Group considered acute physical risks (coastal inundation, extreme wind, extreme heat, riverine and surface water flooding and forest fires) across its UK and Netherlands operations. The Group also performed site-specific analysis on its Guernsey manufacturing site. Potential physical impacts were assessed through two metrics, site damage (the potential impact of hazards on site infrastructure) and business interruption (the potential revenue loss associated with hazards). For transition risks related to price analysis and regulatory change, these were analysed using climate scenario modelling to assess the potential financial impact in both the Paris Aligned and the Business as Usual scenarios. For transition risks related to the path to decarbonisation, and for climate opportunities, we have performed a qualitative assessment of risk and impact, using available internal data and external literature. Each risk has been classified as either High (>10% impact on Group Adjusted EBITDA), Medium (>5% <=10% impact on Group Adjusted EBITDA) or Low (<=5% impact on Group Adjusted EBITDA) for each time horizon. Decisions on how we mitigate, control or accept risks are made in accordance with the procedures in our overall risk management framework as set out on pages 56 to 61.
Stage 6 **Board approval.**	The FY22 climate risk assessment has been approved by the Board based on recommendation from the Audit Committee.
Stage 7 **Future operationalisation.**	Going forward, climate risk management will be embedded within the Group's risk management framework. A climate risk register will be maintained by the Group Leadership Team, presented for review by the Audit Committee twice annually and recommended to the Board for approval.

Metrics, targets, and transition planning

The Group's current climate-related metrics and targets are Scope 1 and Scope 2 GHG emissions. For FY23, the Board has set a goal for the Group to improve the accuracy with which indirect emissions can be measured and to set a Scope 3 reduction target. During FY23, the Group intends to implement additional climate-related metrics, which we intend will be aligned with strategy and risk management goals and (as per the guidance provided by the TCFD) will be decision-useful, clear and understandable, reliable, verifiable and objective and consistent over time.

Whilst the Group has made a validated commitment to net zero operational emissions, it does not currently have a formal transition plan in place. Considering that most of the GHG emissions generated in connection with the Group's activities are indirect, the Board considers that it will not be possible to implement a transition plan that is consistent with TCFD guidance[3] (in particular, the requirement that a transition plan should be "anchored in quantitative elements") until the Group is in a position to accurately measure and set targets for Scope 3 emissions.

1 The Representative Concentration Pathway RCP 2.6, a trajectory for greenhouse gas concentration adopted by the Intergovernmental Panel on Climate Change.
2 The Representative Concentration Pathway RCP 8.5, a trajectory for greenhouse gas concentration adopted by the Intergovernmental Panel on Climate Change.
3 "Guidance on Metrics, Targets, and Transition Plans", TCFD, October 2021.

Climate strategy

Impact on the business, strategy and financial planning

The Group Leadership Team is responsible for overseeing operational delivery against the Group's climate-related commitments. Cross-functional working groups are in place, delivering against all areas of our ESG strategy (including climate-related goals) with support from the Group's dedicated ESG function.

Whilst the Group is not currently able to perform comprehensive, quantitative scenario analysis (which would require accurate data on Scope 3 emissions), the Group has performed an assessment of the individual risks and opportunities which indicates that the potential impact of all specific risks is low in the short and medium-term.

In the Paris Aligned scenario, there are climate-related risks that might have an impact in the long term, as follows: (R3) the risk that consumer preferences might change in future in ways that could cause a reduction in demand for the Group's product offering; and (R4) the risk that a failure of the Group's suppliers to decarbonise at sufficient speed might impact the Group's reputation with consumers. Our view on these risks is tentative, as they are based on unprovable hypotheses relating to potential future changes in societal attitudes, in addition to factors that are under the Group's control. The Group's development work relating to digital gifting solutions, including the acceleration of strategic progress in this area resulting from the proposed acquisition of Buyagift, represents potential mitigation of these risks.

Overall, the Board's view is that the resilience of the organisation's strategy is high, taking into consideration the different climate scenarios that we have selected and considered.

Primary climate-related opportunities

Opportunity	Potential impact	Next steps
Opportunity 1 **Increased usage of renewable energy; on-site solar generation**	The cost of energy from traditional sources is expected to rise due to the transition to a low carbon economy, causing a relative fall in costs for renewable energy. Shifting to 100% renewable energy could enable the Group to take advantage of cheaper power and lower its Scope 2 emissions.	• From November 2021 all the Group's UK and Netherlands electricity supply was 100% renewable. • In FY23 we plan to open two new fulfilment sites. The UK facility is rated as "BREEAM Excellent". The Netherlands facility is on a district heating system and has been retrofitted to improve its environmental, social and economic sustainability in line with best practice.
Opportunity 2 **Decarbonisation of distribution**	The UK and EU are committing to reduce emissions across forms of transport leading to an increase in adoption of electric vehicles. This may provide an opportunity for the Group to decarbonise its distribution channels more easily.	• The Group intends to continue to work with its delivery partners, especially those that do not have publicly available reduction targets and understand their appetite for setting emissions reduction targets.
Opportunity 3 **Lower carbon product portfolio; sustainable paper packaging**	Changes in consumer habits might provide opportunities to capitalise on a growing market for sustainable or zero-carbon gifting.	• Recent action taken to ensure substantially all card, envelopes and packaging are from sustainable sources reduces the likelihood of deforestation in the supply chain and associated emissions. • The Group plans to continue its existing work on the development of its digital gifting proposition. Progress in this area will be accelerated by the proposed acquisition of Buyagift.
Opportunity 4 **Increased consumer demand for recycled content**	In the Paris Aligned scenario, greater demand for circularity is expected. There may be opportunities to take advantage of this trend by improving the prominence of labelling and recycling instructions.	• The Group plans to engage with suppliers to increase the quality of labelling and recycling instruction on products and investigate opportunities to increase the level of recycled content in its products where possible.
Opportunity 5 **Reforesting initiatives**	By meeting its reforesting goal (see page 30), the Group can improve its reputation amongst consumers. These initiatives will also help provide positive examples for future Taskforce on Nature-related Financial Disclosure ("TNFD") requirements.	• We intend to raise the profile of our "Forest Positive" status in consumer marketing at both Moonpig and Greetz. • TNFD aims to establish and promote integrating a risk management and disclosure framework to promote global consistency in nature-related reporting. The Group intends to ensure they stay up to date with TNFD announcements to align future actions with disclosure requirements.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Primary climate-related risks

TCFD category	Risk	Potential impact
Physical (acute and chronic)	R1 Operational sites and distribution exposure to physical risks	An increase in the frequency and severity of extreme weather conditions could result in damage and/or interruption to manufacturing and distribution facilities. Third-party analysis suggests coastal inundation is likely the most significant hazard in both scenarios. The highest levels of exposure relate to the Group's Guernsey operations. Levels of impact for the Group's Dutch operations are low within the time horizons considered by our assessment, owing to strong coastal defences in the Netherlands. Coastal inundation is a risk for the UK mainland; however, the Group's key in-house and outsourced facilities are either located inland (Tamworth, Milton Keynes, Northampton) or in locations not expected to be at risk of inundation prior to 2050 in a Business as Usual scenario (Sleaford).
Policy and legal	R2 Carbon tax and pricing mechanisms in a Paris Aligned scenario	Carbon taxation is assumed to be the primary lever by which governments around the globe will incentivise decarbonisation. Increases to carbon tariffs could lead to additional operational costs, through direct carbon costs on Scope 1 and 2 emissions or indirectly through increased input costs from suppliers (Scope 3). Quantification of potential future liabilities for Scope 1 and 2 emissions show the financial impact to the Group is not expected to be significant out to 2050 even if the Group fails to meet decarbonisation goals (less than £2m EBITDA impact in a Business as Usual scenario). The Group is in the process of implementing systems and procedures for measuring Scope 3 emissions to assess exposure.
Market	R3 Potential future consumer preference changes in a Paris Aligned scenario	Shifts in consumption habits are expected to be a prerequisite for the transition to a low-carbon economy and limiting global warming to 1.5°C. In the Paris Aligned scenario, there is a possibility that consumer preferences might change in future in ways that could reduce demand for the Group's product offering. Given that pulpwood is a very small proportion of the Group's value chain, this would require continued high carbon emissions in other services consumed by the Group, for instance postal services. Should transition not be achieved in the relevant industry sectors, then there may be an impact over the long term.
Technology	R4 Future failure of suppliers to decarbonise in a Paris Aligned scenario	A future failure of the Group's suppliers to decarbonise at sufficient speed and scale could impact the Group's reputation with consumers leading to a fall in demand in the long term. Decarbonising the Group's product offering in a 1.5°C scenario will be dependent on efforts by third-party suppliers. The Group is not yet able to map Scope 3 emissions by supplier. Note that paper products are only a small proportion of the Group's value chain, hence our expectation is that the primary sources of indirect emissions will lie elsewhere.

Note: Red, Amber, Green ("RAG") ratings are based on financial impact, with each risk classified as either High (>10% impact on Group Adjusted EBITDA), Medium (>5% <=10% impact on Group Adjusted EBITDA) or Low (<=5% impact on Group Adjusted EBITDA) within each time horizon.

Potential mitigation	Post-mitigation impact assessment			
		Short term	Medium term	Long term
• The Group has significant flexibility in its production network, which would enable it to mitigate business interruptions by shifting production to unaffected sites. The Group temporarily rerouted Guernsey volumes to different sites during periods of 2020 and 2021 when lockdown restrictions imposed by the States of Guernsey significantly limited production capacity at the site. • The Group will consider coastal flood risk when considering future changes to the Group's operational network, making site-specific assessments at the appropriate time.	1.5°C	Low	Low	Low
	4.0°C	Low	Low	Low
• Successful implementation of the Group's Scope 1 and 2 emissions reduction goals would mitigate any increase in direct carbon costs. • Implementation of systems and process to enable the measurement of Scope 3 emissions is an area of management focus during FY23. Once this is in place, the Group will be able to further influence the mitigation of these emissions by engaging with suppliers to understand their transition plans.	1.5°C	Low	Low	Low
	4.0°C	N/A	N/A	N/A
• By meeting its decarbonisation goals, the Group should lower the emissions intensity of its product offering. • The Group intends to continue its existing work on the development of its digital gifting proposition. Progress in this area will be accelerated by the proposed acquisition of Buyagift.	1.5°C	Low	Low	Medium
	4.0°C	N/A	N/A	N/A
• Discuss decarbonisation plans with key suppliers, to understand the emissions trajectory and plans for technology implementation.	1.5°C	Low	Low	Medium
	4.0°C	N/A	N/A	N/A

Environmental, social and governance continued

Our people

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

Training and development

The Group's people are critical to the delivery of its strategy. We invest in both formal and informal delivery of learning and development, and recorded 890 hours of formal learning in FY22.

Reward and pay

We pay all employees in the UK and Guernsey at or above both the legal minimum wage (National Living Wage) and the Real Living Wage as defined by the Living Wage Foundation[1]. In the Netherlands we pay at or above the legal minimum wage (Minimumloon). There is a Works Council in place at Greetz.

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

Gender and ethnicity data - leadership

As at 30 April 2022	Male	Female	Total	% Female	Non-minority ethnic[5]	Minority ethnic[5]	Total	% Minority ethnic[5]	Non-ethnic minority male[5]	Women & ethnic minority[5]	Total[5]	% Women & ethnic minority[5]
Board[1]	5	2	7	29%	6	1	7	14%	4	3	7	43%
Group Leadership[2]	5	2	7	29%	5	2	7	29%	4	3	7	43%
Extended Leadership[3]	14	11	25	44%	21	4	25	16%	11	14	25	56%
Combined Leadership Team[4]	21	13	34	38%	27	7	34	21%	16	18	34	53%
As at 30 April 2021												
Board[1]	5	2	7	29%	6	1	7	14%	4	3	7	43%
Group Leadership[2]	5	2	7	29%	5	2	7	29%	4	3	7	43%
Extended Leadership[3]	19	10	29	34%	24	5	29	17%	16	13	29	45%
Combined Leadership Team[4]	26	12	38	32%	30	8	38	21%	21	17	38	45%

Gender representation – whole business

	As at 30 April 2022				As at 30 April 2021			
	Male	Female	Total	% Female	Male	Female	Total	% Female
Board	5	2	7	29%	5	2	7	29%
Group Leadership[2]	5	2	7	29%	5	2	7	29%
Extended Leadership[3]	14	11	25	44%	19	10	29	34%
Total Group	**237**	**243**	**480**	**51%**	**208**	**211**	**419**	**50%**

1 Includes Executive Directors. All Board members have British nationality.

2 Comprises the GLT excluding Executive Directors.

3 Comprises direct reports to the Group Leadership Team who are also members of the Extended Leadership Team.

4 Comprises the Group Leadership, Extended Leadership and the Executive Directors.

5 Ethnicity is special category data under Data Protection legislation and is therefore not collected and held for all employees. Data has been collected on the basis of explicit consent for the purposes of monitoring racial and ethnic diversity at senior levels. In any instance where a relevant employee has not consented to the collection of data, they are counted in the denominator but not the numerator for the percentage representation KPIs.

Gender pay

The UK Government requires all legal entities with 250 or more employees to annually disclose their gender pay gap. The gender pay gap is not the same thing as equal pay. Equal pay relates to men and women performing the same job but being paid differently, whereas the gender pay gap looks across all jobs at all levels within an organisation. Companies are required to disclose the median gender pay gap, and the mean gender pay gap, based on an annual "snapshot" of the employee population on 5 April.

Environmental, social and governance continued

Our people continued

This is the Group's inaugural gender pay gap disclosure. We are pleased that the gender pay gap has narrowed year-on-year, on all measures, both for Moonpig.com Limited and for Moonpig Group as a whole. This reflects the work that we have done to recruit new female talent into the Extended Leadership Team, together with continued progress in raising female representation in technology roles.

The gender pay gap at 30 April 2022 is largely due to relative under-representation of women in our technology function (which reflects the wider societal challenge of female under-representation in technical roles), together with the current gender composition of the Group Leadership Team.

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

Substantially all Moonpig Group employees participate in an annual bonus scheme, with payments made in July. The figures for the proportion of employees receiving a bonus (including the differences between male and female employees) simply reflect the fact that as at the snapshot date, employees hired during FY22 had not yet had their first annual bonus payment opportunity. This is especially the case during a period when the Group has expanded its number of employees.

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

	April 2022		April 2021		YoY	
	Female	Male	Female	Male	Female	Male
Moonpig Group	**50.1%**	**49.9%**	48.3%	51.7%	1.8%	-1.8%
Moonpig.com Limited	**47.8%**	**52.2%**	45.9%	54.1%	1.9%	-1.9%

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

		April 2022		April 2021		YoY	
		Mean	Median	Mean	Median	Mean	Median
Moonpig Group	Hourly rate	**29.7%**	**32.4%**	35.2%	43.8%	-5.5%	-11.4%
	Bonus rate	**45.8%**	**46.1%**	53.5%	59.5%	-7.7%	-13.4%
Moonpig.com Limited	Hourly rate	**26.9%**	**30.6%**	27.5%	44.6%	-0.6%	-14.0%
	Bonus rate	**44.8%**	**45.8%**	51.4%	52.4%	-6.6%	-6.6%

Proportion of male and female employees receiving a bonus:

	April 2022		April 2021		YoY	
	Female	Male	Female	Male	Female	Male
Moonpig Group	**63.5%**	**63.8%**	62.4%	75.5%	1.1%	-11.7%
Moonpig.com Limited	**58.2%**	**57.1%**	86.8%	88.0%	-28.6%	-30.9%

The proportion of women and men in each payroll quartile:

		2022				2021			
		Upper quartile	Upper middle quartile	Lower middle quartile	Lower quartile	Upper quartile	Upper middle quartile	Lower middle quartile	Lower quartile
Moonpig Group	Female	**30.2%**	**48.3%**	**56.9%**	**65.0%**	22.8%	52.5%	66.7%	64.7%
	Male	**69.8%**	**51.7%**	**43.1%**	**35.0%**	77.2%	47.5%	33.3%	35.3%
Moonpig.com Limited	Female	**27.4%**	**37.8%**	**51.4%**	**74.3%**	21.1%	31.0%	51.7%	79.3%
	Male	**72.6%**	**62.2%**	**48.6%**	**25.7%**	78.9%	69.0%	48.3%	20.7%

Our communities

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

Corporate citizenship and philanthropy

Through the Moonpig Group Foundation, we support initiatives that create connections and spark moments of joy in our communities. We have several mechanisms in place to facilitate employee engagement and involvement with our charitable partners. Through the Moonpig Group Foundation our employees have access to matched funding and payroll giving to increase the value of their donations.

We encourage our highly skilled and motivated workforce to volunteer for causes, allowing paid time off for our employees to do so.

The Moonpig Group Foundation is an account within the CAF, a donor-advised fund and Registered Charity (Number 268369). Governance of the charity itself is provided by the trustees of the CAF. Giving requests to the Moonpig Group Foundation are managed internally by a committee that is chaired by the CEO.

Alcohol sales

We are aware that some investors require visibility of exposure to alcohol sales. The proportion of revenue generated from alcohol products during FY22 was 6.5% (FY21: 6.7%). We expect this percentage to be lower in future years, reflecting the proposed acquisition of Buyagift as well as the ongoing broadening of the Group's gifting range.

Kick starting careers in tech through apprenticeships

During FY22 we launched an apprenticeship scheme focused on people wanting to change careers into technology roles. Moonpig apprentices get hands-on experience and training to develop their coding skills and secure a career in technology. We ensure that a wide range of candidates can participate. Apprenticeships benefit the community, are a source of new technology talent for our growing business and we intend to expand the programme in future periods.

Inspiring young women to join the technology sector

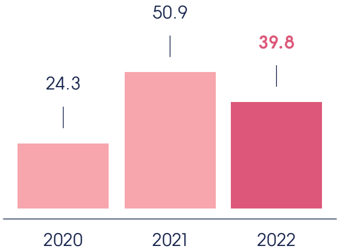
We have partnered with Stemettes, a registered charity that works to encourage young women and non-binary individuals in the early stages of their careers in technology. At regular interactive workshops, held in our London office, participants learn to code and female Moonpig leaders take participants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

Key performance indicators

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

Total orders
(m)

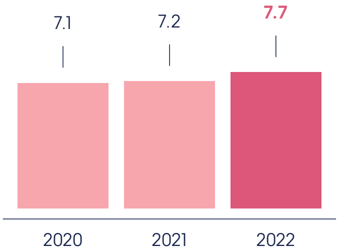
39.8m



Total orders increased by 63.6% on a two-year basis to 39.8m in FY22. This was driven by an uplift in the number of newly acquired customers and by increased rates of customer purchase frequency. The year-on-year reduction of 21.9% reflects emergence from lockdown.

Average order value ("AOV")
(£)

£7.7

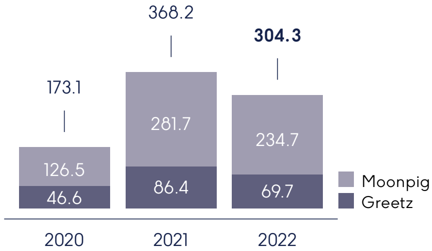


Average order value increased by 7.4% on a two-year basis to £7.7, driven by growth in attached gifting, offset in part by promotional activity to drive customer behaviours that align with higher retention and frequency (e.g. reminder setting, app downloads).

At Moonpig, we expect this activity to continue but not increase in FY23. In the Netherlands, we expect to commence a similar programme to incentivise customer transition to the app, following completion of the migration of Greetz to the Group's technology platform.

Revenue
(£m)

£304.3m

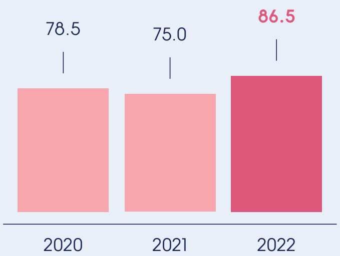


Group revenue increased by 75.8% on a two-year basis to £304.3m. The higher rate of growth at Moonpig (85.5%) compared to Greetz (49.5%) reflects the benefits from our technology and data platform. We expect to migrate Greetz to this platform by end of calendar year 2022.

The 17.3% year-on-year reduction in Group revenue reflects lower orders as customer behaviour has normalised in stages during FY22, offset in part by higher AOV.

Existing customer mix
(% Total revenue)

86.5%

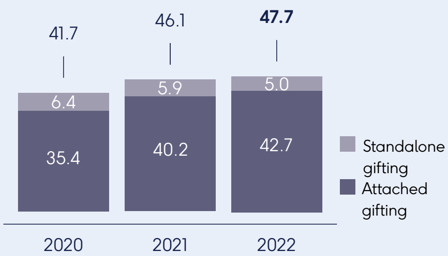


Existing customer share of revenue was 86.5%, higher than run-rate due to successful retention of customers acquired during FY21, when new customer numbers were particularly high.

Existing customer share has historically remained relatively consistent at around four customers in every five. The temporary reduction in FY21 was a consequence of the very large cohort of new customers acquired during that year.

Gifting revenue mix
(% Total revenue)

47.7%

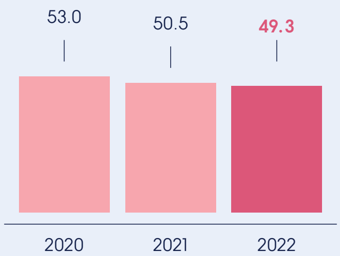


Gifting revenue mix increased to 47.7% of total revenue, reflecting ongoing work to broaden the merchandise range, optimise digital user experience and better leverage data and algorithms to produce more personalised gifting recommendations.

This is an established multi-year trend reflecting successful execution against the Group's strategy to become the ultimate gifting companion.

Gross margin rate
(% Total revenue)

49.3%

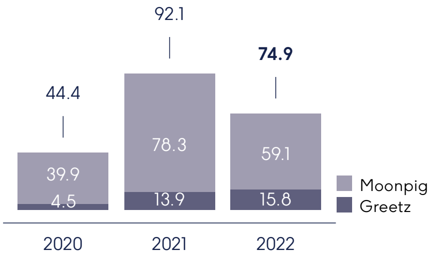


Group gross margin rate decreased from 50.5% in FY21 to 49.3% in FY22. This was driven by the Moonpig segment and reflects growth in attached gifting mix at below-average gross margin rate. This was offset by an improvement in gross margin rate in Greetz as a consequence of a shift in strategic focus to prioritise growth in cards, improved promotional discipline and operational efficiency.

Gross margin rate is likely to continue to trend down as the Group delivers on its strategy to drive gift attachment. Growth in attached gifting sales drives incremental absolute gross profit with nil marketing costs and does not dilute the Group's Adjusted EBITDA margin rate.

Adjusted EBITDA
(£m)

£74.9m

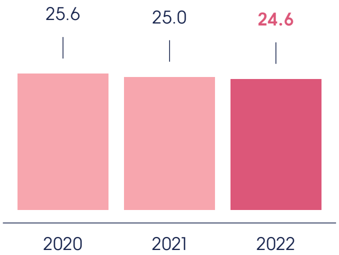


Adjusted EBITDA is profit before tax, interest, depreciation, amortisation, Legacy Incentive costs, M&A transaction costs, charges or credits relating to the Greetz pension provision and associated indemnity asset, Initial Public Offering ("IPO") related transaction costs and restructuring and other costs. Refer to the comments on Alternative Performance Measures in the Chief Financial Officer's Review on pages 51 to 52.

Adjusted EBITDA increased by 68.6% on a two-year basis to £74.9m, but reduced year-on-year. The year-on-year reduction in Adjusted EBITDA reflects annualisation against significant free organic customer acquisition in the early months of FY21 and the gradual normalisation of customer purchase frequency during FY22.

Adjusted EBITDA margin
(% Total revenue)

24.6%



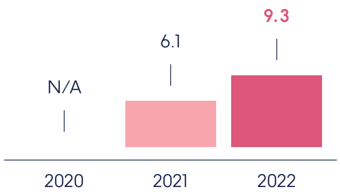
Group Adjusted EBITDA margin rate was 24.6%. Our business model means that Adjusted EBITDA is relatively controllable and we intend to continue to invest where we see opportunities to drive long-term growth.

Moonpig Adjusted EBITDA margin rate decreased by 2.6% to 25.2%, reflecting the operational leverage impact from lower revenue together with intentional investment in the Group's technology platform, in the Group's operations network and in promotional activity to drive app downloads and reminder setting.

Greetz's Adjusted EBITDA margin increased to 22.7% (FY21: 16.0%), reflecting delivery of our card-first strategy. We expect Greetz's Adjusted EBITDA margin to soften in FY23 as we focus on incentivising customers to transition to the new app following the migration of Greetz onto the Group technology platform.

Basic earnings per share
(p)

9.3p

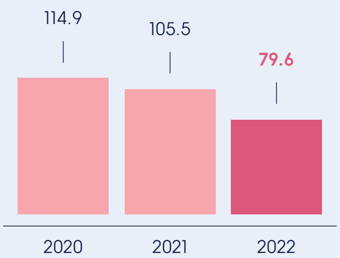


Basic earnings per share increased by 52.5% year-on-year to 9.3p in FY22, reflecting the non-recurrence of costs associated with the IPO in FY21.

This key performance indicator is not available on a comparable basis for FY20 and prior periods as these pre-dated the incorporation of the Company on 23 December 2020 and its acquisition of the Group as part of the pre-IPO reorganisation on 1 February 2021.

Operating cash conversion
(%)

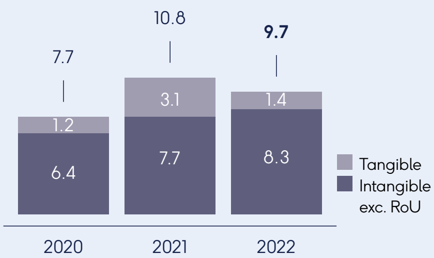
79.6%



Operating cash conversion decreased year-on-year to 79.6%. The FY22 percentage is atypically low as it reflects the unwind of the large trade payables balance as at 30 April 2021 that resulted from elevated trading volumes in lockdown and high marketing spend in the final months of FY21. Trade payables decreased by £10.8m and this impacted operating cash conversion by 14.2% pts.

Capital expenditure
(£m)

£9.7m

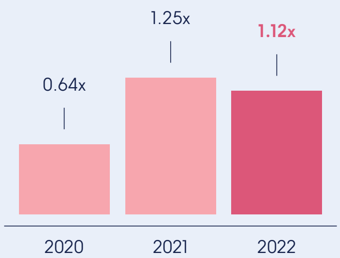


Capital expenditure comprises the recognition of acquired tangible fixed assets and internally generated intangible assets. It excludes right-of-use assets recognised in accordance with IFRS16.

Capital expenditure decreased by 9.9% to £9.7m. We expect capital expenditure to increase in FY23 as a result of investment in the fit-out of a new production site in mainland UK, together with continued growth in investment in the Group's software engineering teams.

Net debt to Adjusted EBITDA
(Ratio)

1.12x



Actual net debt to Adjusted EBITDA at April 2022 was 1.12x. It remained significantly below the 2.0x net leverage commitment made at IPO notwithstanding the year-on-year reduction in Adjusted EBITDA. This reflects the Group's strong trading performance and cash flow generation.

The ratio of net debt to Adjusted EBITDA at April 2020 relates to a predecessor ownership structure.

Note: In addition to the above, specific environmental and employee KPIs are set out in the ESG section on pages 28 to 45.

Chief Financial Officer's review

"We have delivered a strong set of financial results and remain confident in the outlook for trading in the year ahead."

Overview

The Group delivered strong trading performance during FY22, confirming the transformation in scale of our business across the last two years. Retention rates for cohorts of customers that were acquired during lockdown are in line with those historically observed for previous cohorts; we continue to acquire new customers at a higher monthly run rate than before the lockdown; and a higher proportion of our customers attached a gift to their card orders than in any previous year.

Our proprietary data platform, which has been designed to drive a virtuous cycle of strong customer retention and lifetime value, has enabled us to increase our share of the online single greeting cards market in the UK from 60% in 2019 to 68% in calendar year 2021, and in the Netherlands from 65% in 2019 to 67% in 2021[1]. We are the clear online leader in both of our core markets, and the distance between the Group and our nearest competitors has continued to widen.

We have invested to further strengthen our data-driven competitive advantages, for instance increasing the proportion of orders placed on the app, accelerating the setting of customer reminders and continuing to improve our algorithms and online user experience. Alongside this, we have materially expanded our range and service offering and invested in marketing to underpin awareness for both of our leading brands.

We remain confident in the outlook for the year ahead, as the loyalty of the Group's customer relationships drives recurring revenue from each annual customer cohort and greeting cards have historically demonstrated very high resilience to economic recession. We expect gifting in general to be more resilient than consumers spending on themselves, and in the current economic environment we will ensure our range continues to reflect changing consumer needs. Our relatively low price points, and exposure to special occasion purchase patterns supporting this durability.

1 Source: OC&C, June 2022. Data for 2019 has been updated for additional public disclosure by competitors since the OC&C report produced in December 2020 in connection with Admission. UK Other Specialists include Card Factory, Thortful, TouchNote, Clintons, Paperchase, Hallmark, Boomf and Papier. Chart excludes non-card specialists which accounted for £28m of the £239m total online segment in 2020. For the Netherlands, the market share of the three largest online specialist greeting cards operators (c. 65% of the total online cards market).

Financial performance

	Year ended 30 April 2022	Year ended 30 April 2021	Year ended 30 April 2020	FY22 Year-on-year %	FY22 Two-year growth %[3]
Revenue £m	304.3	368.2	173.1	(17.3%)	75.8%
Gross profit £m	150.1	186.0	91.7	(19.3%)	63.7%
Gross margin %	49.3%	50.5%	53.0%	(1.2%pts)	(3.6%pts)
Adjusted EBITDA £m[1]	74.9	92.1	44.4	(18.7%)	68.6%
Adjusted EBITDA margin %[1]	24.6%	25.0%	25.6%	(0.4%pts)	(1.0%pts)
Reported profit before tax £m	40.0	32.9	31.8	21.6%	25.8%
Adjusted profit before tax £m[1]	51.5	74.6	33.2	(30.9%)	55.2%
Earnings per share – basic (pence)[2]	9.3p	6.1p	n/a	52.5%	n/a
Earnings per share – diluted (pence)[2]	9.1p	6.0p	n/a	51.6%	n/a

1 Before adjusting items of £11.6m in FY22 and £41.7m in FY21. See definition of Alternative Performance Measures on pages 51 and 52.

2 Earnings per share not disclosed for periods arising prior to the Group's formation as a result of the pre-IPO reorganisation in February 2021.

3 Two-year growth rates have been included to contextualise the short-term effect of Covid-19 upon trading.

The Group delivered revenue of £304.3m in FY22, representing growth of 75.8% compared to FY20. This step-change in scale across two years has been driven by an uplift in the size of the Group's customer base, an increase in the average number of orders per customer, and growth in the proportion of orders with an attached gift. Revenue decreased by 17.3% year-on-year, reflecting annualisation against periods of severe lockdown restrictions during FY21, but was ahead of our expectations at the beginning of the financial year.

The two-year reduction in gross margin rate of 3.6%pts primarily reflects the implementation from FY21 onwards of discretionary promotional activity within the Moonpig segment to drive app downloads and reminder setting. Promotional activity has low efficacy for driving incremental orders because of existing high purchase intent for greeting card orders, however it is a lever for driving changes in customer behaviour.

The year-on-year reduction in gross margin rate reflects the category mix impact of higher gifting sales, driven by the continued successful execution of our strategy of cross-selling gifts during the greeting card purchase journey. Although attached gifting sales are at a lower-than-average gross margin rate, they are in general not dilutive to Adjusted EBITDA margin rate as there is negligible incremental marketing cost.

Gross margin rate has not been materially impacted by cost inflation, either for greeting cards or gifts. There has been an increase in shipping costs, however this has been mitigated (as in previous years) by the announcement of higher stamp prices by the UK regulated postal service, which has been passed on to customers.

Adjusted EBITDA was £74.9m (FY21: £92.1m), with an Adjusted EBITDA margin rate of 24.6%. Reported profit before tax was £40.0m (FY21: £32.9m) with the year-on-year increase driven by non-recurrence of both IPO related transaction costs and a one-off share based payment charge that arose in December 2020 prior to Admission in connection with the reorganisation of the share option scheme operated by the Group's predecessor parent undertaking.

Orders and Average Order Value ("AOV")

	Year ended 30 April 2022	Year ended 30 April 2021	Year ended 30 April 2020	FY22 Year-on-year %	FY22 Two-year growth %
Orders (m)	39.8	50.9	24.3	(21.9%)	63.6%
AOV £ per order	£7.7	£7.2	£7.1	5.9%	7.4%
Group revenue £m	304.3	368.2	173.1	(17.3%)	75.8%

The Group delivered 39.8m total orders in the year to 30 April 2022, which was 63.6% higher than in the year to 30 April 2020 and down by 21.9% versus prior year.

Average order value increased by 5.9% year-on-year, driven by continued growth in attached gifting. The two-year growth rate of 7.4% is impacted by the implementation from FY21 onwards of promotional incentives to accelerate the delivery of strategic objectives including the migration of Moonpig customers from web to app and customer reminder setting; this activity continued in FY22, annualising part-way through the year.

Chief Financial Officer's review continued

Gifting mix of revenue %

	Year ended 30 April 2022	Year ended 30 April 2021	Year ended 30 April 2020	FY22 Year-on-year %	FY22 Two-year growth %
Attached gifting % of total revenue	42.7%	40.2%	35.4%	2.5%pts	7.3%pts
Standalone gifting % of total revenue	5.0%	5.9%	6.4%	(0.9%pts)	(1.3%pts)
Total gifting % of total revenue	47.7%	46.1%	41.7%	1.6%pts	6.0%pts

Total gifting mix of revenue has increased from 41.7% in FY20, to 46.1% in FY21 and 47.7% in FY22. This established multi-year progression reflects successful execution against the Group's strategy to grow attached gifting. It has been driven by the ongoing evolution of our recommendation algorithms, by enhancements to on-site search and navigation that increase the opportunities for attaching a gift across the customer journey and by the continued improvement of our gifting merchandise range.

Revenue

	Year ended 30 April 2022	Year ended 30 April 2021	Year ended 30 April 2020	FY22 Year-on-year %	FY22 Two-year growth %
Moonpig £m	234.7	281.7	126.5	(16.7%)	85.5%
Greetz £m	69.7	86.4	46.6	(19.4%)	49.5%
Group revenue £m	304.3	368.2	173.1	(17.3%)	75.8%

Group revenue increased by 75.8% on a two-year basis, with the two-year growth rate at Moonpig of 85.5% higher than that at Greetz of 49.5% reflecting the significant investment in the Moonpig technology platform across the last four years. Greetz will be migrated to this technology platform by the end of calendar year 2022. The year-on-year decrease in Group revenue of 17.3% reflects annualisation against periods of severe lockdown restrictions in both the UK and the Netherlands.

Gross margin rate %

	Year ended 30 April 2022	Year ended 30 April 2021	Year ended 30 April 2020	FY22 Year-on-year %	FY22 Two-year growth %
Moonpig	49.5%	51.9%	56.3%	(2.4%pts)	(6.8%pts)
Greetz	48.9%	46.2%	43.9%	2.7%pts	5.0%pts
Group gross margin rate %	49.3%	50.5%	53.0%	(1.2%pts)	(3.6%pts)

The two-year reduction in the Moonpig segment's gross margin rate of 6.8%pts reflects the implementation from FY21 onwards of discretionary and controllable promotional activity within the Moonpig segment to drive app downloads and reminder setting. Price promotions have low efficacy for driving incremental orders because of existing high purchase intent for greeting card orders, however they are a lever for driving changes in customer behaviour. The one-year reduction reflects the mix impact from higher sales of attached gifting.

At Greetz, gross margin rate has strengthened on both a one-year basis (2.7%pts) and a two-year basis (5.0%pts), converging towards the gross margin rate of Moonpig. This reflects the ongoing alignment of Greetz towards the Group's card-first strategy together with delivery of operational efficiencies.

At both Moonpig and Greetz, gross margin rate has not been materially impacted by cost inflation.

Adjusted EBITDA margin %

	Year ended 30 April 2022	Year ended 30 April 2021	Year ended 30 April 2020	FY22 Year-on-year %	FY22 Two-year growth %
Moonpig	25.2%	27.8%	31.5%	(2.6%pts)	(6.4%pts)
Greetz	22.7%	16.0%	9.6%	6.7%pts	13.1%pts
Group	24.6%	25.0%	25.6%	(0.4%pts)	(1.0%pts)

Since Admission, the Group has operated to a medium-term target for Adjusted EBITDA margin rate[1] of approximately 24% to 25%. Operating leverage is an inherent characteristic of the Group's business model; however, management's view is that the Adjusted EBITDA margin rate upside that would otherwise arise as the business increases in scale should be reinvested to underpin future revenue growth. The Group's overall margins remain resilient, and the Group's FY22 Adjusted EBITDA margin rate of 24.6% was consistent with the medium-term target range. Going forward, this medium-term target range has been raised to between approximately 25% and 26% in view of the proposed acquisition of Buyagift.

1 See definition of Alternative Performance Measures on next page.

At the Moonpig segment, Adjusted EBITDA margin rate decreased to 25.2% (FY21: 27.8%), reflecting the operational leverage impact from lower revenue together with intentional investment in the Group's technology platform, in the Group's operations, network and in promotional activity to drive app downloads and reminder setting.

At Greetz, Adjusted EBITDA margin rate increased to 22.7% (FY21: 16.0%) continuing the trend of increasing profitability. Greetz had a 15-year track record of negligible operating profit prior to its acquisition in August 2018, since which it has been transformed through the application of the Group's card-first strategy and operational playbook. Further opportunities for improvement in revenue growth and profitability will become available following migration onto the Group's technology platform, which remains on-schedule for completion by the end of calendar year 2022.

Operating leverage means that the phasing of Adjusted EBITDA margin rate within each year is impacted by revenue levels. In FY22, EBITDA margin rate was relatively consistent between the two halves of the year, in particular reflecting the temporary uplift in revenue during the first half of the year because of elevated customer purchase frequency during emergence from lockdown. Under the normalised trading conditions anticipated for FY23, we expect a return to the typical seasonality of Adjusted EBITDA margin rate, which will be weighted towards the second half of the year due to the timing of our peak trading periods.

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 Earnings Per Share ("EPS") measure.

£m	IFRS measures FY22 £m	Adjusted measures FY22 £m	IFRS measures FY21 £m	Adjusted measures FY21 £m	IFRS measures FY20 £m	Adjusted measures FY20 £m
Pre-IPO share-based payment charges		(7.0)		(27.1)		–
Pre-IPO bonus awards		(3.6)		(4.3)		–
M&A-related transaction costs		(0.9)		–		–
Remeasurement of Greetz pension indemnity		–		(1.8)		2.3
Greetz pension provision		–		2.1		(2.8)
IPO-related transaction costs		–		(10.6)		–
Other		–		–		(0.9)
Total Adjusting Items		(11.6)		(41.7)		(1.4)
Revenue	*304.3*	*304.3*	*368.2*	*368.2*	*173.1*	*173.1*
PAT	31.4	41.7	20.8	61.3	30.7	32.1
Taxation	*(8.5)*	*(9.9)*	*(12.1)*	*(13.3)*	*(1.1)*	*(1.1)*
PBT	40.0	51.5	32.9	74.6	31.8	33.2
PBT margin	13.1%	16.9%	8.9%	21.8%	19.1%	19.9%
Net interest	*9.0*	*9.0*	*5.8*	*5.8*	*1.3*	*1.3*
EBIT	48.9	60.5	38.7	80.4	33.1	34.5
EBIT margin	16.1%	19.9%	10.5%	21.8%	19.1%	19.9%
Depreciation and amortisation	*14.4*	*14.4*	*11.7*	*11.7*	*10.4*	*10.4*
EBITDA	63.3	74.9	50.4	92.1	43.5	44.4
EBITDA margin	20.8%	24.6%	13.7%	25.0%	25.1%	25.6%

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 £10.6m in FY22, and the expected future costs are £10.0m in FY23, £3.1m 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).

The Group now operates in a new environment. The Remuneration Policy approved at the 2021 AGM reflects the Group's listed company context, hence similar awards are not expected in future. Share-based payment charges arising 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 each of the APMs defined below.

Chief Financial Officer's review continued

Alternative Performance Measures continued

M&A-related transaction costs of £0.9m arising in FY22 comprise non-contingent advisers' fees incurred up to 30 April 2022 in connection with the proposed acquisition of Buyagift. If the acquisition completes as expected, the Group expects to incur further advisers' fees, stamp duty and other costs directly relating to the transaction in the region of approximately £5m in FY23.

Adjusting items associated with the Greetz pension case recognised in FY21 (both the provision for historical pension liabilities and the associated indemnification asset due from the sellers of Greetz) relate to the remeasurement of balances recognised in connection with an M&A transaction that are material, non-recurring and outside the ordinary course of business.

Costs arising in connection with the IPO have been isolated in recognition of the nature, infrequency and materiality of this capital markets transaction.

Restructuring and other costs in 2020 relate to the reorganisation of the Group's operating model in order to prepare the Group for Admission to the London Stock Exchange in 2021.

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

- Adjusted PAT is profit after tax, before Legacy Incentive costs, M&A transaction costs, charges or credits relating to the Greetz pension provision and associated indemnity asset, IPO transaction costs and restructuring and other costs.
- Adjusted PBT is profit before tax, before Legacy Incentive costs, M&A transaction costs, charges or credits relating to the Greetz pension provision and associated indemnity asset, IPO transaction costs and restructuring and other costs. Adjusted PBT margin is Adjusted PBT divided by total revenue.
- Adjusted EBIT is profit before tax, interest, Legacy Incentive costs, M&A transaction costs, charges or credits relating to the Greetz pension provision and associated indemnity asset, IPO transaction costs and restructuring and other costs. Adjusted EBIT margin is Adjusted EBIT divided by total revenue.
- Adjusted EBITDA is profit before tax, interest, depreciation, amortisation, Legacy Incentive costs, M&A transaction costs, charges or credits relating to the Greetz pension provision and associated indemnity asset, IPO transaction costs and restructuring and other costs. Adjusted EBITDA margin is Adjusted EBITDA divided by total revenue.

Depreciation and amortisation

Depreciation and amortisation increased to £14.4m (FY21: £11.7m), with the increase reflecting increased investment in the size of our technology team and accelerated amortisation of technology intangible assets arising upon their replacement.

Total depreciation and amortisation relating to the Group's existing business is expected to increase to between approximately £17.0m and £19.0m in FY23, reflecting the full-year impact of investment in technology development and the commencement of depreciation of fit-out costs and the right-of-use assets relating to the Group's new leasehold operational facilities.

Annualised depreciation and amortisation at Buyagift is expected to be approximately £2m in FY23. There may in addition be amortisation of acquired intangible assets (such as the customer list), once a valuation and purchase price allocation exercise has been performed following completion of the proposed acquisition.

Net finance expense

Net finance expense was £9.0m (FY21: £5.8m) comprising £7.6m relating to the Group's Senior Facilities Agreement, £0.7m relating to lease liabilities and £0.7m in respect of the monetary foreign exchange loss on a Euro-denominated intercompany loan balance (with the corresponding intercompany gain recognised as Other Comprehensive Income in accordance with IAS 21). The year-on-year increase reflects a full year of interest on the Senior Facilities Agreement, which was entered into on 7 January 2021 in connection with the Demerger.

Net finance expense is expected to increase in FY23 because of the proposed acquisition of Buyagift, which is expected to complete by the end of July 2022:

- In any half-year for which the Group's opening senior net leverage ratio is below 2.0x, the applicable annual margin over SONIA is 3.00% for the £175.0m term loan, 2.75% for the £20.0m original RCF and 2.50% for the proposed £60.0m additional RCF that has been committed by certain of the Group's existing lenders in connection with the proposed acquisition. A commitment fee equal to 35% of applicable margin is paid on an undrawn RCF.
- The Senior Facilities Agreement contains a margin ratchet, which means that the increase in net leverage associated with the proposed acquisition is expected to increase the applicable margin for all facilities by between 0.25% and 0.50% in the second half of FY23, dependent on the actual leverage position as at 31 October 2022; thereafter the combined Group is expected to de-leverage rapidly.
- Other expected interest expense in FY23 comprises amortisation of facility arrangement fees of approximately £2m per annum and a deemed interest charge on lease liabilities of approximately £1m.

Taxation

The Group tax charge was £8.5m (FY21: £12.1m), which represents an effective tax rate of 21.3% (FY21: 36.8%). The statutory rates of corporation tax that prevailed during the period were 19.0% in the UK and 25.0% in the Netherlands.

The FY21 effective tax rate was atypical as it reflected the non-deductible nature of the Legacy Incentives and IPO-related transaction costs, together with losses surrendered by way of group relief by entities formerly under common control which the Group utilised to offset its own taxable profits in accordance with prevailing tax regulations.

In FY23, it is likely that the Group's effective tax rate will decrease slightly, as the proportion of profits earned in the UK will increase following the proposed acquisition of Buyagift. The Group's effective tax rate is thereafter likely to rise as it will be impacted by the announced increase in the UK statutory rate of corporate tax from 19.0% to 25.0% with effect from 1 April 2023.

Profit Before Taxation ("PBT") and Earnings Per Share ("EPS")

Group PBT increased to £40.0m (FY21: £32.9m), driven by non-recurrence of both IPO related transaction costs and the one-off share-based payment charge that arose prior to Admission in December 2020 in connection with the reorganisation of the share option scheme operated by the Group's predecessor parent undertaking.

Basic EPS for FY22 was 9.3p based on the weighted average number of ordinary shares outstanding during the period of 342,112,621 less 3,076,329 shares subject to potential repurchase. After accounting for the effect of employee share arrangements, diluted earnings per share was 9.1p.

Adjusted basic EPS was 12.3p. Adjusted basic EPS adjusts for the impact of the Adjusting Items (as set under APMs).

Cash flow

Cash generated from operating activities of £63.9m in FY22 was lower than the £64.4m generated in FY21, reflecting lower Adjusted EBITDA, offset by lower levels of adjusting items, as detailed previously.

The Group operates to an inventory-light model with short supply chains. Inventory was £10.1m as at 30 April 2022, down from £14.9m as at 30 April 2021 when buffer inventory was held to allow for any supply chain disruption during the spring 2021 lockdown. We have seen no signs of supply chain disruption resulting from economic or geopolitical developments in 2022.

Trade and other payables decreased by £10.8m compared to the £29.7m increase in FY21, reflecting the unwind of the atypically high balances on 30 April 2021 which arose as a result of strong trading, investment in brand marketing and the build-up of buffer inventory referred to above.

The Group has an asset-light business model and most capital expenditure relates to software development. Capital expenditure decreased year-on-year to £9.7m (FY21: £10.8m) but is expected to increase in future as a result of ongoing additional technology investment and one-off investment to expand our operations footprint:

- Intangible capital expenditure on software development is expected to increase from £8.3m in FY22 to between approximately £13m and £15m in FY23. We have taken the decision to step-increase levels of technology investment and intend to maintain it at or above this level in future years. Once the Greetz technology platform migration has been completed, the engineers that have been dedicated to this project will be available to work on the development of revenue-generating and customer-focused new technology and data functionality to be deployed across both brands.
- Tangible capital expenditure is expected to be higher in FY23 at between approximately £11m and £13m because of expenditure incurred outside of the ordinary course on the fit-out of new operations facilities in Tamworth in the UK and Almere in the Netherlands. Annual tangible capital expenditure is then expected to reduce to below £2m in subsequent years.

The Tamworth lease commenced in February 2022 and resulted in the initial recognition of a £6.6m right-of-use asset in FY22. The Almere lease commenced in June 2022 and will result in the initial recognition of a £4.5m right-of-use asset in FY23. Both leases are for a ten-year term.

Net cash used in financing activities was an outflow of £9.3m (FY21: £14.9m inflow), comprising £6.5m of interest payments on the Group's Senior Facilities Agreement and £3.1m of lease repayments and lease interest. During FY22, there were no changes to utilisation of the £175.0m five-year term loan and the £20.0m five-year multi-currency RCF remained undrawn.

Chief Financial Officer's review continued

Adjusted Operating Cash Conversion

The Group's operating cash inflow was £59.6m (FY21: £97.2m inflow), representing Adjusted Operating Cash Conversion of 79.6% (FY21: 105.5%). The Group is cash generative and operating cash flow in each of the preceding three full financial years has been within the range of 90% to 115% (as set out in the FY21 Annual Report and Accounts). Adjusted Operating Cash Conversion was lower in FY22 because of the unwind of an atypically high trade and other payables balances at 30 April 2021, which is referred to above.

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.

	Year ended 30 April 2022 £m	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Profit before tax	40.0	32.9	31.8
Add back: Net finance costs	9.0	5.8	1.3
Add back: Adjusting items (excluding share-based payments)	4.5	14.6	1.4
Add back: Share-based payments	7.0	27.1	0.0
Add back: Depreciation and amortisation	14.4	11.7	9.9
Adjusted EBITDA	74.9	92.1	44.4
Less: Capital expenditure (fixed assets)	(9.7)	(10.8)	(7.7)
Adjust: Impact of share-based payments	0.7	–	–
Add back: (Increase)/decrease in inventories	4.8	(12.0)	(0.2)
Add back: (Increase)/decrease in trade and other receivables	(0.3)	(1.8)	(1.1)
Add back: Increase/(decrease) in trade and other payables	(10.8)	29.7	15.6
Operating cash flow	59.6	97.2	51.0
Adjusted operating cash conversion	80%	106%	115%
Add back: Capital expenditure (fixed assets)	9.7	10.8	7.7
Add back: Increase/(decrease) in debtors and creditors with undertakings formerly under common control	(0.4)	(3.1)	3.5
Less: Adjusting items (excluding share-based payments)	(4.5)	(14.6)	(1.4)
Less: Non-cash movement with undertakings formerly under common control	–	(25.4)	0.0
Less: Research and development tax credit	(0.5)	(0.5)	(0.3)
Cash generated from operating activities	63.9	64.4	61.0

Capital structure

Under the five-year Senior Facilities Agreement put in place on 7 January 2022, the Group's committed facilities comprise a Term Loan B of £175.0m and a RCF of £20.0m. Fees capitalised on the balance sheet as at 30 April 2022 were £4.8m (April 2021: £6.3m).

Net debt is a non-GAAP measure and is defined as total borrowings less cash and cash equivalents. Group net debt as at 30 April 2022 was £83.8m (April 2021: £115.1m), comprising total debt of £185.5m (April 2021: £181.1m) less cash and cash equivalents of £101.7m (April 2021: £66.0m). The year-on-year decrease in net debt reflects an increase in cash of £35.7m offset by an increase in lease liabilities of £3.3m as a result of the new UK lease commencing during the year (less the unwind of the existing leases in the year).

Actual net debt to Last Twelve Months Adjusted EBITDA as at 30 April 2022 was 1.12x (April 2021: 1.25x), based on Adjusted EBITDA of £74.9m, reflecting the Group's strong trading performance and cash flow generation.

Proposed acquisition of Buyagift

On 23 May 2022, the Group announced the proposed acquisition of the entire issued share capital of Buyagift for cash consideration of £124m. The Acquisition, which is expected to complete before the end of July 2022, will be funded through gross cash available on the Group's balance sheet and through £60.0m of additional RCF, which have been committed by certain existing lenders as an extension to the Group's existing Senior Facilities Agreement.

Following completion, the combined Group's pro forma net debt to Adjusted EBITDA as at 30 April 2022 would have been approximately 2.3x. We expect this leverage ratio to increase by approximately half a turn by 31 October 2022 (based on pro forma Adjusted EBITDA for the preceding twelve months) driven by working capital seasonality, after which the combined Group will de-leverage rapidly to below 2.0x by April 2023.

Looking forward, our capital allocation priority will remain organic investment to drive growth. We are, for instance, currently investing to enhance the flexibility and scalability of our operations footprint. We would consider further M&A opportunities, but only where value-accretive and complementary to both our strategy and our current financial model. The Company does not intend to pay dividends as the Group invests in growth. We intend to keep capital structure and dividend policy under review and may revise these from time to time.

Outlook

We are pleased with the start to the new financial year and remain confident in our existing expectations for Group trading in FY23. Considering the planned timing of deployment for revenue growth initiatives, we expect the rate of revenue growth for the Group's existing business to be higher in the second half of the year. Based on the anticipated completion of the acquisition of Buyagift by the end of July 2022, we expect revenue for the enlarged Moonpig Group in FY23 to be approximately £350m.

In the medium-term, we continue to target mid-teens percentage underlying revenue growth for the enlarged Group. Margin trends remain resilient in the near and medium term, and the proposed acquisition of Buyagift is expected to be margin accretive. In view of this, we have recently raised the Group's medium-term Adjusted EBITDA margin rate target to between approximately 25.0% and 26.0%.

Under the normalised trading conditions anticipated for FY23, we expect a return to the typical seasonality of Adjusted EBITDA margin rate, which will be weighted towards the second half of the year due to the timing of our peak trading periods.

Andy MacKinnon
Chief Financial Officer
28 June 2022

Risk management

The Board has collective responsibility for determining the Group's risk management framework. This framework, the Group's risk culture, its governance structure and internal controls together give the Board assurance that risks are being appropriately identified and managed in line with its risk appetite.

The Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives; the Group does not have a separate risk committee.

The Board sets the culture of risk to be flowed down through the business. This ensures the Board remains aligned on risk appetite and daily decisions are made within the agreed risk framework.

Board

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

Audit Committee

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

First Line: Group Leadership Team

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

Second Line: Oversight functions

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

Third Line: Independent assurance

- Provides independent assurance that risk is being appropriately managed.
- The internal audit programme commenced in the second half of FY22, outsourced to KPMG LLP.

Risk management process

- Twice-annual assessment of the Group's principal and emerging risks and the effectiveness of risk mitigations.
- From FY23, climate risk management will be fully embedded within the Group's risk management framework.

Risk management process

Effective risk management is key in enabling the Group to meet its strategic objectives and to achieve sustained long-term growth. The Group follows a five-step process to identify, monitor and manage risks. Identified risks and mitigations are captured in a risk register:

1 Set strategy

The Board reviews and approves the Group's strategy annually, and this forms the basis of the Group's risk identification process, enabling a focus on those risks with relevance to the achievement of strategic objectives.

2 Identify risks

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

3 Evaluate risks

The Group evaluates risks based on two key parameters: the likelihood of the risks occurring over the next three years, and the impact on the Group from a financial, reputational, compliance, ethical and safety perspective, were the risks to crystallise. The identified risks are then categorised and rated based on the aggregate impact of these two parameters.

4 Manage and mitigate risks

The GLT identifies mitigating actions for each risk, based on an assessment of the effectiveness of the existing control environment. Where appropriate, changes to the control environment are identified and implemented.

5 Monitor and review risks

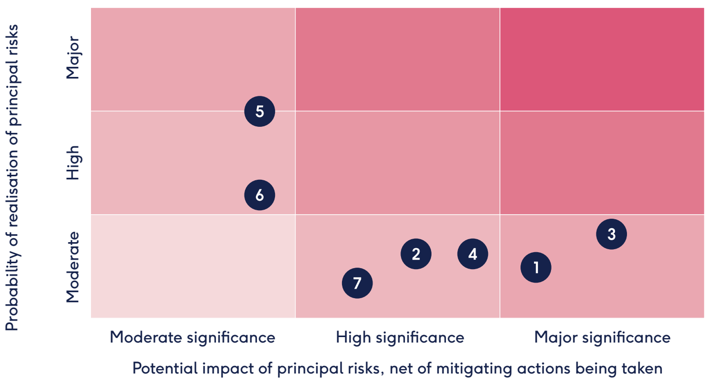
The GLT is responsible for ongoing monitoring of risks and mitigations, which are captured in a risk register. From the second half of FY22, they have been assisted in this monitoring process by the Group's internal audit programme, which is outsourced to KPMG LLP. The Board approved the risk register at Board meetings in November 2021 and June 2022, with particular focus on the principal risks identified.

Climate-related risks

The Group performed its inaugural assessment of climate-related risks during the year (refer to TCFD section at pages 34 to 41). Going forward, climate related risk management will be performed as part of the Group's overall risk management process. None of the Group's climate-related risks are currently classified as principal risks as none have been assessed as having a material impact on the Group's business model, strategy or the Directors' assessment of viability (as set out in the viability statement on pages 62 to 63).

Principal risks and uncertainties

The Board has carried out a robust assessment of the emerging and principal risks facing the Group. This included an assessment of the likelihood of each risk identified and 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 current view of the relative significance of each risk.



Key

1. Data protection and technology security
2. Supply chain disruption and input cost inflation
3. Downward pressure on consumer demand
4. Brand strength and reputation
5. Securing, development and retention of talent
6. Disruption to operations
7. Competitive environment

Risk management continued

Key
Increasing | Decreasing | Stable

The principal risks and uncertainties identified are detailed in this section. 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; this removes the risk relating to the revenue impact of emergence from lockdown, as the Group now has evidence of an enduring uplift in customer purchase frequency compared to before Covid-19 and include two additional risks:

- A risk relating to the impact of macroeconomic conditions on consumer demand, due to the current macroeconomic climate placing downward pressure on consumer disposable incomes in both the UK and Netherlands; and
- A risk relating to the potential for supply chain disruption or input cost inflation, given reports across the economy of rising raw material costs, labour inflation and rising energy prices.

Risk	Description	Management and mitigation	Developments in FY22	Risk trend[1]
1 Data protection and technology security	As a digital platform, the Group is reliant on its IT infrastructure to continue to operate. Any downtime of the Group's systems, as a result of a technology security breach, would result in 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 as a result 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. In the current geopolitical environment, there is heightened risk of state-sponsored cyber-crime.	The Group has a disaster recovery and business continuity plan in place which is regularly reviewed and tested. The Moonpig platform is cloud-based and the Greetz platform includes the use of two data centres. The Group's Technology Security team performs regular security testing of the 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.	The Group has continued to make substantial investments in the security environment at Moonpig and is in the process of bringing the Greetz security environment up to the same standard through migration to the Moonpig platform (with completion anticipated during calendar year 2022). Data privacy posture was the focus of the inaugural review carried out in H2 FY22 as part of the Group's new internal audit programme. All recommendations have been implemented in full. The Group's Technology Security team is operating at high alert to the raised risk of state-sponsored cyber crime. It continues to receive threat intelligence from the UK National Cyber Security Centre and uses this to support heightened detective and defensive capabilities. The overall risk trend is assessed to be flat year-on-year reflecting higher risk pre-mitigation, offset by further strengthening of the control environment.	Stable

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

Risk	Description	Management and mitigation	Developments in FY22	Risk trend[1]
2 Supply chain disruption and input cost inflation	Whilst the Group has not seen significant inflation in overall cost of goods sold, there have been some rising costs (primarily related to shipping costs and wages for warehouse staff employed by third-party fulfilment partners). 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. The Group has not been significantly impacted by supply chain issues.	The Group does not directly source from outside Europe, therefore reducing the risk of supply chain disruption due to shortages in cargo transportation or embargoes on exports in other parts of the world. The largest cost of sale for greeting cards is postage, which the Group passes on to card customers at the price of a stamp. Consumers have historically accepted postage price increases above inflation from Royal Mail. 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.	The Group has increased its inventory holding period for paper and card materials as a precautionary step. The Group has plans in place to manage any cost inflation that does arise within budget through the ability to offset the increases caused by inflation by utilising cost levers elsewhere.	↑
3 Downward pressure on consumer demand	In the context of current macroeconomic conditions, there is likely to be downward pressure on consumers' disposable income in the UK and the Netherlands. This may have adverse consequences upon consumer demand for discretionary goods and services.	The overall UK greeting card market has historically proven recession-resilient, demonstrating consistent growth through the 2008-2009 downturn[2]. In addition, Moonpig delivered consistent growth in revenue through this period. The impact of recession on attached gifting is not proven. However, we expect gifting to be more resilient than self-purchase with the Group's relatively low price points and exposure to special occasion purchase patterns supporting this durability. The Group's gifting proposition is not mature. Management intends to drive growth in attached gifting, with the expectation that this will offset any demand headwinds resulting from macroeconomic conditions.	The Group continues to broaden its merchandise range, increasing the number of gifting options available to its customers. The Group has also continued to invest in its cross-sell algorithms, which will enable it to respond automatically and in real-time should individual consumers' gifting preferences move to lower price points.	↑
4 Brand strength and reputation	The Group's business depends on the strength of its Moonpig and Greetz brands. 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. The Group also has a top-quartile Customer NPS. 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.	A rebrand of Greetz was launched in Spring 2022. Moonpig's brand marketing activity is now carried out through the year, rather than being focused during traditional peak trading periods. The annual bonus scheme for the Executive Directors and Group Leadership Team includes a target for Customer NPS.	↔

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

2 Source: OC&C, June 2022.

Risk management continued

Key
Increasing Decreasing Stable

Risk	Description	Management and mitigation	Developments in FY22	Risk trend[1]
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 highly skilled workforce. Competition remains intense, in particular for technology and data expertise.	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.	An all-employee SAYE scheme was launched in FY22 and 48% of the UK workforce chose to participate. Employee remuneration structures have been aligned between Moonpig and Greetz. The annual bonus scheme for the Executive Directors and Group Leadership Team includes a target for employee engagement.	Stable
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.	The Group operates flexible fulfilment technology with application programming interface ("API") based data architecture, allowing the Group to add third-party suppliers to its production and fulfilment network with relative speed. The Group fulfils orders for UK greeting cards and gifts from multiple locations. The resilience of the Dutch operation is being progressively increased. Whilst flowers are fulfilled by a single supplier in both the UK and the Netherlands, there is partial substitutability of demand between flowers and other gifting product categories. The Group has contracts and service level agreements in place with all key suppliers, each of which have appropriate contract length and notice periods. 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. The Group's procurement function supports the business with the selection of strategic third-party suppliers and negotiation of contracts.	The Group has signed a ten-year lease in respect of a new operations facility on the UK mainland. This, alongside our existing Guernsey facility and continued relationship with outsourced partners, represents the network that will support our significant long-term growth ambitions for the UK. The Group has also signed a ten-year lease in respect of a new operations facility in the Netherlands. Fulfilment of off-the-shelf gifts in the Netherlands has been transitioned from a single-site to a multi-site basis to both increase capacity and improve resilience.	Stable

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

Risk	Description	Management and mitigation	Developments in FY22	Risk trend[1]
7 Competitive environment	The Group competes in the gifting market, which is large, evolving and highly competitive and includes the sale of greeting cards and gifts. The Group faces competition from a wide range of companies, ranging from traditional brick and mortar competitors that serve the offline channel to other online gifting companies. The Group's business model is characterised by strong revenue growth, customer loyalty, high operating profit margins and strong cash conversion. This may be attractive to both existing and potential new competitors. Additional disclosure relating to the Group's strategy and its execution following the IPO may encourage others to attempt to copy elements of its business model.	The Group's key sources of competitive advantage are its brands, its pools of data on customer gifting intent, its relative scale and its proprietary technology platform. The Group is the clear market-leader in online cards in the UK and the Netherlands, with category-defining brands and (as noted above) high levels of brand awareness in both the UK and the Netherlands. The Group's proprietary recommendation algorithms are optimised across rich pools of customer data. The Group's scale means that it captures more than four times the amount of customer data than its nearest competitor, and its brands are amplified by viral effects, as recipients become users. The Group has a proprietary technology platform, which is constantly optimised through ongoing testing. Whilst competitors may seek to mimic external-facing aspects of the Group's proposition (such as elements of its website user experience or product range) it will be much harder for them to replicate the Group's data, or the cumulative insight built up by its self-learning algorithms.	The Group has continued to grow market share. Moonpig accounted for approximately 68% of revenue in the UK specialist online cards market in calendar year 2021, up from approximately 60% in 2019 (and 65% in 2020)[2]. In the Netherlands, Greetz's share of revenue among the largest three online card operators has increased from 65% in 2019 to 67% in 2021[2]. This supports the thesis that the Group's data driven customer retention 'flywheel' generates sustainable competitive advantage. We have categorised the risk trend as decreasing in view of this.	↓

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

Viability statement

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

Assessment of prospects

The Directors have assessed the Group's prospects taking into account its current financial position, its recent historical financial performance, its business model (pages 14 to 17), its strategy (pages 20 to 25) and the principal and emerging risks and uncertainties (as described on pages 57 to 61).

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

The Group's financial forecasts are based on modelling of KPIs that include orders and revenue for each monthly cohort of customers that has (or is expected in future to be) acquired by the Group. Detailed monthly financial forecasts are then prepared for each segment that consider orders, revenue, profit, capital expenditure, working capital, cash flow and key financial ratios.

The Group's funding position is considered, both in terms of liquidity headroom and ongoing compliance, with the six-monthly covenants attached to the Group's Senior Facilities Agreement.

The planning process is led by the CEO and CFO through the GLT and in conjunction with relevant functions. The Board participates fully in the annual process and has the task of considering whether the plan continues to take appropriate account of the external environment including technological, social, and macroeconomic changes. The most recent plan was approved by the Board in April 2022.

As set out in the Audit Committee report at pages 80 to 87, the Audit Committee reviews and discusses with management the schedules supporting the assessments of going concern and viability.

The assessment of prospects has been carried out for scenarios in which the Group both does and does not complete the proposed acquisition of Buyagift. The scenarios that include completion of the Acquisition incorporate all sources and uses of funding for the transaction, the impact of the additional RCF on forecast headroom and the forecast profit and loss and cash flows for the acquired asset.

The assessment period

The Directors have determined that three years to April 2025 is an appropriate period over which to provide the Board's viability statement. This was considered the appropriate timeframe by the Directors because:

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

Assessment of viability

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

The Group's principal risks and uncertainties are set out on pages 57 to 61. The Board has approved amendments of the Group's assessment of principal risks since the prior year to remove the risk relating to the revenue impact of emergence from lockdown, as the Group now has evidence of an enduring uplift in customer purchase frequency compared to before Covid-19 and include two additional risks:

- A risk relating to the impact of macroeconomic conditions on consumer demand due to the current macroeconomic climate placing downward pressure on consumer disposable incomes in both the UK and Netherlands; and
- A risk relating to the potential for supply chain disruption or input cost inflation given reports across the wider economy of rising raw material costs, labour inflation and rising energy prices, as further explained on page 59.

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

Scenario modelled	Principal risks included in the scenario
1 **Data breach** The impact of a significant data breach has been considered. We modelled a reduction in revenue as a result of any reputational brand damage in each of the assessment years. It is additionally assumed that the Group receives the maximum possible fine under the General Data Protection Regulation ("GDPR") in one of its countries of operation.	• Data protection and technology security • Brand strength and reputation
2 **Significant trading shortfall** To consider the possibility that a downturn in consumer demand (or other adverse external pressure such as substantial input cost inflation) could lead to a sustained adverse impact on trading, we have modelled a significant reduction in revenue and gross profit. This is intended to capture the possibility of either lower purchase frequency, reduction in new customers, reduced attach rates, lower average order value or reduction in percentage gross margin rate.	• Downward pressure on consumer demand • Supply chain disruption and input cost inflation • Competitive environment

The above scenarios were considered cumulatively, both on the basis that the Group completes the proposed acquisition of Buyagift and on the basis that it does not. It was assumed that the significant trading shortfall scenario impacts both the Group's existing business and the Buyagift business.

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

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

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

Viability statement

Based on the assessment above, the Directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the three-year period ending April 2025.

Going concern

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

Non-financial information statement

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

Reporting requirement	Policies and Standards which govern the Group's approach	Additional information and risk management
Description of business model	N/A	Business model pages 14 to 17
Non-financial KPIs	N/A	Key performance indicators pages 46 to 47
Stakeholders	Group Data Protection Policies Code of Conduct	Stakeholder engagement pages 26 to 27 s172 statement pages 75 to 76 Board activities page 78 Environmental, social and governance disclosures pages 28 to 45 Task Force for Climate-related Financial Disclosures (TCFD) pages 34 to 41 Employee engagement page 31 Corporate Governance report pages 66 to 109 Audit Committee report pages 80 to 87
Environmental	Environmental Policy	Environmental, social and governance disclosure pages 28 to 45
Employees	Code of Conduct Flexible Working Policy Whistleblowing Policy Health, Safety and Environment Integrated Management System	Environmental, social and governance disclosure pages 28 to 45 s172 statement pages 75 to 76
Human rights	Anti-Slavery and Human Trafficking Policy Code of Conduct	Human rights, page 65
Social matters	Anti-Slavery and Human Trafficking Policy	Environmental, social and governance disclosure pages 28 to 45 Directors' report pages 105 to 107
Anti-corruption and anti-bribery	Anti-Bribery and Anti-Corruption Policy (which includes hospitality and gifts clauses) Conflicts of Interest Policy	Anti-bribery and anti-corruption, page 69
Principal risks and impact on the business	N/A	Risk management pages 56 to 57 Principal risks pages 57 to 61 Business model pages 14 to 17 Audit Committee report pages 80 to 87

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

People

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

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

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

Disclosure concerning employment of disabled persons

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

Human rights

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

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

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

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

Data protection

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

Anti-bribery and anti-corruption

The Group has an Anti-Bribery and Anti-Corruption Policy and a Conflict of Interest Policy, each of which incorporates the Group's key principles and standards, governing business conduct towards key stakeholder groups. The Anti-Bribery and Anti-Corruption Policy is supported by clear guidelines and processes for giving and accepting gifts and hospitality from third parties.

Whistleblowing

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

Tax strategy

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

Dividend policy

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

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

Nickyl Raithatha
Chief Executive Officer
28 June 2022

Board of Directors

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

N R

Kate Swann
Chair

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

Background and experience

Kate has more than 30 years of experience leading businesses, having held many senior positions throughout her career. She was Chair of Secret Escapes from 2019 to 2021 and Chancellor of the University of Bradford from 2016 to 2021.

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

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

Current external appointments

Chair of IVC Evidensia, Chair of Parques Reunidos, Chair of Beijer Ref, member of the Supervisory Board of Zooplus and Director of England Hockey.

Nickyl Raithatha
Chief Executive Officer

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

Background and experience

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

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

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

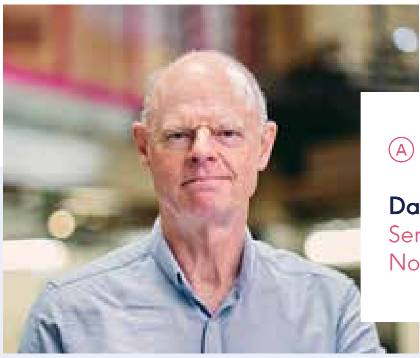
Current external appointments

None.

Key

A Audit N Nomination R Remuneration ◯ Chair

Andy MacKinnon
Chief Financial Officer



A N R

David Keens
Senior Independent Non-Executive Director

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

Background and experience

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

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

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

Current external appointments

None.

David joined the Board as an Independent Non-Executive Director in January 2021. David is the Senior Independent Non-Executive Director and the Chair of the Audit Committee.

Background and experience

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

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

Current external appointments

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

Board of Directors continued

R A N

Susan Hooper
Independent
Non-Executive Director

A N R

Niall Wass
Independent
Non-Executive Director

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

Background and experience

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

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

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

Current external appointments

Non-Executive Director of W.A.G. Payment Solutions, Chair of Tangle Teezer, Acting Chair of Carbon Gap and Non-Executive Director of Uber Britannia. Director of Chapter Zero.

Niall joined the Board as an Independent Non-Executive Director in January 2021.

Background and experience

Niall has deep experience in the online consumer business space. He is a Partner at Atomico, an early and growth stage venture capital fund, where he helps digital consumer portfolio companies with their growth strategy and scaling. He previously held the position of Chair and Independent Non-Executive Director of Trouvo. Niall has spent over 15 years as CEO and COO in early-stage tech-enabled consumer businesses. His most recent operational role was as part of the Executive Team at Uber, leading the international business into 50 countries.

Niall holds degrees in Economics from Oxford University and Birmingham University and an MBA from INSEAD.

Current external appointments

Chair and Independent Non-Executive Director of World of Books, Glovo, Vay.io and Vivino. Non-Executive Director (in his capacity as a Partner at Atomico) at each of Koru Kids, Habito and Jobandtalent.

Key

A Audit N Nomination R Remuneration ◯ Chair

Simon Davidson
Non-Executive Director

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

Background and experience

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

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

Current external appointments

Senior Partner, Exponent. Non-Executive Director (in his capacity as a Partner of Exponent) in Evergreen Garden Care, Gü, Photobox, Vibrant Foods, Warp Snacks and Wowcher and Director of the Unicorn Children's Centre.

A N R

ShanMae Teo
Independent Non-Executive Director

ShanMae joined the Board as an Independent Non-Executive Director on 27 June 2022.

Background and experience

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

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

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

Current external appointments

Chief Financial Officer of Third Bridge Group and Director of Opera Holland Park.

Chair's corporate governance introduction

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

On behalf of the Board, I am pleased to present the Group's corporate governance statement for the year ended 30 April 2022.

The following report explains the key features of the Group's governance framework and how it complies with the UK Corporate Governance Code 2018, which was published by the Financial Reporting Council ("FRC") in July 2018 (the "Code").

Code compliance

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

Culture and purpose

The Board sets the tone and culture for the Group and the expectations placed on its people. The Group has a clear purpose, which focuses on creating better, more personal, connections between people. It combines this with a dynamic growth culture that emphasises high performance, employee engagement and inclusion. During the year, the Group worked with its employees to refresh our corporate values. These are discussed in the corporate governance statement on pages 72 to 73.

Board changes

During the year, the Group appointed Russell Reynolds to advise on the process to appoint an additional Independent Non-Executive Director. Further to that process, I am delighted to welcome ShanMae Teo to the Board. She has extensive experience in strategy, finance and M&A through executive and investor roles. You can read more about ShanMae's background on page 69. In addition to sitting on the Board, she will join the Audit, Nomination and Remuneration Committees.

Board diversity

Board appointments are based on merit with the objective of ensuring an appropriate balance of skills and knowledge. During the year, the Board approved a Diversity Policy, which is available on the Group's website at www.moonpig.group/investors, that commits the Company to have at least 33% representation of women on the Board by the time of the 2022 AGM. As at the current date, the Board has 38% female representation.

We continue to meet the recommendations of the Parker Review relating to ethnic minority representation on the Board.

Board evaluation

We undertook our first internal Board evaluation during the year. The outcomes were discussed at our March 2022 Board meeting and are summarised in the corporate governance statement on page 77.

Stakeholder engagement

The success of the Group's strategy is reliant on stakeholder engagement. The Board considers the impact on stakeholders in key decision-making discussions. A full review of stakeholder engagement can be found in the Strategic report on pages 26 to 27.

Annual General Meeting

Our 2021 AGM was held on 28 September 2021 at which shareholders representing 74% of the Company's issued share capital voted. We were delighted to receive in excess of 94% of votes cast in favour for all of our resolutions, including over 98% approval to reappoint all our Directors.

The 2022 AGM is scheduled to take place at 10:00am on 20 September 2022 and will be held at The Goldsmiths' Centre, 42 Britton Street, London EC1M 5AD. Details of the resolutions and the business of the meeting are set out in the Notice of Meeting. The Board encourages all shareholders to vote on the resolutions whether or not they intend to attend the meeting.

Kate Swann
Non-Executive Chair
28 June 2022

Board leadership and Company purpose	See page 72
Division of responsibilities	See page 74
Composition, succession and evaluation	See page 76
Operation of the Board	See page 78
Audit, risk and internal control	See page 79
Remuneration	See page 79

Governance framework

The Board	• Sets the Group's purpose, values and strategy and satisfies itself that these are aligned with culture. • Provides entrepreneurial leadership, promoting long-term sustainable success and shareholder value creation. • Oversees the Group's risk management processes and internal control environment.
Board Committees	• The Board delegates certain matters to its three permanent Committees, the terms of reference of which are available at www.moonpig.group/investors.
Audit Committee	• Reviews and reports to the Board on the Group's financial reporting, internal control, whistleblowing, internal audit and the independence and effectiveness of the external auditors. **Audit Committee report – Pages 80 to 87**
Nomination Committee	• Reviews the structure, size and composition of the Board and its Committees and makes recommendations to the Board. Reviews diversity, talent development and succession planning. **Nomination Committee report – Pages 88 to 91**
Remuneration Committee	• Responsible for all elements of the remuneration of the Executive Directors, the Chair and the Group Leadership Team. Also reviews workforce remuneration policies and practices. **Remuneration Committee report – Pages 92 to 104**
Group Leadership Team	• Supports the CEO in the development and delivery of strategy. • Responsible for day-to-day management of the Group's operations.

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

Corporate governance statement

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

Board leadership and company purpose

Purpose, values and culture

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

Our purpose

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

Be Brave	Raise the Bar	Keep it Simple	Think Team
When we see opportunities, big or small, we grab them. Our strong judgement and the knowledge that others have our back means we feel confident to take risks. Being brave comes in all shapes and sizes; sometimes it's "just" speaking up or giving a colleague some feedback that you know will help them grow. It's about challenging, getting involved and making yourself heard.	We take ownership, deliver on our promises and continuously strive to raise the bar in everything we do. We don't just meet our goals, we exceed them - and we're always thinking five steps ahead to figure out how we can increase our impact even further.	We always strive to simplify both what we do and how we do it. That means that we focus on the things that will have the most impact, figure out the simplest way to deliver them and don't over-complicate things.	We do what's right to help everyone thrive – not what feeds our ego. We think beyond the boundaries of our immediate team and call on others to make magic happen across teams. We have deep levels of trust with one another and share information generously, but never excessively. We win together because we think of the "we" before the "I".

Our strategy

To become the ultimate gifting companion to our customers.

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

During the year, the Group undertook a project to re-articulate our values, involving every employee through a series of group discussions and an employee survey. We are now working to embed these values in the business, including mapping the stages of an employee's career with the Group with the intention that the new values will be used at each stage from candidate attraction to employee recruitment, onboarding, performance, development and retention.

The Board uses a variety of methods for monitoring the Group's culture, which include twice-annual employee engagement survey results, KPI data including employee turnover, vacancies and promotions, periodic reporting of Customer NPS and any whistleblowing reports. The Board is satisfied that policy, practices and behaviour throughout the business are aligned with the Company's purpose, values and strategy.

As part of an open and transparent culture, the Board has access not just to the GLT but to employees at all levels, and make its own assessment of the culture from seeing employees in Board presentations, one-on-one meetings and from spending time in the Group's open-plan working environment. Several Non-Executive Directors attended the Group's annual Strategy Day, either as presenters or participants. In addition, part of the role of the DNED for workforce engagement is understanding how culture is manifested by the employee population and bringing the views of employees back to the Boardroom.

Workforce engagement

The Group has set a goal to reach an employee engagement score of at least 72%. This goal is embedded in the Group's ESG strategy (see pages 30 to 31). On average, across the two employee surveys that the Group carried out in FY22, 83% of employees were proud to work for the Group. However, the Group's average overall employee engagement score for the two surveys was below benchmark, at 65%, due to the very competitive market for the recruitment of technology sector talent across all functional areas.

Workforce engagement is primarily the responsibility of the Executive Directors and GLT. From a governance perspective, Susan Hooper has been appointed as the DNED in accordance with the Code. During the year, we formalised the purpose and responsibilities of the role in conjunction with the DNED. We agreed a set of engagement pieces that will be used in the year ahead, which include meeting with employees and reviewing the output from employee engagement surveys. The DNED commenced engagement with the workforce through initial meetings with groups of employees in the UK and the Netherlands, which will help in the agenda formulation for the year ahead.

To ensure that the Board has good visibility of the key operations of the business, members of the GLT attend Board meetings regularly to provide updates on their specific areas of expertise and the execution of the Group's strategy. Non-Executive Directors also interacted with employees at ad hoc sessions during the year, including attendance at a diversity and inclusion Q&A event and the employee Group Strategy Day.

Shareholder engagement

The Board has defined an investor relations programme that aims to ensure that existing and potential investors understand the Group's strategy and business. The Board maintains a clear understanding of the views of investors, through the various methods set out in the stakeholder engagement section of this report at pages 75 to 76.

The Executive Directors made formal presentations on the half-year and full-year results (in July and December 2021 respectively), which were posted on the Group's investor relations website and made available to all existing and potential shareholders. The results presentations were followed by formal investor roadshows. There is an ongoing programme of meetings with investors, fund managers and analysts. These meetings cover a range of topics including strategy, performance and ESG matters, with care taken to ensure that any price-sensitive information is released to all shareholders at the same time. Over 130 meetings were held during the year.

The Chair is available for meetings with major shareholders to discuss governance matters, performance against strategy and any material changes.

The chair of the Remuneration Committee consulted with shareholders in relation to our Remuneration Policy which was approved at the 2021 AGM.

The Group held its first AGM in September 2021. All Directors on the Board at that date attended the meeting, which was held in person.

The Board is kept informed of the views and opinions of shareholders and analysts. Directors receive regular updates from the CEO and the CFO, as well as share register analyses and market reports from the Company's corporate brokers, J.P. Morgan Cazenove.

Corporate governance statement continued

Division of responsibilities

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

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

The Board's Approach to Section 172

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

The Board's approach during FY22 to the matters set out in section 172 of the Act is summarised below. Our key stakeholder groups, the interests of these key stakeholders and the Board's approach to considering these interests are set out in the Strategic report on pages 26 to 27.

Section 172(1) of the Companies Act 2006	The Board's approach
(a) Long-term decision-making The Board maintains oversight of the Group's performance, and reserves to itself specific matters for approval, including the strategic direction of the Group, M&A activity and entering material contracts above set thresholds.	• Agreed the Group's strategy, which is set out on pages 20 to 25 of this Report. • Reviewed the Group's risk management framework (see pages 56 to 57) and considered the Group's principal risks (see pages 57 to 61). • Approved the Group's three-year plan at the February 2022 Board meeting. • Approved the Group's FY23 annual budget at the April 2022 Board meeting.
(b) Interests of employees The success of the Group depends upon a highly skilled and motivated workforce and an entrepreneurial and innovative culture, set within structures that provide fairness for all.	• Reviewed the Group's ESG strategy, which includes goals focused on increasing the representation of women and ethnic minorities in our leadership and raising employee engagement (see pages 30 to 31). • Approved an all-employee award under the Group's Sharesave Plan. • Received an update from the DNED on workforce engagement activities. • Received an update on the results of employee engagement surveys. • Approved that the Group should pay all UK and Guernsey employees the UK Real Living Wage (as published by the Living Wage Foundation) with effect from 1 May 2022.
(c) Fostering business relationships with suppliers, customers and others The Group works with a significant number and variety of customers, suppliers, providers and other third parties. It is of great importance that relations with those parties are appropriate.	• Received presentations on specific business areas from members of the GLT. In each case, discussion includes the impact of the Group's activities upon Customers, suppliers and partners. • Reviewed the Customer NPS; part of the ESG strategy to achieve a score of at least 70%. • Considered and approved the Group's Modern Slavery Statement and a new Supplier Code of Conduct.
(d) Impact of operations on the community and the environment The Group seeks to ensure that it provides a positive contribution to the communities in which it operates and to the environment.	• Reviewed the Group's delivery to date against its ESG strategy, which includes goals focused on community and environmental impact. The Board approved updates to the ESG strategy (see pages 30 to 31). • Received an update on the Moonpig Group Foundation. • Approved charitable donations by the Group in FY22 totalling £81,000 (FY21: £678,000). This is in addition to amounts donated by the Moonpig Group Foundation, a separate body, as set out in the ESG Section at page 31.

Corporate governance statement continued

Section 172(1) of the Companies Act 2006	The Board's approach
(e) Maintaining high standards of business conduct The Board sets the Group's purpose, values and strategy and satisfies itself that these are aligned with the Group's culture. It oversees the Group's risk management processes and internal control environment.	• Operates a comprehensive corporate governance framework, which is summarised on page 71. • Complied in full with the Code throughout the year. • Approved a range of policies and procedures which promote corporate responsibility and ethical behaviour. • The Company's external lawyers provided all Directors with a training update on legal, regulatory and governance topics. Training needs were assessed as part of the Board's first annual evaluation. • Received regular corporate governance updates. • Received an update on culture and values.
(f) Acting fairly between members The Board aims to understand the views of shareholders and to always act in their best interests.	• Spent considerable time engaging with the Group's shareholders. • Engaged with shareholders through the Chair, Senior Independent Director, Committee Chairs, CEO and CFO as appropriate. • Attended the 2021 AGM (excluding ShanMae Teo who had not joined the Board at that date); all Directors plan to attend the 2022 AGM. • A Relationship Agreement has been entered into with Exponent to ensure that the Company is capable at all times of carrying on its business independently of its former controlling shareholder and its associates, further details of which are set out below.

Composition, succession and evaluation

Board composition

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

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

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

The Relationship Agreement

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

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

Whilst Exponent and its associates' shareholding in the Company was greater than or equal to 20%, Exponent additionally had the right under the Relationship Agreement either to appoint a second Non-Executive Director, or to appoint an observer to attend meetings of the Board, the Nomination Committee and the Remuneration Committee in a non-voting observer capacity. David McGovern of Exponent acted as observer from Admission until October 2021, after which Exponent ceased to have the right to appoint an observer as its shareholding fell below the 20% threshold.

Board and Committee membership

The membership of the Committees of the Board and attendance at scheduled Board and Committee meetings for FY22 are set out in the table below:

Attendance at meetings during FY22

Name[1,2]	Date of appointment to the Board[3]	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Kate Swann	10/01/2021	9/9	N/A	3/3	2/2
Nickyl Raithatha	23/12/2020	9/9	N/A	N/A	N/A
Andy MacKinnon	23/12/2020	9/9	N/A	N/A	N/A
David Keens	10/01/2021	9/9	4/4	3/3	2/2
Niall Wass	10/01/2021	9/9	4/4	3/3	2/2
Susan Hooper	10/01/2021	9/9	4/4	3/3	2/2
Simon Davidson	10/01/2021	8/9[4]	N/A	N/A	N/A

1 The composition of the Board and its Committees is shown as at 30 April 2022. ShanMae Teo was appointed to the Board and the Audit, Nomination and Remuneration Committees at the conclusion of the Board meeting on 27 June 2022.

2 The Disclosure Committee has been omitted from the above table as it meets only on an ad hoc basis, rather than on a scheduled basis.

3 The following Board members previously served as Directors of the predecessor ultimate holding company, Kate Swann (since 23 October 2019), Nickyl Raithatha (since 12 September 2019), Andy MacKinnon (since 12 September 2019) and Simon Davidson (since 5 October 2015).

4 Simon Davidson was not able to attend the Board meeting held on 31 March 2022. He received the meeting pack in advance of the meeting for review and consideration.

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

Board appointments

There were no changes to the membership of the Board during the year. A successful external search process has led to the appointment of ShanMae Teo as an additional Independent Non-Executive Director, as set out in the Nomination Committee report on page 90.

Board evaluation

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

Overall, the results showed that the Board and its Committees operate well despite being only recently constituted. Most review areas were scored as either good or excellent, with consistency in scoring and commentary between individual submissions. Opportunities identified for further development related to succession planning and workforce engagement, reflecting the fact that the Board has been in the process of scaling its activities in these areas during the relatively short time period since the IPO.

A further internal Board and Committee evaluation will be conducted in FY23. The Board intends that the evaluation process in FY24 will be conducted by a third party, thereby complying with Code guidance that an externally facilitated evaluation takes place at least every three years.

Corporate governance statement continued

Operation of the Board

Board activities in FY22

The Board makes decisions in order to ensure the long-term success of the Group whilst taking into consideration the interests of wider stakeholders as required under section 172 of the Act. Board meetings are one of the mechanisms through which the Board discharges this duty. Further information about the Board's approach to section 172 is set out earlier in this section and further information on stakeholder engagement is included on pages 26 to 27.

The following table sets out some of the Board's key activities during FY22:

Strategy and operations

- Held the first Board strategy review day.
- Approved the construction of new leased operations facilities in the UK and in the Netherlands.
- Reviewed strategic and operational performance.
- Reviewed due diligence on and the business case for the proposed acquisition of Buyagift.

People and culture

- Commenced the search process to hire an additional Independent Non-Executive Director.
- Reviewed the approach to workforce engagement and approved DNED terms of reference.
- Received feedback from employee engagement surveys.
- Approved the Board Diversity Policy.
- Considered the Group's culture and values.

Financial

- Reviewed trading updates and financial performance against budget.
- Approved the FY23 annual budget and three-year plan.
- Approved the Group's September 2021 and February 2022 Trading Update announcements.
- Approved audited financial statements for the year ended 30 April 2021.

Governance

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

Risk management

- Reviewed principal and emerging risks.
- Assessed the potential impact of the political situation in Eastern Europe.
- Reviewed the Group's inaugural exercise to identify, assess and manage climate-related risks and opportunities in accordance with the TCFD framework.

Investors and other stakeholders

- Received reports and updates on investor relations activities.
- Reviewed the Group's ESG strategy and progress to date in delivery against it.

Advice for Directors

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

Election and re-election

The Company's Articles of Association ("Articles") specify that a Director appointed by the Board must stand for election at the first AGM after such appointment and at each AGM thereafter every Director shall retire from office and seek re-election by shareholders. This is in line with the Code, which recommends that Directors should be subject to annual re-election. ShanMae Teo, who was appointed on 27 June 2022, will stand for election at the Company's forthcoming 2022 AGM. All other Directors will offer themselves for re-election at the 2022 AGM.

Appointment, removal and tenure

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

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

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

The Board considers new external appointments in advance to determine that there is no conflict of interest and that the Director would continue to have sufficient time to devote to his or her role with the Group. During the year, Susan Hooper was appointed as a director of WAG Payment Solutions, a listed business. The Board considered this and permitted the appointment, taking into account that she also stepped down from the Board of Rank Group during the year. No other Director was appointed or proposed for appointment to the Board of another listed business during the year.

Conflicts of interest

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

Audit, risk and internal control

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

On 31 March 2022 the Audit Committee completed its annual reassessment of risk management and internal control systems and this was considered and approved by the Board.

Remuneration

The annual Remuneration report describes the policies and practices in place to ensure that the Group's leadership is motivated to deliver long-term sustainable growth. The work of the Remuneration Committee is set out later in this Governance section on pages 92 to 104.

Kate Swann
Chair
28 June 2022

Audit Committee report

"The Audit Committee has monitored the Group's embedding of a robust environment for internal control, risk management and financial reporting."

David Keens
Chair of the Audit Committee

Overview

- The Audit Committee ("Committee") comprises three Independent Non-Executive Directors.
- David Keens is considered by the Board to have recent and relevant financial and accounting experience. All members have relevant commercial and operating experience.
- Four meetings were held during the year.
- The CEO and CFO, other Directors, members of management, the internal auditors and the external auditors attend the meetings by invitation.
- The Committee members meet for private discussions with the external auditors and the internal auditors.

Main Committee activities during FY22

- Oversaw and scrutinised the preparation of the financial statements for the year ended 30 April 2021.
- Oversaw and approved the trading updates given throughout FY22.
- Approved the audit plan and fee for the year ended 30 April 2022.
- Discussed key areas of financial judgement, including capitalised development costs.
- Oversaw the implementation of disclosures in accordance with the TCFD framework and ensured that climate-related disclosures were appropriately included within the Annual Report and Accounts and reviewed by the external auditors.
- Reviewed the effectiveness of PricewaterhouseCoopers LLP as external auditors.
- Approved the internal audit plan and oversaw the progress of the internal auditors in H2 FY22.
- Assisted the Board in its review of the effectiveness of the Group's internal control and risk management systems.
- Reviewed the Group's evaluation of principal risks and uncertainties, including emerging risks.
- Reviewed the Committee's performance since Admission, its composition and Terms of Reference.
- Reviewed the Group's whistleblowing procedures and made appropriate recommendations to the Board.

Committee focus areas for FY23

- Oversee and scrutinise the preparation of the financial statements for the year ended 30 April 2022.
- Discuss key areas of financial judgement and estimates used by management.
- Assist the Board in its review of the effectiveness of the Group's internal control and risk management systems.
- Review and monitor the principal risks identified by management and ensure continued appropriate mitigation.
- Review the performance of the external auditors.
- Assess the internal auditors and monitor the progress of their internal audit plan.

Committee member	Meetings attended
David Keens (Chair of the Committee and Senior Independent NED)	4/4
Susan Hooper (Independent NED)	4/4
Niall Wass (Independent NED)	4/4

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

Dear shareholders,

I am pleased to present the Group's Audit Committee report. This report provides a summary of the Committee's role and activities for the year ended 30 April 2022 and sets out the work that the Committee has performed in respect of this Annual Report.

During FY22, the Committee comprised three Independent Non-Executive Directors: David Keens, Niall Wass and Susan Hooper. ShanMae Teo joined the Committee following her appointment on 27 June 2022. David Keens fulfils the requirement for a committee member to have recent and relevant financial experience and all members (and therefore the Committee as a whole) have relevant commercial and operational experience. The biographies of each member of the Committee are set out on pages 66 to 69.

The Committee's Terms of Reference include monitoring the integrity of the Group's financial reporting; effectiveness of the internal control and risk management framework; internal audit; and the independence and effectiveness of external audit. The internal audit function is outsourced to KPMG LLP, who provide the Group with specialist expertise in delivering a risk-based rolling review programme. KPMG LLP has attended all Committee meetings held subsequent to its appointment (comprising three of the four meetings held during the year).

The Group's external auditors, PricewaterhouseCoopers LLP, attended all four Committee meetings held during the year. The CEO, CFO and other Directors and members of management attended by invitation. Both the external auditors and the internal auditors will continue to regularly attend future meetings.

The Committee has reviewed the content in the Annual Report and considers that it explains the Group's strategic objectives and is fair, balanced and understandable.

Whilst this Audit Committee report contains some of the matters addressed during the year, it should be read in conjunction with the external auditors' report starting on page 110 and the Moonpig Group plc financial statements in general.

At the 2022 AGM, shareholders will vote on the Board's recommendation to reappoint PricewaterhouseCoopers LLP as the Group's external auditors. During the year, the Committee performed a review of the external auditors' performance and concluded that the external auditors remained effective.

David Keens
Chair of the Audit Committee
28 June 2022

Audit Committee report continued

Financial reporting

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

In the preparation of the Group's FY22 financial statements, the Committee assessed the accounting principles and policies adopted and whether management had made appropriate estimates and judgements.

In doing so, the Committee discussed management reports and enquired into judgements made. The Committee reviewed the reports prepared by the external auditors on the FY22 Annual Report.

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

Description of significant area	Audit Committee action
Revenue recognition	
Revenue recognition for the Group's revenue streams is not complex. However, this is an area of focus due to the large volume of transactions and as revenue is the largest figure in the income statement.	The Committee reviewed the assumptions and disclosure around revenue recognition made by management. Focus was placed upon revenue cut-off for cards sent by regulated postal service. These impact deferred revenue balances, as revenue is recognised at the point of delivery to the customer (or gifting recipient, where applicable). The Committee was satisfied with the explanations provided and conclusions reached in relation to revenue recognition.
Capitalised development costs	
The amount of employee costs that the Group capitalises as internally generated intangible assets is significant and continues to rise over time as the Group invests progressively more in technology headcount to accelerate the creation of new revenue-generating functionality. The Group makes estimates and assumptions when assessing whether development costs incurred meets the criteria for capitalisation under IAS 38 Intangible Assets.	The Committee reviewed the Group's capitalisation policies and considered the procedures and controls in place relating to the capitalisation of software engineers' time. The Committee reviewed the procedures and controls in place relating to assessing the carrying values and remaining useful economic lives of intangible assets capitalised in previous periods. The Committee confirmed that there has been no capitalisation of costs associated with the implementation of cloud-based third-party software services. The Committee is satisfied that the accounting for capitalised internally generated intangible assets is appropriate and in accordance with accounting standards.

Description of significant area	Audit Committee action
Alternative Performance Measures	
The Directors have included reference to certain Alternative Performance Measures ("APMs") within the Annual Report, including Adjusted EBITDA. The Directors consider that these provide useful financial information in addition to those provided under IFRS.	The Committee considered the disclosures around APMs to satisfy itself that these are appropriate, including: • Whether definitions are clear. • Whether there is a clear reconciliation to IFRS measures. • Use of "Adjusted" as the principal description for APMs in preference for terms such as "non-recurring" or "one-off". • Ensuring balanced prominence of APMs and IFRS measures taken across the Annual Report as a whole.
Going concern and viability statement	
The Directors must satisfy themselves as to the Group's viability and confirm that they have a reasonable expectation that it will continue to operate and meet its liabilities as they fall due. The period over which the Directors have determined it is appropriate to assess the prospects of the Group has been defined as three years. In addition, the Directors must consider if the going concern assumption is appropriate.	The Committee reviewed management's schedules supporting the going concern assessment and viability statements. These included the Group's medium-term plan and cash flow forecasts for the period to April 2025. The Committee discussed with management the appropriateness of the three-year period and discussed the correlation with the Group's principal risks and uncertainties as disclosed on pages 58 to 61. The feasibility of mitigating actions and the potential speed of implementation to achieve any flexibility required were discussed. Scenarios covering events that could adversely impact the Group were considered as well as reviewing these scenarios under conditions where the proposed acquisition of Buyagift does and does not complete. The Committee evaluated the conclusions over going concern and viability and the proposed disclosures in the financial statements and satisfied itself that the financial statements appropriately reflect the conclusions. For additional detail, please refer to the external auditors' report and the Strategic report contained in this Annual Report.

Audit Committee report continued

Fair, balanced and understandable

At the request of the Board, the Committee has reviewed the content of the FY22 Annual Report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee was provided with an early draft of the Annual Report and provided feedback on areas where further clarity or information was required in order to provide a complete picture of the Group's performance. The final draft was presented to the Committee for review before being recommended for approval by the Board. When forming its opinion, the Committee reflected on discussions held during the year and reports received from the internal auditors and external auditors and considered the following:

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

Following the Committee's review, the Directors confirm that, in their opinion, the FY22 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Risk management and internal control

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

- Advising the Board on the overall risk appetite, tolerance, strategy and culture.
- Overseeing and advising the Board on the current risk exposures and future risk strategy.
- Overseeing and advising the Board on the risks related to climate change and transition to a low-carbon economy, in accordance with TCFD.
- Overseeing compliance with relevant legal and regulatory requirements.
- Reviewing annually the effectiveness of the Group's internal control framework.
- Reviewing reports from the external auditors on any issues identified in the course of their work, including any internal control reports received on control weaknesses and ensuring that there are appropriate responses from management; and
- Reviewing reports from the Group's outsourced internal audit function and ensuring recommendations are implemented where appropriate.

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

The internal control systems include the elements described below.

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

Internal audit

During FY21 the Committee appointed KPMG LLP as the Group's outsourced internal audit function. They are accountable to the Committee and use a risk-based approach to provide independent assurance over the adequacy and effectiveness of the control environment. An internal audit plan was approved by the Committee and work commenced during the second half of FY22 with a review of the Group's data privacy posture. The Committee has reviewed the internal auditors' findings and assessed the Group's implementation of their recommendations.

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

The planned scope of the FY23 internal audit programme covers a range of financial and operational processes and controls, focusing on specific risk areas. The Committee will continue to review KPMG LLP's performance annually as internal auditors.

Audit Committee report continued

External auditors

The Committee reviewed PricewaterhouseCoopers LLP's findings in respect of the audit of the financial statements for the year ended 30 April 2022.

One of the Committee's roles is to oversee the relationship with the external auditors, PricewaterhouseCoopers LLP and to evaluate the effectiveness of the service provided and their ongoing independence. To this end:

- The Committee performed a review of the effectiveness of the external audit process. This was performed formally by following the methodology of a third-party assessment tool. In addition, the Committee considered the quality of the annual audit plan, received an update from management on the actions agreed with the audit team at the post-audit debrief meeting and considered the quality of its own interaction with the audit partner. The Committee's review included consideration of how the auditors challenged management assumptions where necessary and demonstrated professional scepticism in relation to judgements and estimates used by management; this was achieved, inter alia, through discussion with PricewaterhouseCoopers LLP regarding the key findings set out in their Audit Committee report in relation to the FY22 audit, including key areas of judgement and critical estimates. In addition, the Committee reviewed the latest annual FRC Audit Quality Inspection and Supervision Report and reviewed PricewaterhouseCoopers LLP's own 2021 Transparency Report. The review concluded that the external auditors remained effective.
- The Committee met with representatives from PricewaterhouseCoopers LLP without management present and with management without representatives of PricewaterhouseCoopers LLP present, to ensure that there were no issues in the relationship between management and the external auditors which it should address. There were none.
- The year ended 30 April 2022 is the second year for which Christopher Richmond will sign the auditors' report as Senior Statutory Auditor. The Committee Chair made enquiries with PricewaterhouseCoopers LLP senior management as to the performance of Christopher Richmond within PricewaterhouseCoopers LLP. The Committee has reviewed and is satisfied with, the independence of PricewaterhouseCoopers LLP as the external auditors. The Committee reviewed an assessment performed by management and agreed with the conclusion that no independence issues exist. The Committee ensures that all non-audit related services are provided in accordance with the approved policy in order to ensure auditor independence and objectivity are safeguarded. This policy is consistent with the FRC's Revised Ethical Standard 2019 for auditors.

Non-audit services provided by the external auditors

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

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

During the year, PricewaterhouseCoopers LLP charged the Group £775,000 in relation to audit-related assurance services, of which £80,000 was for the FY22 half-year review and the remaining £27,000 for other assurance services which are permissible in accordance with FRC Ethical and Auditing Standards. There were no non-audit related services provided during the year.

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

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

The Company became a FTSE 350 company in June 2021 and is required this year to comply with the Order for the first time. The Company confirms its compliance with the Order and confirms that it intends to tender the external audit at a minimum every ten years. The Company will therefore put the external audit to tender no later than the audit for the year ended 30 April 2026. Any recommendation by the Committee in relation to the appointment or reappointment of statutory auditors will take account of the statutory auditors' skills, experience and performance and the value-for-money offered.

David Keens
Chair of the Audit Committee
28 June 2022

Nomination Committee report

"In its first full year of operation, the Nomination Committee has made good progress across the full range of its responsibilities."

Kate Swann
Chair of the Nomination Committee

Overview

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

Main Committee activities during FY22

- Performed the first evaluation of the Board.
- Undertook an evaluation of the skills of the Board.
- Undertook the first annual review of the composition of the Board and Committees.
- Reviewed the effectiveness of the Committee as part of the Board evaluation.
- Approved Committee Terms of Reference.
- Succession planning for the Board and the GLT.
- Instructed Russell Reynolds to perform a search for an additional Independent Non-Executive Director.

Committee focus areas for FY23

- Increase Board representation of women to at least 33% by the date of the 2022 AGM.
- Perform the annual evaluation of the Board.
- Act on the findings of the Board evaluation carried out in FY22.
- Undertake the annual review of the composition of the Board Committees to ensure they remain appropriately equipped to promote the success of the Company and its stakeholders.
- Continue to review succession planning for the Board and GLT.

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

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

Dear shareholders,

I am pleased to present the Nomination Committee report for the year ended 30 April 2022. This was the Committee's inaugural year of operation, with the first Committee meeting following IPO held in July 2021. During the year, the Committee has made good progress across the full range of its responsibilities.

During FY22, the Committee comprised Kate Swann (Chair of the Committee and Non-Executive Chair of the Board) and three Independent Non-Executive Directors: David Keens, Niall Wass and Susan Hooper. ShanMae Teo joined the Committee following her appointment on 27 June 2022. The biographies of each member of the Committee are set out on pages 66 to 69.

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

Diversity and inclusivity

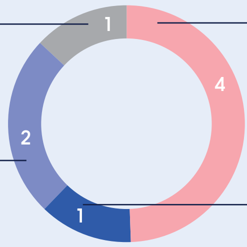
The Committee regards breadth of Board representation as a key area of focus as it believes that diversity is important for Board effectiveness and business competitive advantage. The Board considers that diversity encompasses a broad range of factors, such as gender, ethnicity, physical abilities, sexual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

During FY22, the Committee approved a Board Diversity Policy which adopted a target for at least 33% representation of women on the Board and commits the Company to meeting this target by the time of the 2022 AGM. As set out on the following page, a search process was conducted to appoint an additional Independent Non-Executive Director. The Group notes the revised targets set out by the FTSE Women Leaders Review in February 2022 for a minimum 40% women's representation on the Board by the end of 2025 and for at least one senior Board position to be held by a woman by the end of 2025. At the date of this report, the Board has 38% female representation and meets the second of these requirements by virtue of having a woman as the Chair.

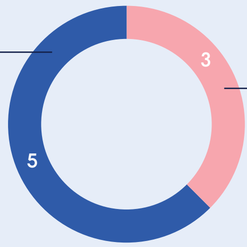
The Board Diversity Policy also adopts the recommendations of the Parker Review, committing that the Board should include one or more Directors from a diverse ethnic background (as defined by the Parker Review) by 2024. The Company currently meets this target as two Directors are from a diverse ethnic background.

Board composition[1]

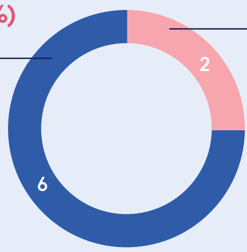
Independence[2] (%)



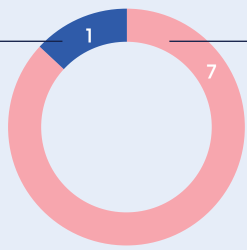
Gender (%)



Ethnicity[3] (%)



Tenure – Non-Executive Directors[4] (%)



Notes

1 The composition of the Board is shown as at the date of this report. Comparatives are shown both for April 2022 and April 2021.

2 The Chair of the Board was considered by the Board to be independent on appointment.

3 Diverse ethnicity, as defined by the Parker Review.

4 Kate Swann served as a Director of the predecessor ultimate holding company from 23 October 2019. Simon Davidson served as a Director of the predecessor ultimate holding company from 5 October 2015.

Nomination Committee report continued

The Committee wants to see increased breadth of representation within the leadership pipeline below Board level. The Group's ESG Strategy (pages 30 to 31) commits the Group to maintaining the combined representation of women and ethnic minorities in the Group's Extended Leadership Team (comprising the Executive Directors, the GLT and its direct reports who are also part of the Extended Leadership Team) at around 50%. As at 30 April 2022, the figure stood at 53% (April 2021: 44%). Disaggregated disclosure of female representation and ethnic minority representation is set out in the ESG section on page 43.

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

Succession planning

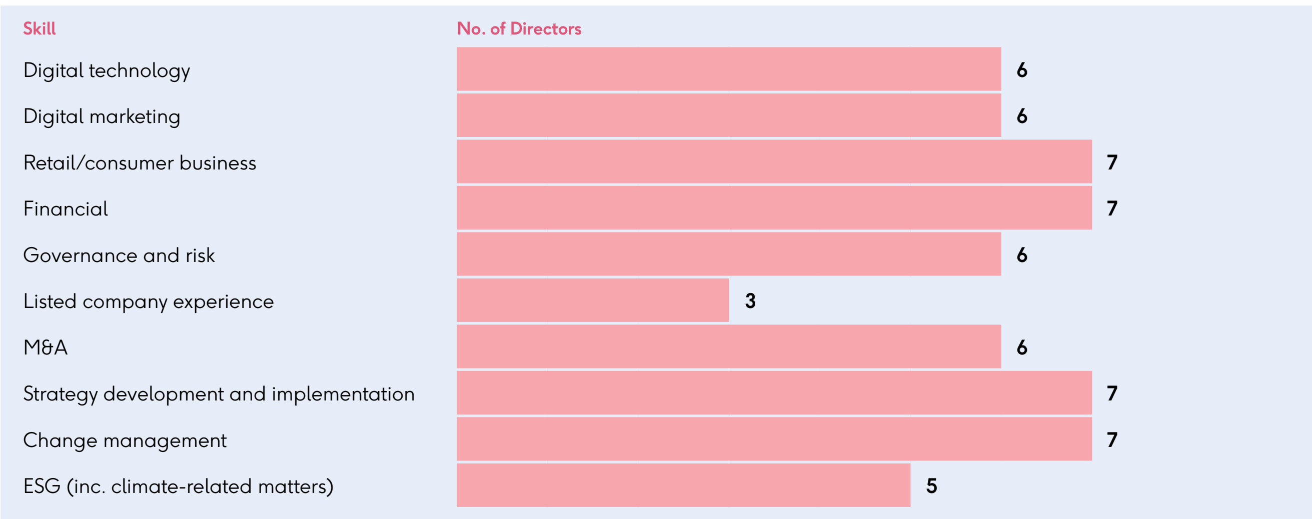
The Committee aims to actively manage leadership succession and has therefore developed a succession planning process for the Board and GLT. On an annual basis, the Committee reviews succession plans, based on a CEO update on senior management succession planning and the Group's talent development programme.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

Appointments to the Board

In March 2022, the Group appointed Russell Reynolds to advise on the process to appoint an additional Independent Non-Executive Director. The search process concentrated on independence, diversity and ensuring a combination of skills to complement those of the existing members of the Board. Russell Reynolds is accredited for the FTSE 350 category of the Enhanced Voluntary Code of Conduct for Executive Search Firms, which specifically acknowledges those firms with a strong track record in and promotion of gender representation. Russell Reynolds has no other connection with the Company or any individual Director. The Committee, having reviewed and discussed a long list of candidates prepared by Russell Reynolds against the above criteria, agreed a shortlist of candidates. Following interviews with a number of candidates, ShanMae Teo was selected as the preferred candidate and she joined the Board on 27 June 2022. She will stand for election at the 2022 AGM.

Skills evaluation

The Board is satisfied that it has the appropriate range of skills, experience, independence and knowledge of the Group to enable it to effectively discharge its duties and responsibilities. The matrix below details some of the key skills and experience that the Board has identified as valuable to the effective oversight of the Group and execution of its strategy (as at 30 April 2022):



Training

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

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

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

Board evaluation

During the year, the Committee undertook an internal Board evaluation. This evaluation will be used as a baseline measure for future years and is described in detail on page 77 within the corporate governance statement. The Committee intends to comply with the Code recommendation that an externally facilitated evaluation should take place every three years.

Election and re-election of Directors

In accordance with the Code, all Directors will offer themselves for election or re-election by shareholders at the AGM. Both the Committee and the Board are satisfied that all Directors continue to be effective in and demonstrate commitment to, their respective roles on the Board and that each makes a valuable contribution to the leadership of the Company. As ShanMae Teo joined the Board on 27 June 2022, she will stand for election at the 2022 AGM.

The Board therefore recommends that shareholders approve the resolutions to be proposed at the 2022 AGM relating to the election and re-election of the Directors.

Kate Swann
Chair of the Nomination Committee
28 June 2022

Directors' Remuneration report

"The Group's remuneration arrangements comply with best practice and align with the long-term interests of shareholders."

Susan Hooper
Chair of the Remuneration Committee

Overview

- The Remuneration Committee ("Committee") comprises three Independent Non-Executive Directors and the Non-Executive Chair of the Board.
- All members have relevant commercial and operating experience.
- The Chair of the Committee has previous experience serving on and chairing the remuneration committees of other listed businesses.
- Three Committee meetings were held in FY22.
- The CEO, the CFO and the Group's independent remuneration consultants attended Committee meetings for certain agenda items by invitation.
- No individual takes part in any decision in relation to his or her own remuneration.

Main Committee activities during FY22

- Consideration of feedback from investors and proxy agencies from the 2021 AGM.
- Review of pay and employment conditions for the wider workforce.
- Review of market and governance updates and impact on the Company.
- Determination of FY22 bonus outcomes.
- Approved the FY23 LTIP policy.
- Approval of FY23 bonus weightings, targets and measures applicable for the Executive Directors and Group Leadership Team (which operates similarly to that of the wider workforce).
- Launch of a SAYE Scheme open to all employees.

Committee focus areas for FY23

- Review ongoing implementation of the Directors' Remuneration Policy (the "Policy") to ensure that it operates as intended.
- Approve FY23 LTIP grants.
- Monitor developments in best practice.

Committee member	Meetings attended
Susan Hooper (Chair of the Committee and Independent NED)	3/3
Kate Swann (Non-Executive Chair of the Board)	3/3
David Keens (Senior Independent NED)	3/3
Niall Wass (Independent NED)	3/3

Advisors

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

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

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

Dear shareholders,

On behalf of the Board, I am pleased to present the Directors' Remuneration report for the financial year ended 30 April 2022. The Directors' Remuneration report comprises three sections:

- This statement, being my annual report on the activities of the Committee during the year.
- The Annual Report on Remuneration, which explains how the Directors have been rewarded in the financial year (and how we intend to operate our Policy for FY23) and will be subject to an advisory vote at the 2022 AGM.
- A summary of the Policy which was approved by shareholders in a binding vote at the 2021 AGM and is provided for information. The full Policy is available on www.moonpig.group/investors.

Committee composition

During FY22, the Committee comprised three Independent Non-Executive Directors, namely Susan Hooper (Chair of the Committee), David Keens and Niall Wass, together with the Group's Non-Executive Chair Kate Swann. ShanMae Teo joined the Committee following her appointment on 27 June 2022. The biographies of each of the Committee members are set out on pages 66 to 69.

Context of remuneration

The Group's employees are critical to the development of the business and it is an important component of the Group's remuneration approach that they can share in the success of the business. In FY22, the Group launched a SAYE Scheme in which all eligible employees were invited to participate and 48% of the UK workforce chose to do so. This followed the all-employee grant of share awards at Admission under the Share Incentive Plan, which allowed all eligible employees to receive a free share award equal to between £500 and £1,500, based on the share price at IPO.

The Committee is made aware of pay and employment conditions of the Group and is mindful of this when making decisions on executive pay. It is also responsible for reviewing wider all-employee pay. From 1 May 2022, the Group will pay all its employees in the UK and Guernsey at least the UK Real Living Wage as published by the Living Wage Foundation. In the Netherlands we pay at or above the legal minimum wage (Minimumloon).

The Executive Director remuneration structure is aligned with the pay structure of the all-employee population and many of the components are the same. The Executive annual bonus scheme is also similar to that for all employees and the financial targets are aligned. Employees are updated on how bonuses are tracked each half-year in line with our external reporting timetable at "All Hands" meetings of the Group, where they have the opportunity to engage and ask questions.

Consistent with the prior year, the Group's remuneration arrangements were not impacted by Covid-19 and the business made no recourse to UK Government support.

Performance and reward for FY22

The annual bonus measures and targets were set at the start of FY22 and comprised:

- Financial measures: revenue (30% weighting) and Adjusted EBITDA (50% weighting); and
- ESG measures: Group Customer NPS (10% weighting), Group employee engagement score (5% weighting) and the implementation of sustainable sourcing for paper and card (5% weighting).

The financial targets were set on a stretching basis. To reflect the uncertainty regarding the impact of emergence from lockdown, the Committee decided, on a one-off basis, to set an asymmetric range for the FY22 financial targets, with the "Maximum" being set further from "Target" than "Threshold". The Committee believes that the FY22 targets were no less stretching than those set in the past.

During FY22 the Group significantly outperformed its financial targets. For the ESG measures, performance was close to or above "Maximum" for both Customer NPS and the implementation of sustainably sourced paper and card. However, in a very competitive market for the recruitment of technology sector talent across all functional areas, the Group did not meet its target for Group employee engagement score, hence the bonus outcome for this element is zero.

The resulting bonus represented 94.5% (£822,150) and 94.5% (£531,563) of the maximum opportunity for the CEO and CFO respectively. The Committee believes that the formulaic outcomes of the bonus calculation are appropriate in light of Group and individual performance delivered in the year and so it has not applied discretion. In line with the Policy, 33% of the bonus will be deferred into shares which vest after three years.

No long-term incentives were due to vest in relation to the performance period ended 30 April 2022.

Directors' Remuneration report continued

Implementing the Policy for FY23

The base salaries for the Executive Directors were set at IPO and were not increased during FY22. For FY23 there will be an increase of 3.0% which is below the average employee pay increase across the Group's wider workforce of 8.6% for FY23 (of which 6.3% was effective at the end of the financial year, with the remainder relating to mid-year inflationary salary increases, being brought forward in view of the current competitive market for technology roles).

Bonus arrangements will operate in line with the Policy, by which the maximum will be 150% of salary, with 33% subject to deferral. The bonus will be assessed against a combination of revenue, Adjusted EBITDA and ESG metrics which are set out on page 97.

LTIP awards are due to be granted in FY23 in line with the Policy limits at 200% of salary for the CEO and 150% of salary for the CFO. Where scaling back is applied, the Committee intends to normally apply this at grant rather than at vesting. The Group's performance since the IPO has been outstanding, it has consistently over-delivered against its financial KPIs and it has raised earnings guidance on five occasions. Notwithstanding this, the two Executive Directors are conscious that the share price has fallen materially since IPO and that a grant calculated using the current share price would result in their grants being made over a larger number of shares than originally envisaged. Accordingly, they have volunteered, on a one-time basis, to the number of shares over which the grants are made, being reduced by 15%, from 200% to 170.0% for the CEO and from 150% to 127.5% for the CFO. The awards will be subject to Total Shareholder Return ("TSR") and Adjusted EPS performance conditions, as set out on page 95.

Conclusion

FY22 was a year of great progress in which the Group delivered outstanding performance, including on an underlying basis before the impact of lockdown restrictions. The Committee therefore considers the reward outturns for the Executive Directors to be appropriate without the exercise of any discretion.

We are pleased with the support we have received from shareholders with over 99% approval both for our Policy and for the annual Remuneration report at last year's AGM. I look forward to engaging with shareholders at the 2022 AGM where I will be available to answer any questions. I would welcome any feedback or comments on the Directors' Remuneration report more generally and can be reached through the Company Secretary.

Susan Hooper
Chair of the Remuneration Committee
28 June 2022

Annual Remuneration report

Implementation of Policy for FY23

Component of Policy	Implementation for FY23
Base salaries	CEO: £597,400 (3.0% increase) CFO: £386,250 (3.0% increase) The base salaries for Executive Directors have been increased by 3.0%. Across the Group, the average pay increase for FY23 is 8.6% (of which 6.3% was effective at the end of the financial year, with the remainder relating to mid-year inflationary salary increases brought forward in view of the current competitive market for technology roles).
Benefits and pension	Pension contribution of 5% of salary, paid via payroll. No changes to benefit provisions.
Annual bonus	Maximum 150% of salary (target bonus is 50% of maximum). Subject to the following performance conditions: • Revenue – 30% weighting. • Adjusted EBITDA – 50% weighting. • ESG measures – 20% weighting, which will consist of three equally weighted sub-measures relating to Customer NPS, employee engagement and a climate-related environmental target. Consistent with market practice, the target ranges are currently commercially sensitive and will be reported next year.
LTIP	Policy award levels of 200% and 150% to be reduced to 170.0% and 127.5% respectively at the request of the CEO and CFO in FY23. Awards will be subject to the following conditions: • 50% of the Award: relative TSR, comparing the Company's share price for the three-month average to 30 April 2025, versus the constituents of the FTSE 250 (excluding investment trusts) over the same period. 25% of this component will vest at median rising on a straight-line basis to 100% at upper quartile; and • 50% of the Award: Adjusted Basic Pre-Tax EPS for the year ending April 2025. 25% of this component will vest at 19p rising on a straight-line basis to 100% at 20.4p. Following completion of the proposed acquisition of Buyagift, the Committee will consider whether this range should be adjusted to ensure that it remains equally demanding, taking into account both the impact of the proposed acquisition and the expected net financing costs which will be incurred.
Non-Executive Directors' fees	Chair fee: £236,900 Non-Executive Director base fee: £61,800 Senior Independent Director: £10,300 Audit and Remuneration Committee Chairs: £10,300 Workforce Engagement Lead: £5,150 Each fee component for the Chair and Non-Executive Directors has been increased by 3.0%. In addition, a Senior Independent Director fee will be paid for FY23.

Directors' Remuneration report continued

Single total figure of remuneration (audited)

The table below shows the total remuneration for the financial year ended 30 April 2022. The comparative information is provided from the period from Incorporation to 30 April 2021, although the full 2021 annual bonus including the period before Incorporation is shown, on the basis that it includes accrual for the period from Incorporation to the end of the financial year.

For the year ended 30 April 2022		Nickyl Raithatha	Andy MacKinnon	Kate Swann	David Keens	Susan Hooper	Niall Wass	Simon Davidson
Fixed pay	Base salary/fees	£580,000	£375,000	£230,000	£70,000	£75,000	£60,000	£60,000
	Benefits	£2,700	£2,700	£0	£0	£0	£0	£0
	Pension	£29,000	£18,750	£0	£0	£0	£0	£0
	Total fixed pay	**£611,700**	**£396,450**	**£230,000**	**£70,000**	**£75,000**	**£60,000**	**£60,000**
Variable pay	Annual bonus	£822,150	£531,563	£0	£0	£0	£0	£0
	LTIP	£0	£0	£0	£0	£0	£0	£0
	Total variable pay	**£822,150**	**£531,563**	**£0**	**£0**	**£0**	**£0**	**£0**
Other	SAYE	£4,756	£4,756	£0	£0	£0	£0	£0
	Total other pay	**£4,756**	**£4,756**	**£0**	**£0**	**£0**	**£0**	**£0**
	Total remuneration	**£1,438,606**	**£932,769**	**£230,000**	**£70,000**	**£75,000**	**£60,000**	**£60,000**

For the period from Incorporation to 30 April 2021		Nickyl Raithatha	Andy MacKinnon	Kate Swann	David Keens	Susan Hooper	Niall Wass	Simon Davidson
Fixed pay	Base salary/fees	£195,006	£123,657	£78,697	£22,885	£24,519	£19,615	£19,615
	Benefits	£1,193	£1,193	£0	£0	£0	£0	£0
	Pension	£10,428	£6,908	£0	£0	£0	£0	£0
	Total fixed pay	£206,627	£131,758	£78,697	£22,885	£24,519	£19,615	£19,615
Variable pay	Annual bonus	£661,878	£232,830	£0	£0	£0	£0	£0
	LTIP	£0	£0	£0	£0	£0	£0	£0
	Total variable pay	£661,878	£232,830	£0	£0	£0	£0	£0
Other	SIP	£1,151	£767	£0	£0	£0	£0	£0
	Total other pay	£1,151	£767	£0	£0	£0	£0	£0
	Total remuneration	£869,656	£365,355	£78,697	£22,885[1]	£24,519[1]	£19,615[1]	£19,615[1]

1 Remuneration covers the period from appointment.

Notes to single total figure of remuneration table

Base salary (audited)

At Admission the annual base salaries for the CEO and CFO were £580,000 and £375,000 respectively and there was no change for FY22.

Benefits (audited)

Benefits consisted of life insurance, private medical insurance and dental insurance.

During FY22 Executive Directors were eligible to participate in the SAYE scheme (FY21: SIP). The value of the SAYE shown is calculated as the number of shares awarded multiplied by the inherent value on the date of grant (the market price less the exercise price).

Pension (audited)

The Executive Directors each receive pension benefits equivalent to 5% of salary (unchanged from FY21 for the period from IPO). No Executive Director has a prospective entitlement to a defined benefit pension.

Annual bonus (audited)

The maximum bonus opportunities for FY22 were 150% of salary for each of the CEO and the CFO (unchanged from FY21 for the period from IPO). The annual bonus was based on the achievement of Group financial targets and a set of specific and quantifiable strategic objectives. Performance targets and actual outturn are set out below:

Performance measure	Weighting	Threshold	Target	Maximum	Actual FY22 achievement	Bonus outcome (% of total bonus)
Financial measures:						
Revenue	30%	£240.2m	£252.8m	£270.5m	£304.3m	30%
Adjusted EBITDA	50%	£58.9m	£62.0m	£68.2m	£74.9m	50%
ESG measures:						
Group Customer NPS	10%	67.0	68.0	69.0	71.2	10%
Group employee engagement score	5%	70%	72%	74%	65%	0%
100% sustainably sourced paper and card	5%	80%	90%	100%	98%	4.5%
Total	**100%**					**94.5%**

The performance targets were set at the start of the year based on internal budgets, external forecasts and a broader view of the macroeconomic environment. The financial targets were set on a stretching basis. To reflect uncertainty regarding the impact of emergence from lockdown, the Committee decided, on a one-off basis, to set an asymmetric range for the FY22 financial targets, with the "Maximum" being further from "Target" than "Threshold". The Committee believes that the FY22 targets were no less stretching than those set in the past.

During FY22 the Group significantly outperformed its financial targets. For the ESG measures, performance was close to or above "Maximum" for both Customer NPS and the implementation of sustainably sourced paper and card. However, in a very competitive market for the recruitment of technology sector talent across all functional areas, the Group did not meet its target for Group employee engagement score, hence the bonus outcome for this element is zero.

The resulting bonus represented 94.5% (£822,150) and 94.5% (£531,563) of the maximum opportunity for the CEO and CFO respectively. The Committee believes that the formulaic outcomes of the bonus calculation are appropriate in light of Group and individual performance delivered in the year and so it has not applied discretion.

Payment of these bonuses will be made in July 2022 with two-thirds payable in cash and the remainder deferred into shares for three years; the deferred share element is not subject to any further performance conditions other than continued service (but may be subject to malus and clawback).

Awards granted in the year (audited)

LTIP

The Group's first LTIP awards were made shortly prior to IPO, given the proximity to the end of FY21. No LTIP awards were made in FY22.

Deferred Share Bonus Plan ("DSBP")

As set out in last year's report, conditional share awards were granted under the Deferred Share Bonus Plan to Executive Directors for the deferred element (33%) of their FY21 annual bonuses. The table below shows the details of DSBP awards granted.

	Date of grant	Face value of DSBP award on grant[1]	Price per share[2]	Number of shares subject to DSBP award
Nickyl Raithatha	6 August 2021	£218,420	£3.818	57,208
Andy MacKinnon	6 August 2021	£76,837	£3.818	20,125

1 Equates to 33% deferral of FY21 bonus.

2 Calculated by using the three-day average share price from 28 to 30 July 2021.

DSBP awards vest after three years, subject to continued service only (but may be subject to malus and clawback).

Directors' Remuneration report continued

SAYE

In FY22, the Group launched a SAYE Scheme in which all eligible employees were invited to participate, including the Executive Directors. The table below shows the details of the SAYE options granted to the Executive Directors.

	Date of grant	Number of options granted
Nickyl Raithatha	3 September 2021	5,960
Andy MacKinnon	3 September 2021	5,960

Share interests and incentives as at 30 April 2022 (audited)

	Shares owned outright	Subject to continued employment	Options unvested and subject to performance conditions	Options vested but not exercised	SIP	Total shares available	Shareholding as a % of salary	Shareholding requirement met
Executive Directors								
Nickyl Raithatha	2,834,000	1,233,168	1,520,714	–	428	5,588,310	1,344%	Yes
Andy MacKinnon	117,000	546,085	557,143	–	285	1,220,513	336%	Yes
Non-Executive Directors								
Kate Swann	2,466,562	–	–	–	–	2,466,562	N/A	N/A
David Keens	57,143	–	–	–	–	57,143	N/A	N/A
Niall Wass	75,498	–	–	–	–	75,498	N/A	N/A
Susan Hooper	14,286	–	–	–	–	14,286	N/A	N/A
Simon Davidson[1]	–	–	–	–	–	–	N/A	N/A

1 This represents direct interests held in Moonpig Group plc. Simon Davidson holds indirect interests in Moonpig Group plc as he is a connected person to Exponent, which held 57,704,968 shares in Moonpig Group plc as at 30 April 2022.

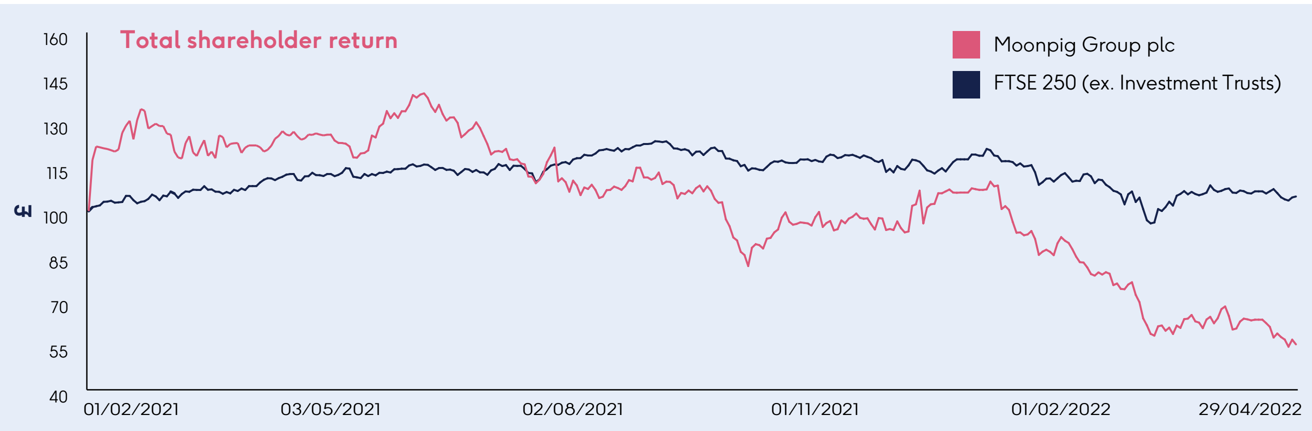
The shareholding as a percentage of salary relates to those shares and awards not subject to ongoing performance conditions. The share price used is £1.93 being the closing price as at 30 April 2022.

Awards subject to performance conditions include LTIP awards granted at IPO and pre-IPO awards which were set out in last year's Committee report. In summary, the LTIP awards are subject to relative TSR (50% weighting) and adjusted pre-tax EPS (50% weighting) with performance periods which run to 30 April 2024. The pre-IPO awards are subject to revenue (50% weighting) and Adjusted EBITDA (50% weighting) with performance periods which run to 30 April 2023 and will be payable half in cash and half in shares.

Since the 30 April 2022 and to the date of this Annual Report and Accounts, there have been no changes in the shareholdings shown in the table above to the Directors who were in office at 30 April 2022. ShanMae Teo was appointed to the Board on 27 June 2022 and as at the date of her appointment and the date of this Report holds 45,156 shares in the Company.

Performance graph against FTSE 250

The following chart shows the value of £100 invested in the Company (at the IPO price of £3.50) compared with the value of £100 invested in the FTSE 250 Index, in both cases for FY22. The FTSE 250 Index (excluding Investment Trusts) provides the most appropriate and widely recognised index for benchmarking the Company's corporate performance.



CEO remuneration

The table below sets out the CEO's single figure of total remuneration per annum together with the percentage of maximum annual bonus awarded over the same period.

	FY22	FY21
Total remuneration	£1,438,606	£869,656
Annual bonus as % of max.	94.5%	100.0%
Shares vesting as % of max.	N/A	N/A

Percentage change in Directors' remuneration

	% change in salary (2022/2021)	% change in benefits (2022/2021)	% change in annual bonus (2022/2021)
Nickyl Raithatha	197%	126%	24%
Andy MacKinnon	203%	126%	128%
Kate Swann	192%	N/A	N/A
David Keens	214%	N/A	N/A
Susan Hooper	206%	N/A	N/A
Niall Wass	206%	N/A	N/A
Simon Davidson	206%	N/A	N/A
Average of UK employees	199%	99.2%	(2.5%)

FY21 was a transition year for the Group, as it moved from being a private to a listed company. The percentage changes set out above are the result of comparing twelve months in FY22 to only the period from incorporation in FY21.

CEO pay ratio

Financial year	Calculation methodology	Element	P25	P50	P75	CEO
FY22	Option A	Total remuneration ratio	25.1:1	17.5:1	12.9:1	
		Value £	57,370	82,145	111,114	1,438,606
		Salary ratio	13.2:1	9.3:1	6.8:1	
		Value £	44,033	62,334	85,000	580,000
FY21	Option A	Total remuneration ratio	45.0:1	27.8:1	17.2:1	
		Value £	19,321	31,248	50,572	869,656
		Salary ratio	15.3:1	9.7:1	6.8:1	
		Value £	12,782	20,199	28,621	195,006

The Company has used Option A as the method of calculating the above ratios and calculated the pay and benefits of all UK employees on a full-time equivalent basis as this is felt to be the most statistically accurate way of calculating the ratio. The Group has used pay data as of 30 April 2022 to determine the ratios seen in the above table. We have endeavoured to ensure that relevant comparisons are made on a consistent basis. The FY21 figures cover the period from Incorporation to 30 April 2021, consistent with the single total figure of remuneration.

The movements in ratios are considered to be reflective of the movement to a full-year measurement in FY22 (as opposed to the transition from private to a listed company in FY21). The future movement in the ratio is considered by the Remuneration Committee as appropriate, noting that volatility in the headline number is expected over the next few years as legacy items and incentive pay outcomes for the CEO are more variable.

Relative importance of spend on pay

The table below illustrates the year-on-year change in total remuneration as per Note 7 to the Financial Statements compared to the change in shareholder returns, which would include capital returns, dividends and share buybacks.

£'000	FY22	FY21	% Change
Employee costs	£38,477	£52,654	(26.90)%
Distribution to shareholders	£0	£0	–

Directors' Remuneration report continued

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

No payments for loss of office, nor payments to former Directors were made during FY22.

Dilution limits

It is the Company's current intention to use newly issued shares to satisfy awards made under all executive and employee share schemes. The Company's share plans comply with the IA guidance on dilution limits and the position as at 30 April 2022 was:

Limit of 5% in any ten years under all executive share plans	Actual 0.73%
Limit of 10% in any ten years under all share plans	Actual 1.41%

Statement of shareholding voting

The binding resolution on the Policy was passed at the 2021 AGM. The advisory vote on the Directors' Remuneration report was also received sufficient shareholder support at the 2021 AGM. The table below shows votes cast by shareholders:

	Remuneration Policy (2021 AGM)		Remuneration report (2021 AGM)	
	Votes	%	Votes	%
Votes in favour	252,769,145	99.37%	252,815,325	99.72%
Votes against	1,607,273	0.63%	712,870	0.28%
Total votes	254,376,418	100.00%	253,528,195	100.00%
Votes withheld	500	–	848,723	–

Executive Directors' service contracts

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

	Date of service contract
Nickyl Raithatha	10 January 2021
Andy MacKinnon	10 January 2021

Non-Executive Directors' terms of appointment

The Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment. The date of appointment and the most recent reappointment and the length of service for each Non-Executive Director are shown in the table below:

	Date of appointment	Date of reappointment	Length of service as at 2022 AGM
Kate Swann	10 January 2021	28 September 2021	20 months
David Keens	10 January 2021	28 September 2021	20 months
Niall Wass	10 January 2021	28 September 2021	20 months
Susan Hooper	10 January 2021	28 September 2021	20 months
Simon Davidson	10 January 2021	28 September 2021	20 months
ShanMae Teo	27 June 2022	N/A	2 months

Remuneration Policy

This Policy (on pages 68 to 77 of last year's Annual Report) was approved by shareholders at the 2021 AGM. The Committee intends that the Policy will operate for three years from the 2021 AGM. The Policy was designed to meet the required objectives of the Code: Clarity; Simplicity; Risk; Predictability; Proportionality and Alignment to culture. This section provides a summary of the approved Policy, a full copy of which, including further detail on the objectives of the Policy, is available at www.moonpig.group/investors.

Remuneration Policy for Executive Directors

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

Base salary

Purpose	• To recruit and retain high-calibre Executive Directors. • Recognise knowledge, skills and experience as well as reflect the scope and size of the role.
Operation	• Normally reviewed annually, with any changes usually effective from 1 May. An out-of-cycle review may be conducted if the Committee determines it is appropriate. • When setting base salaries, the Committee takes into account a number of factors including (but not limited to) skills and experience of the individual, the size, scope and complexity of the role, salary increases across the Group as well as salary levels for comparable roles in other similarly sized companies.
Maximum potential value	• There is no maximum salary level. • Salary increases are normally considered in relation to the wider salary increases across the Group. • Above workforce increases may be necessary in certain circumstances such as when there has been a change in role or responsibility or where an Executive Director has been appointed to the Board on an initial salary which is lower than the desired market positioning. • The current base salaries for the Executive Directors are set out on page 95.
Performance metrics	• Individual performance, as well as the performance of the Group, is taken into consideration as part of the annual review process.

Pension

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

Directors' Remuneration report continued

Benefits

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

Annual bonus

Purpose	• To incentivise and reward for the delivery of annual corporate targets aligned to the business strategy. • To align with shareholders' and wider stakeholders' interests.
Operation	• The annual bonus is subject to performance measures and objectives set by the Committee for the financial year. • At the end of the performance period the Committee assesses the extent to which the performance targets have been achieved and approves the final outcome. • At least 33% of any bonus earned will be deferred in shares, normally for three years under the DSBP in respect of which dividend equivalents may apply to the extent such deferred awards vest. • Malus and clawback provisions apply as set out on page 73 of last year's Annual Report. • Bonus awards are non-pensionable and are payable at the Committee's discretion.
Maximum potential value	• The annual bonus policy maximum is 150% of base salary. • The target annual bonus opportunity is normally set at 50% of the maximum. • The threshold annual bonus opportunity is up to 25% of the maximum. If the threshold level is not achieved, no payment will arise.
Performance metrics	• The Committee will determine the relevant measures and targets each year taking into account the key strategic objectives at that time. • Performance measures may include financial, strategic, operational, ESG and/or personal objectives. • At least 70% of the bonus will be linked to financial measures. • The Committee sets targets that are challenging in the context of the business environment at the time and by reference to internal business plans and external consensus. Targets are set to ensure there is an appropriate level of stretch associated with achieving the top end of the range but without encouraging inappropriate risk-taking. • The performance measures for FY23 are set out on page 95.

Long-term incentives

Purpose	• To incentivise and reward for the delivery of long-term performance and shareholder value creation. • To align with shareholders' interests and to foster a long-term mindset.
Operation	• An annual award of performance shares under the LTIP which normally vest after a period of not less than three years and subject to continued employment and the achievement of performance conditions. • Vested awards are subject to a further holding period applying at least until the fifth anniversary of grant during which they may not ordinarily be sold (other than to pay relevant tax liabilities due). • Dividend equivalents may accrue over the period from grant until the later of vesting and the expiry of any holding period. • Malus and clawback provisions apply as set out on page 73 of last year's report.
Maximum potential value	• The maximum annual award is 200% of salary. • The Committee expects to normally grant annual awards of 200% of salary to the Chief Executive and 150% of salary to any other Executive Director. • The proportion of the award which may vest for threshold performance will be no more than 25% of the maximum award. If the threshold level is not achieved, no payment will arise.
Performance metrics	• Performance conditions, weightings and target ranges will be determined prior to grant each year to align with the Company's longer-term strategic priorities at that time. • The measures which may be considered include financial and shareholder value metrics as well as strategic, non-financial measures. In normal circumstances financial measures will make up the majority of the annual bonus. • Details of the measures applicable for awards granted in relation to FY23 are set out on page 95.

All employee share plans

Purpose	• To encourage wider share ownership across all employees, including the Executive Directors. • To align with shareholders' interests and to foster a long-term mindset.
Operation	• Executive Directors may participate in all employee schemes on the same basis as other eligible employees. • This includes (i) the 2021 Share Incentive Plan ("SIP"), under which all-employee free share awards were made at the time of the IPO and (ii) the Save As You Earn ("SAYE") which the Board approved in FY21 and the first grant was made during FY22. • Both plans have standard terms, which are HMRC-approved and allow participants to either purchase or be granted shares (under the SIP) or enter into a savings contract to purchase shares (under either or both of the SAYE or SIP) in a tax-efficient manner.
Maximum potential value	• Limits are in line with those set by HMRC.
Performance metrics	• Not applicable.

Directors' Remuneration report continued

Shareholding requirements

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

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

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

Fees

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

On behalf of the Board

Susan Hooper
Chair of the Remuneration Committee
28 June 2022

Directors' report

The Directors present their report, together with the audited consolidated financial statements for the period ended 30 April 2022.

The Directors' report, together with the Strategic report on pages 1 to 65, represents the management report for the purposes of compliance with The Disclosure Guidance and Transparency Rules 4.1.R ("DGTR").

In accordance with section 414C(11) of the Companies Act 2006 and the Companies (Miscellaneous Reporting) Regulations 2018 the Board has included certain disclosures in the Strategic report set out below:

Subject matter	Page
Future business developments	CEO review pages 6 to 10 Strategy pages 20 to 25
Diversity and inclusion	ESG pages 30 to 31 and pages 42 to 44
Going concern and viability statement	Viability statement section pages 62 to 63
Risk management	Risk management section pages 56 to 61
Climate-related financial disclosures, greenhouse gas consumption, energy consumption and energy efficiency action	ESG pages 32 to 41
Disabled employees	Non-financial information section pages 64 to 65
Employee engagement	Section 172(1) statement page 26
Business relationships with suppliers, customers and other stakeholder engagement	Section 172(1) statement and stakeholder engagement pages 26 to 27
Charitable donations	ESG page 31

Compliance with the UK Corporate Governance Code 2018

This Annual Report has been prepared with reference to the Code. During the year, the Group has complied with all relevant provisions of the Code. Further information on the Company's application of the principles and provisions of the Code can be found in the corporate governance report on pages 66 to 109. The Code is publicly available at www.frc.org.uk.

Corporate governance statement

The information that fulfils the requirements of the corporate governance statement for the purposes of the DGTR can be found in the corporate governance information on pages 66 to 109 (all of which forms part of this Directors' report) and in this Directors' report.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the 2022 AGM.

Disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Insurance and indemnities

The Group has maintained Directors' and Officers' Liability Insurance cover throughout the year. The Directors can obtain legal or other relevant advice at the expense of the Company in their capacity as Directors. The Company has also provided a qualifying third-party indemnity to each Director as permitted by Section 234 of the Companies Act 2006 and by the Articles, which remain in force at the date of this report.

Directors' report continued

Political donations

It is not the policy of the Company to make political donations as contemplated by the Act. However, as a result of broad definitions used in the Act, normal business activities of the Company, which might not be considered political donations or expenditure in the usual sense, may possibly be construed as political expenditure or as a donation to a political party or other political organisation and fall within the restrictions of the Act. This could include sponsorships, subscriptions, payment of expenses, paid leave for employees fulfilling public duties and support for bodies representing the business community in policy review or reform. The Board obtained renewed shareholder approval at the Company's 2021 AGM, in line with best practice, to authorise the Company to make political payments up to a maximum aggregate amount of £100,000 and proposes a similar resolution at the 2022 AGM.

The Group did not make any political donations or incur political expenditure during the reporting year.

Subsidiaries, principal activities and branches

The Company acts as a holding company for the Group of subsidiaries. The Group's subsidiaries are set out on page 150 of the financial statements. The Group's principal UK operating subsidiary, Moonpig.com Limited, currently has two overseas branches in the Bailiwick of Guernsey and the Republic of Ireland.

Share capital

Details of the Company's share capital, together with details of the movements in share capital during the year, are shown on page 146 of the accounts. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at a general meeting of the Company.

Substantial shareholdings

As at 30 April 2022 and as at the date of this report, the following information has been received, in accordance with Rule 5 of the DGTR, from holders of notifiable interests in the Company's issued share capital. The information provided below is correct at the date of notification and represents direct interests only, with the exception of Blackrock, Inc. which represents indirect interests.

	As at 30 April 2022		As at the date of this report	
Holder	Number of shares	Voting rights (%)	Number of shares	Voting rights (%)
Aberdeen Standard Investments	47,968,845	14.0	46,958,268	13.7
Exponent	57,704,968	16.9	41,187,780	12.0
Blackrock, Inc.	33,400,980	8.3	33,400,980	8.3
LCP VIII Holdings, L.P.	26,478,598	7.7	18,899,493	5.5
Liontrust Investment Partners LLP [1]	n/a	n/a	18,015,892	5.3

1 The first notification provided to the Company by Liontrust Investment Partners LLP pursuant to Rule 5 of the DGTR was received on 24 May 2022.

Information provided to the Company pursuant to Rule 5 of the DGTR is published on a Regulatory Information Service and on the Company's corporate website at www.moonpig.group.

Articles of Association and powers of the Directors

The Company's Articles of Association (the "Articles") contain the rules relating to the powers of the Company's Directors and their appointment and replacement mechanisms. The Articles may only be amended by special resolution at a general meeting of the shareholders. Subject to the Articles and relevant regulatory measures, including the Act, the day-to-day business of the Group is managed by the Board which may exercise all the powers of the Company. In certain circumstances, including in relation to the issuing or buying back by the Company of its shares, the powers of the Directors are subject to authority being given to them by shareholders in general meeting.

Authority to purchase own shares

At the AGM held on 28 September 2021, shareholders passed a special resolution in accordance with the Act to authorise the Company to purchase in the market a maximum of 34,211,162 ordinary shares, representing 10% of the Company's issued ordinary share capital as at 4 August 2021. No shares have been purchased under this authority. The authority will expire at the forthcoming AGM. The Directors are seeking renewal of the authority, in accordance with relevant institutional guidelines.

Compensation for loss of office

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that provisions of the Company's share plans may allow options and awards granted to Directors and employees to vest on completion of a takeover offer.

Significant agreements - change of control

The Group has two significant agreements that would be terminable upon a change of control: the £195.0m Senior Facilities Agreement and the Relationship Agreement. On a change of control any outstanding options and awards granted under the Group's share schemes would become exercisable, subject to any performance conditions being met and the terms of the options and awards.

Principal shareholder and relationship agreement

Exponent held 16.9% of the issued ordinary share capital of the Company as at 30 April 2022 and 12.0% as at the date of this report. Although Exponent no longer holds a controlling interest in the Company, under the Relationship Agreement, Exponent undertook to comply with the following independence provisions:

- Transactions and arrangements between the Group and Exponent (and/or its associates) are and will be, at arm's length and on normal commercial terms.
- Neither Exponent nor any of its associates will take any action that would have the effect of preventing the Group from complying with its obligations under the LR, the DGTR, the requirements of the London Stock Exchange, the Financial Services and Markets Act ("FSMA"), the Financial Services Act 2012, Market Abuse Regulations ("MAR") or the Articles of Association.
- Neither Exponent nor any of its associates will propose, or procure the proposal of, a shareholder resolution that is intended or appears to be intended to circumvent the proper application of the Listing Rules.

The Group has complied with the above independence provisions and, insofar as it is aware, Exponent complied with the independence provisions and the procurement obligation set out in the Relationship Agreement from the effective date of the agreement.

If the shareholding of Exponent (and/or its associates) reduces to below 10% of the Company's share capital (or 10% of the aggregate voting rights in the Company), the rights and obligations of Exponent in terms of the Relationship Agreement shall terminate. Exponent may terminate the Relationship Agreement if the Company ceases to be admitted to listing. The ordinary shares owned by Exponent rank pari passu with the other ordinary shares in all respects.

Research and development

The Group is engaged in various research and development projects regarding innovating and enhancing its technology platforms and applications. These are set out in the Strategic report on pages 1 to 65.

Additional disclosures

The following information can be found elsewhere in this document, as indicated in the table below and is incorporated into this report by reference.

Disclosure	Page
Directors' interests	Directors' Remuneration report pages 92 to 104
Directors of the Company	Board of Directors pages 66 to 69
Dividends	Chief Financial Officer's financial review pages 48 to 55
Financial instruments	Financial statements pages 118 to 155
Important events since the financial year-end	Events after the balance sheet date (Note 25) page 150
Statement of Directors' responsibilities	Statement of Directors' responsibilities pages 108 and 109

Information required to be included in the Annual Report by LR 9.8.4 can be found in this document as indicated in the table below:

Disclosure	Page
Long-term Incentive Plans	Directors' Remuneration report pages 92 to 104
Directors' interests	Directors' Remuneration report pages 92 to 104

The Directors' report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved by the Board and signed on its behalf by:

Andy MacKinnon
Chief Financial Officer
28 June 2022

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law). Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the United Kingdom.

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable, relevant, reliable and prudent.
- State whether International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the United Kingdom have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that its financial statements and the Directors' Remuneration report comply with the Companies Act 2006.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Financial Report

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Parent Company's position, performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate Governance Section confirm that, to the best of their knowledge:

- The consolidated Group financial statements, which have prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the United Kingdom, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.
- The Parent Company financial statements, prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Parent Company; and
- The Strategic report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face.
- In the case of each Director in office at the date the Directors' report is approved.
- So far as the Director is aware, there is no relevant audit information of which the Group's and Parent Company's auditors are unaware.
- They have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's auditors are aware of that information.

Approval of Annual Report

The Strategic report and the Corporate Governance report were approved by the Board on 28 June 2022.

Approved by the Board and signed on its behalf.

Nickyl Raithatha
Chief Executive Officer
28 June 2022

Andy MacKinnon
Chief Financial Officer
28 June 2022

Moonpig Group plc

Registered in England and Wales No. 13096622

Independent auditors' report to the members of Moonpig Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Moonpig Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 April 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit Committee report, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The Group operates in five countries, across 7 reporting units.
- We performed a full scope audit over the two significant components and the Company. In addition, we audited specific significant balances in one additional component which in total accounted for 100% of Group revenue and 97% of Group profit before tax after excluding adjusting items.
- We performed enquiries of management regarding their risk assessment and governance processes in place to address climate risk impacts, understood the carbon reduction commitments made by the Group and the potential implications of these for the financial statements, and evaluated management's assessment of the impact of climate risk on the financial statements, including the potential impact on the underlying assumptions and estimates.

Key audit matters

- Capitalisation of development costs (Group)
- Carrying value of investments in subsidiaries (Company)

Materiality

- Overall Group materiality: £2,539,000 (2021: £3,700,000) based on 5% of profit before tax after excluding adjusting items.
- Overall Company materiality: £2,286,000 (2021: £3,300,000) based on 1% of total assets capped at 90% of Group materiality.
- Performance materiality: £1,904,250 (2021: £2,775,000) (Group) and £1,714,500 (2021: £2,475,000) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Carrying value of investments in subsidiaries is a new key audit matter this year. Restructuring of Moonpig Group plc (Group); Valuation and accounting for share based payments and long term incentive plans schemes (Group and Company); Presentation and disclosure of alternate performance measures (Group); and Covid-19 (Group and Company), which were key audit matters last year, are no longer included because they are not relevant in the current year as they either related to Initial Public Offering specific accounting or were deemed to be higher risk in the first year of preparing listed financial statements. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of development costs (group) Refer to Note 1 (general information) for the disclosure of critical accounting judgements and estimates around capitalisation of internally generated assets including the useful lives adopted, Note 2 for accounting policies and Note 10 - Intangible assets of the financial statements. The Group capitalised a total of £8.3m (FY21: £7.3m) as internally developed intangible assets relating to technology and development costs during the year. This mainly relates to the trading entity, Moonpig.com Limited. The key areas of audit focus were: • Judgements around whether the capitalised projects meet all of the criteria under IAS 38 and around the split between capital and operational expenditure incurred in relation to the projects; • Appropriateness of the split of time booked by engineers across the various projects and the capitalisation rate used; • The useful economic lives adopted by management for the amortisation of internally generated intangibles; and • Risk of impairment/obsolescence over the brought forward projects if the technology has been superseded during the year.	The audit procedures we performed to address the risk around capitalised intangibles were: • Discussed with the Engineering and Product teams, Head of Financial Control and members of the Financial Planning and Analysis team to understand the nature and objectives of the key projects undertaken during the year. We have also challenged the engineers on the accuracy of the time recorded across various projects including how they have appropriately excluded non-capitalisable time; • Tested management's monthly review control around the review and approval of monthly timesheet reports for accuracy by the Director of Engineering and the Chief Product Officer; • Reviewed the supporting documentation in relation to capitalisation approvals; • Assessed whether the IAS 38 capitalisation criteria has been met for a selection of projects by evaluating whether they are in active use, their technical feasibility, and the level of economic benefit forecast to be generated from the investment. We have also held discussions with the respective project engineers and managers for these projects to understand the nature and how this improves the current technology platform; • Tested the accuracy of the inputs being timesheets, payroll cost rates and invoices for non-salary costs; • Assessed the appropriateness of the useful economic life by comparing against historical experience and the Group's viability statement around the normal assessed technology cycle; • Assessed impairment risk over the brought forward projects from the previous year to ensure the technology capitalised is still being utilised; and • Reviewed the appropriateness of the disclosures made in the financial statements. Based on the above procedures performed, we concur that costs incurred in the period in respect of these projects, are appropriately capitalised on the Consolidated Balance Sheet.

Independent auditors' report to the members of Moonpig Group plc continued

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments in subsidiaries (Company)	
Refer to Note 1 for accounting policies and Note 3 - Investments of the Company financial statements. At 30 April 2022 the Company held investments in subsidiaries with a carrying value of £845.5m (2021: £845.5m). The fall in share price of the Group before 30 April 2022 is considered to be an impairment indicator and, as a result, management performed an impairment assessment for the carrying value of the investment. The realisation of the carrying value of the investment is dependent on the future performance of the trading entities within the Group. The assessment therefore involves judgement, particularly in accurately forecasting future cash flows. Management prepared an impairment assessment at 30 April 2022, creating a Value in Use (VIU) model reflecting the Board approved budget for FY23-25, assumptions to build the future net cash flows over a further five years and then from 2030 the cash flows are continued into perpetuity, using an estimated terminal growth rate. The key areas of audit focus were: • The appropriateness of an eight-year modelling period; and • The key assumptions in the VIU model include revenue growth rates, cost assumptions, discount rates and perpetuity growth rates. Through this assessment management identified that the carrying value of the investment exceeded the VIU of the trading entities within the Group, and concluded that no impairment was required.	The audit procedures we performed to address the risk around the carrying value of investments in subsidiaries were: • Discussed with management the basis of preparation of the FY23-25 budget and the next five years of net cash flows; • Supported by PwC valuations experts reviewed management's independent discount rate for appropriateness; • Evaluated the appropriateness of using an eight-year period to 2030, by comparing this against the historic growth rates and the level of online vs offline sales to assess the market maturity; • Challenged management to provide internal and external market evidence for the key assumptions in the VIU model. These were assessed against historic results and management's forecasting accuracy, industry reports, cost inflation measures and evidence from management's external consultants; • Sensitised management's assumptions in the VIU model in particular around the forecast cash flow growth rate over the eight-year period; and • Challenged the extent to which climate change had been considered and reflected in the future cash flows, as appropriate, in management's impairment assessment process. Based on the above procedures we concur that the Group's VIU supports the carrying value of the investment and management's model is based on reasonable assumptions. We also evaluated the disclosures in Note 1 - Accounting policies and Note 3 - Investments of the Company financial statements, which we consider to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group operates through two principal trading entities that are based in the UK and the Netherlands. To provide sufficient coverage over the Group's key audit matters, we performed audits of the two financially significant components, the Company, and the audit of significant account balances at a further one component. The latter was not individually financially significant enough to require an audit for Group reporting purposes, but was included in the scope of our Group reporting work in order to provide additional coverage for specific financial statement line items.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£2,539,000 (2021: £3,700,000).	£2,286,000 (2021: £3,300,000).
How we determined it	5% of profit before tax after excluding adjusting items.	1% of total assets capped at 90% of Group materiality.
Rationale for benchmark applied	Based on the benchmarks used in the financial statements, profit before tax is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. This has been adjusted for one-off adjusting items in the year which do not in our view reflect the underlying performance of the business.	The Company, Moonpig Group plc is essentially a holding Company for the Group and therefore the materiality benchmark has been determined to be based on total assets which is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £1,500,000 to £2,286,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £1,904,250 (2021: £2,775,000) for the Group financial statements and £1,714,500 (2021: £2,475,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £127,000 (Group audit) (2021: £150,000) and £110,000 (Company audit) (2021: £150,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Moonpig Group plc continued

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Critically assessing assumptions in management's cash flow forecasts, both including and excluding the proposed acquisition of Buyagift. In particular we focused on the revenue and cost growth assumptions, against both historical performance and third party industry reports.
- Critically assessing assumptions in management's severe but plausible downside scenario and performing further sensitivity analysis.
- Comparing past budgets to actual results to assess the Directors' track record of budgeting accurately.
- Obtaining confirmation from lenders of the level of committed financing, and the covenant requirements associated with the credit facilities, including testing of the forecast covenant compliance.
- Assessing the completeness and accuracy of going concern disclosures.

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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 April 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Moonpig Group plc continued

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law and UK Data Protection Act 2018, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and UK and Dutch tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and impacting EBITDA. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with the Directors, the Audit Committee and Group General Counsel, including review of legal correspondence and Board meeting minutes and consideration of known or suspected instances of non-compliance with laws and regulations, and fraud;
- Challenging management on its critical accounting estimates and judgements;
- Identifying and testing journal entries to address the risk of inappropriate journals referred to above;
- Considering remuneration incentive schemes and performance targets for management remuneration; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 18 January 2021 to audit the financial statements for the year ended 30 April 2021 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 30 April 2021 to 30 April 2022. We have been the auditors of Moonpig.com Limited, a material subsidiary of the Company, since the financial year ended 30 April 2017.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Christopher Richmond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 June 2022

Consolidated Income Statement

For the year ended 30 April 2022

	Note	2022 £000	2021 £000
Revenue	3	304,333	368,183
Cost of sales		(154,225)	(182,137)
Gross profit		150,108	186,046
Selling and administrative expenses	4,5	(102,604)	(148,874)
Other income	4	1,433	1,482
Operating profit		48,937	38,654
Finance income	6	–	686
Finance costs	6	(8,977)	(6,472)
Profit before taxation		39,960	32,868
Taxation	8	(8,521)	(12,097)
Profit after taxation		31,439	20,771
Profit attributable to:			
Equity holders of the Company		31,439	20,771
Earnings per share (pence)			
Basic	9	9.3	6.1
Diluted	9	9.1	6.0

All activities relate to continuing operations.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2022

	Note	2022 £000	2021 £000
Profit for the year	4	31,439	20,771
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		190	(232)
Total other comprehensive income/(expense)		190	(232)
Total comprehensive income for the year		31,629	20,539

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 April 2022

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	10	34,028	36,322
Property, plant and equipment	11	21,241	18,001
Other non-current assets	13	1,928	1,412
		57,197	55,735
Current assets			
Inventories	12	10,117	14,882
Trade and other receivables	13	4,292	4,302
Current tax receivable		256	237
Cash and cash equivalents	14	101,677	66,020
		116,342	85,441
Total assets		173,539	141,176
Current liabilities			
Trade and other payables	15	43,302	60,595
Provisions for other liabilities and charges	16	1,837	1,697
Contract liabilities	17	2,247	3,422
Lease liabilities	18	2,151	2,406
Borrowings	18	213	389
		49,750	68,509
Non-current liabilities			
Trade and other payables	15	6,312	1,645
Borrowings	18	169,950	168,682
Lease liabilities	18	13,169	9,626
Deferred tax liabilities	8	2,168	3,238
Provisions for other liabilities and charges	16	1,509	816
		193,108	184,007
Total liabilities		242,858	252,516
Equity			
Share capital	20	34,211	34,211
Share premium	20	278,083	277,837
Merger reserve		(993,026)	(1,000,586)
Retained earnings		576,507	550,183
Other reserves	20	34,906	27,015
Total equity		(69,319)	(111,340)
Total equity and liabilities		173,539	141,176

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements on pages 118 to 150 were approved by the Board of Directors of Moonpig Group plc (registered number 13096622) on 28 June 2022 and were signed on its behalf by:

Nickyl Raithatha
Chief Executive Officer
28 June 2022

Andy MacKinnon
Chief Financial Officer
28 June 2022

Consolidated Statement of Changes in Equity

For the year ended 30 April 2022

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Other reserves £000	Total equity £000
Balance at 1 May 2020		–	251,362	(229,814)	(2,040)	7	19,515
Profit for the period		–	–	–	20,771	–	20,771
Other comprehensive expense		–	–	–	–	(232)	(232)
Total comprehensive income for the year		**–**	**–**	**–**	**20,771**	**(232)**	**20,539**
Issue of shares	20	50	–	–	–	–	50
Insertion of new top company		25,950	(251,362)	(236,875)	–	–	(462,287)
Share issue to extinguish shareholder loan notes	20	7,618	259,003	–	–	–	266,621
Shares issued on listing net of fees	20	593	18,834	–	–	–	19,427
Capitalisation of merger reserve		533,897	–	(533,897)	–	–	–
Share capital reduction		(533,897)	–	–	533,897	–	–
Settlement of Group relief	8	–	–	–	(2,445)	–	(2,445)
Share-based payments	19	–	–	–	–	27,240	27,240
As at 30 April 2021		**34,211**	**277,837**	**(1,000,586)**	**550,183**	**27,015**	**(111,340)**
Profit for the period		–	–	–	31,439	–	31,439
Other comprehensive income		–	–	–	–	190	190
Total comprehensive income for the year		**–**	**–**	**–**	**31,439**	**190**	**31,629**
Group relief reclassification*	20	–	–	7,560	(5,115)	–	2,445
Share-based payments	19	–	–	–	–	7,701	7,701
Proceeds from IPO share issue	20	–	246	–	–	–	246
As at 30 April 2022		**34,211**	**278,083**	**(993,026)**	**576,507**	**34,906**	**(69,319)**

* For Group relief reclassification adjustment, see Note 20.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 30 April 2022

	Notes	2022 £000	2021 £000
Cash flow from operating activities			
Profit before taxation		39,960	32,868
Adjustments for:			
Depreciation, amortisation and impairment	10,11	14,361	11,732
Loss on disposal of non-current assets		215	47
Net finance expense	6	8,977	5,786
R&D tax credit		(470)	(534)
Share-based payment charges		7,701	27,105
Non-cash movement with undertakings formerly under common control		–	(25,485)
Changes in working capital:			
Decrease/(increase) in inventories		4,765	(12,001)
Increase in trade and other receivables		(295)	(1,786)
(Decrease)/increase in trade and other payables		(10,832)	29,755
Increase in trade and other receivables and payables with undertakings formerly under common control		(503)	(3,113)
Cash generated from operating activities		63,879	64,374
Income tax paid		(8,945)	(11,096)
Net cash generated from operating activities		54,934	53,278
Cash flow from investing activities			
Capitalisation of intangible assets	10	(8,297)	(7,750)
Purchase of property, plant and equipment	11	(1,444)	(3,059)
Deferred consideration on purchase of Greetz		–	(3,562)
Net cash used in investing activities		(9,741)	(14,371)
Cash flow from financing activities			
Proceeds from increases in and new borrowings	18	–	175,000
Payment of fees related to new borrowings	18	–	(6,544)
Repayment of pre-IPO borrowings		–	(168,800)
Interest paid	18	(6,451)	(1,697)
Lease liabilities paid	18	(2,442)	(1,779)
Interest paid on leases	18	(663)	(763)
Proceeds from IPO share issue	20	246	19,468
Net cash (used in)/generated from financing activities		(9,310)	14,885
Net cash flows generated from operating, investing, and financing activities		35,883	53,792
Differences on exchange		(226)	149
Increase in cash and cash equivalents in the year		35,657	53,941
Net cash and cash equivalents at 1 May		66,020	12,079
Net cash and cash equivalents at 30 April		101,677	66,020

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

Moonpig Group plc (the "Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006, whose shares are traded on the London Stock Exchange. The consolidated financial statements of the Company as at and for the year ended 30 April 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

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Moonpig Group plc transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 May 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The financial statements of Moonpig Group plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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

The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention.

Basis of consolidation

Subsidiaries are entities over which the Group has control. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany transactions and balances between Group companies are eliminated on consolidation.

In these consolidated financial statements, with respect only to (1) the Preparatory Sub-Group Reorganisation and (2) the pre-IPO Reorganisation (in both cases as defined below), the Group has applied a predecessor accounting approach as in both cases the transaction was between entities under common control. This means that the assets and liabilities of the recently acquired businesses included in these consolidated financial statements correspond to the historical amounts in the individual financial statements of the combined entities (predecessor values). Accordingly, any consideration given or received in relation to those common control transactions is recognised directly in equity within the merger reserve. The consolidated financial statements include the acquired Group's full-year results including comparatives.

The financial statements of all subsidiary undertakings are prepared to the same reporting date as the Company. All subsidiary undertakings have been consolidated.

The subsidiary undertakings of the Company at 30 April 2022 are detailed in Note 24 to the consolidated financial statements on page 150.

Summary of impact of Group restructure and Initial Public Offering

Preparatory Sub-Group Reorganisation

On 9 April 2020, a sub-group reorganisation was completed whereby Cards Holdco Limited became the holding company of the entities comprising the Group at that point in time (the "Preparatory Sub-Group Reorganisation"). This was accounted for using common control merger accounting.

The members of the Cards Holdco group included Cards Holdco Limited (since its incorporation on 22 August 2019), Moonpig.com Limited, a company incorporated and domiciled in England and Wales, and Horizon Bidco B.V., a company incorporated and domiciled in the Netherlands (since its incorporation on 26 July 2018) and its subsidiaries.

The Cards Holdco group formed part of the previous, wider private group comprising Horizon Holdco Limited (the "Former Parent Undertaking"), a company incorporated and domiciled in England and Wales, and its subsidiaries.

Demerger

As set out in the Prospectus and detailed in the last Annual Report and Accounts, the "Demerger" was completed on 8 January 2021, whereby Cards Holdco Limited and its subsidiaries were separated from the Former Parent Undertaking. The Demerger was carried out through a series of reorganisation steps, including the insertion of holding companies above Cards Holdco Limited, share-for-share exchanges, a solvency statement capital reduction pursuant to s.642 of the Companies Act 2006 in one of the new holding companies and Titan Holdco Limited purchasing Cards Holdco Limited and becoming the Parent Company.

1 General information continued

On 7 January 2021, Titan Bidco Limited, one of the new intermediate holding companies of the Group, entered into a five-year Senior Facilities Agreement, comprising a Term Loan B of £175,000,000 and access to a multicurrency RCF with total commitments of £20,000,000. The Term Loan B facility was drawn down in full on this date. On 8 January 2021, Term Loan B facility was utilised in full, with fees of £6,318,000 capitalised on the balance sheet. The amount of £168,800,000 drawn net of fees was remitted to the Former Parent Undertaking in order to repay the Existing Facilities. The RCF remained undrawn.

Pre-IPO reorganisation

On 1 February 2021 Moonpig Group plc acquired the entire issued share capital of Titan Holdco Limited in exchange for shares issued by the Company, thereby making the Company the holding company of the Group. This formed part of the pre-IPO reorganisation, as set out in the Prospectus.

On 2 February 2021, the Company's shares began trading on the London Stock Exchange. Thereafter, a further Group simplification process took place, whereby borrower obligations pursuant to the Senior Facilities Agreement were pushed down to Cards Holdco Limited.

Further detail can be found within the Prospectus.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance, and position, are set out in the Strategic report on pages 1 to 65.

Throughout the year ended 30 April 2022 the Group has continued to generate positive operating cash flow with a cash and cash equivalents balance of £101,677,000 as at 30 April 2022 (2021: £66,020,000). The Group has access to a multicurrency RCF. The RCF has total commitments of £20,000,000, an original of 60 months and expires in January 2026. As at 30 April 2022, the RCF remains undrawn.

On 19 May 2022 and in connection with the financing of the proposed acquisition of Buyagift, an additional RCF in the aggregate sum of £60,000,000 was agreed. The facility bears interest at a floating rate which is a base reference rate applicable plus a margin and expires in line with the original Senior Facilities Agreement.

The Senior Facilities Agreement is subject to an EBITDA to Total Net Debt covenant of 4.50x for the year ended 30 April 2022, 4.00x until and including the year ended 30 April 2023 and 3.50x thereafter. It is to be tested on a semi-annual basis, with EBITDA and Total Net Debt as defined in the Senior Facilities Agreement. The Group has complied with all covenants from entering the Senior Facilities Agreement until the date of these financial statements and is forecast to comply with these during the going concern assessment period.

The Directors have reviewed the severe but plausible scenarios as described within the Viability statement on pages 62 and 63; in these scenarios, the Group continues to have sufficient resources to continue in operational existence. In the event that more severe impacts occur, controllable mitigating actions are available to the Group should they be required.

The Directors also reviewed the results of reverse stress testing performed 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.

The assessment of prospects as detailed above, has been carried out for scenarios in which the Group both does and does not complete the proposed acquisition of Buyagift. The scenarios that include completion of the Acquisition incorporate all sources and uses of funding for the transaction, the impact of the additional RCF on forecast headroom and the forecast profit and loss and cash flows of the acquired asset.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements, in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Notes to the Consolidated Financial Statements continued

1 General information continued

Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas of judgement which have the greatest potential effect on the amounts recognised in the financial statements are:

Capitalisation of internally generated assets

Certain costs incurred in the developmental phase of an internal project, which include the development of technology, app and platform enhancements, internally generated software and trademarks, are capitalised as intangible assets if a number of criteria are met. The costs of internally developed assets include capitalised expenses of employees working full time on software development projects, third-party firms, and software licence fees. Management has made judgements and assumptions when assessing whether development meets these criteria, and on measuring the costs attributed to such projects. Further details of the amounts of, and movements in, such assets are given in Note 10.

The areas of estimates and assumptions which have the greatest potential effect on the amounts recognised in the financial statements are:

Useful life of internally generated assets

The estimated useful lives which are used to calculate amortisation of internally generated assets (the Group's platforms and applications) are based on the length of time these assets are expected to generate income and be of benefit to the Group. The uncertainty included in this estimate is that if the useful lives are estimated to differ from the actual useful lives of the intangible assets, this could result in accelerated amortisation in future years and/or impairments. The economic lives of internally generated intangible assets are estimated at three years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. If the useful life of internally generated assets were estimated to be shorter or longer by one year, than the current useful life of three years, the net book value would (decrease)/increase by (£3,311,000)/£1,655,000 from the amount recognised as at 30 April 2022. Further details of the amounts of, and movements in, such assets are given in Note 10.

2 Summary of significant accounting policies

New standards, amendments and interpretations not yet adopted

The LIBOR reform Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are effective for annual periods starting after 1 January 2021. They provide a series of reliefs from accounting requirements when a change required by interest rate benchmark reform occurs. These amendments did not have a material impact on the balance sheet.

The Group has also considered the IFRIC agenda decision on "Configuration and Customisation costs in a Cloud Computing Arrangement" and concluded that it does not have a material impact on the consolidated or company financial statements.

The following adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have material effect on the financial statements unless otherwise indicated:

- Amendments to IAS 1 Presentation of financial statements: Classification of Liabilities as Current or Non-current (effective date to be confirmed);
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (effective date to be confirmed);
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date to be confirmed);
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use (effective date to be confirmed);
- Annual Improvements to IFRS Standards 2018-2020 (effective date to be confirmed);
- Amendments to IAS 1 and IFRS Practice statement 2: Disclosure of Accounting Policies (effective date to be confirmed);
- Amendments to IAS 8: Definition of Accounting Estimates (effective date to be confirmed); and
- Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (effective date to be confirmed).

The principal accounting policies are set out below. Policies have been applied consistently, other than where new policies have been applied.

2 Summary of significant accounting policies continued

a) Foreign currency translation

The functional and presentational currency of the Group is Sterling. The income and cash flow statements of the Group undertakings that are expressed in currencies other than Sterling are translated to Sterling using exchange rates applicable on the dates of the underlying transactions. Average rates of exchange in each year are used where the average rate approximates the relevant exchange rate on the date of the underlying transactions. Assets and liabilities of the Group undertakings are translated at the applicable rates of exchange at the end of each year.

The differences between retained profits translated at average and closing rates of exchange are taken to reserves, as are differences arising on the retranslation to Sterling (using closing rates of exchange) of overseas net assets at the beginning of the year and are presented as a separate component of equity. They are recognised in the income statement when the gain or loss on disposal of a Group undertaking is recognised.

Foreign currency transactions are initially recognised in the functional currency of each entity in the Group using the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign currency assets and liabilities at year-end rates of exchange are recognised in the income statement. Foreign exchange gains or losses recognised in the income statement are included in profit from operations or net finance costs depending on the underlying transactions that gave rise to these exchange differences.

b) Revenue

The Group is principally engaged in the sale of goods, predominantly cards and gifts to its customers. Any shipping and handling is not a separate performance obligation and any shipping fees charged to the customer are included in the transaction price. The sale of goods and any shipping and handling represents a single performance obligation which is satisfied upon delivery of the relevant goods and the transfer of control to that customer. Revenue is shown net of local sales tax and customer discounts and is reduced for provisions of customer returns and remakes based on the history of such matters.

The Group considers the cost of shipping its products to the customer to be directly associated with generating revenue and therefore presents these costs within cost of sales.

The Group is required to assess whether it controls a good or service before it is transferred to the end customer to determine whether it is principal or agent in that transaction.

Where the Group is referred customers through a third party, the Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Where the Group controls the goods before they are transferred to the customer, the Group is deemed to be acting as the principal.

Part of the Group operates a loyalty scheme which grants the customer a free product once a fixed number of purchases are made for which credits are awarded. The Group allocates some of the proceeds of the initial sale to the award credits as a liability. The amount of proceeds allocated to the award credits is measured by reference to their relative standalone selling price, that is, the amount for which the award credits could have been sold separately. The Group recognises the deferred portion of the proceeds as revenue only when it has fulfilled its performance obligations.

The Group operates schemes with third parties where the Group earns revenue for successful customer referrals that utilise the third party's service offerings. The enrolment by a Group customer with these third-party service providers is deemed as the performance obligation.

The Group offers consumers the ability to purchase third-party gift cards through the individual brand websites, where the Group operates as an agent earning a commission on the sale of these gift cards. Commissions are earned upon the activation of the gift card. The Group has no control over the goods or services that the customer purchases from the third party. The Group does not have any legal title over any of the goods or services that the third party provides and there is no performance obligation for the Group to provide any goods or services that are purchased by the customer from the third-party seller. The performance obligation is to arrange the sale of the gift card and facilitate activation once credit has been paid for.

It is the Group's policy to sell its products to the end customer with a right of return within 14 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been stable, it is unlikely that a significant reversal in the cumulative revenue recognised will occur. The validity of this assumption and the estimated number of returns are reassessed at each reporting date.

Notes to the Consolidated Financial Statements continued

2 Summary of significant accounting policies continued

c) Taxation

Taxation is chargeable on the profits for the period, together with deferred taxation.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred taxation is provided in full using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or deferred tax liability is settled. Deferred tax relating to items recognised outside of profit or loss is also recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in the statement of other comprehensive income or the statement of changes in equity.

d) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which is measured at the acquisition date. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Acquisition-related items such as legal or professional fees are expensed to the income statement as incurred.

Balances from intercompany transactions are eliminated.

e) Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill only relates to the Greetz cash-generating unit.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is evidence that it may be required. Any impairment of goodwill is recognised immediately in the income statement and is not subsequently reversed. Goodwill is denominated in the currency of the acquired entity and revalued to the closing exchange rate at each reporting period date.

Goodwill in respect of subsidiaries is included in intangible assets. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

f) Intangible assets other than goodwill

i) Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at fair value.

Intangible assets with a finite useful life that are acquired separately are carried at cost less accumulated amortisation and impairment losses. These intangible assets are amortised on a straight-line basis over their remaining useful lives, consistent with the pattern of economic benefits expected to be received. The amortisation charge is included within selling and administrative expenses in the income statement.

2 Summary of significant accounting policies continued

f) Intangible assets other than goodwill continued

ii) Internally generated research and development costs

Research expenditure is charged to income in the year in which it is incurred. Development expenditure is charged to income in the year it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets to be capitalised as an intangible asset.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation begins when development is complete, and the asset is available for use; the charge is included within selling and administrative expenses in the income statement. The estimated useful lives are as follows:

	Straight-line amortisation period
Trademark	10 years
Technology and development costs	3 years
Customer database	12 years
Software	3 to 5 years
Other intangibles	2 to 4 years

g) Impairment of non-financial assets

Assets are reviewed for impairment whenever events indicate that the carrying amount of a cash-generating unit or the carrying amounts of non-financial assets may not be recoverable. In addition, assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less costs to sell and its value-in-use.

A cash-generating unit is the smallest identifiable group of assets that generates cash flows which are largely independent of the cash flows from other assets or groups of assets. At the acquisition date, any goodwill acquired is allocated to the relevant cash-generating unit or group of cash-generating units expected to benefit from the acquisition for the purpose of impairment testing of goodwill.

h) Impairment of financial assets held at amortised cost

As permitted by IFRS 9 Financial Instruments, loss allowances on trade receivables arising from the recognition of revenue under IFRS 15 Revenue from Contracts with Customers are initially measured at an amount equal to lifetime expected losses. Allowances in respect of loans and other receivables are initially recognised at an amount equal to 12-month expected credit losses. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition.

i) Property, plant and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis to write off the assets over their useful economic life. No depreciation is provided on freehold land. These assets are amortised on a straight-line basis over periods detailed below.

The estimated useful lives are as follows:

	Straight-line depreciation period
Freehold property	25 years
Plant and machinery	4 to 5 years
Fixtures and fittings	4 to 5 years
Leasehold improvements	Over the unexpired term of lease
Computer equipment	3 years
Right-of-use assets (plant and machinery, land and buildings)	Lease length

j) Leased assets

Group as lessee

The group records its lease obligations in accordance with the principles for the recognition, measurement, presentation, and disclosures of leases as set out in IFRS 16. The Group applies IFRS 16 Leases to contractual arrangements which are, or contain, leases of assets, and consequently recognises right-of-use assets and lease liabilities at the commencement of the leasing arrangement, with the asset included in Note 11 and the liabilities included as part of borrowings in Note 18. The nature of the Group's leases are offices, warehouses, and printing machinery.

Notes to the Consolidated Financial Statements continued

2 Summary of significant accounting policies continued

j) Leased assets continued

Group as lessee continued

Lease liabilities are initially recognised at an amount equal to the present value of estimated contractual lease payments at the inception of the lease, after taking into account any options to extend the term of the lease to the extent they are reasonably certain to be exercised. Lease commitments are discounted to present value using the interest rate implicit in the lease if this can be readily determined, or the applicable incremental rate of borrowing, as appropriate. Right-of-use assets are initially recognised at an amount equal to the lease liability, adjusted for initial direct costs in relation to the assets, then depreciated over the shorter of the lease term and their estimated useful lives.

Group as lessor

The Group has entered into a lease agreement as a lessor with respect to one of its properties with a subsidiary of the Former Parent Undertaking. This is accounted for as an operating lease as the lease does not transfer substantially all the risks and rewards of ownership to the lessee.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

k) Inventories

Inventories include raw materials and finished goods and are stated at the lower of cost and net realisable value. Cost is based on the weighted average cost incurred in acquiring inventories and bringing them to their existing location and condition, which will include raw materials, direct labour and overheads, where appropriate.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, call deposits, cash held by payment service providers and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, with a maturity of three months or less. Cash equivalents relate to cash in transit from various payment processing intermediaries that provide receipting services to the Group.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

m) Financial instruments

The primary objective with regard to the management of cash of the Group's business model for managing financial assets is to protect against the loss of principal. Additionally, the Group aims to maximise Group liquidity by concentrating cash centrally; to align the maturity profile of external investments with that of the forecast liquidity profile; to wherever practicable, match the interest rate profile of external investments to that of debt maturities or fixings; and to optimise the investment yield within the Group's investment parameters.

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current. In addition, current liabilities include amounts where the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Non-derivative financial assets are classified on initial recognition in accordance with the Group's business model as investments, loans and receivables, or cash and cash equivalents and accounted for as follows:

- **Loans and other receivables:** These are non-derivative financial assets with fixed or determinable payments that are solely payments of principal and interest on the principal amount outstanding, that are primarily held in order to collect contractual cash flows. These balances include trade and other receivables and are measured at amortised cost, using the effective interest rate method, and stated net of allowances for credit losses.
- **Cash and cash equivalents:** Cash and cash equivalents include cash in hand and deposits held on call. Cash equivalents normally comprise instruments with maturities of three months or less at their date of acquisition. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in the liabilities section on the balance sheet.

2 Summary of significant accounting policies continued

m) Financial instruments continued

Non-derivative financial liabilities, including borrowings and trade payables, are stated at amortised cost using the effective interest method. For borrowings, their carrying value includes accrued interest payable.

n) Segmental analysis

The Group is organised and managed on the basis of its brands (Moonpig and Greetz). These are both the reportable and operating segments for the Group as they form the focus of the Group's internal reporting systems and are the basis used by the chief operating decision maker ("CODM"), identified as the CEO and CFO, for assessing performance and allocating resources. The prices agreed between Group companies for intra-group services and fees are based on normal commercial practices which would apply between independent businesses.

o) Provisions

Provisions are recognised when either a legal or constructive obligation as a result of a past event exists at the balance sheet date, it is probable that an outflow of economic resources will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

p) Pensions and other post-employment benefits

The Group contributes to defined contribution pensions schemes and payments to these are charged as an expense and accrued over time.

q) Adjusting items

Adjusting items are significant items of income or expense in revenue, profit from operations, net finance costs, taxation which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group's underlying financial performance because of their size, nature or incidence. In identifying and quantifying adjusting items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as an adjusting item. These items are separately disclosed in the segmental analyses or in the notes to the financial statements as appropriate.

The Group believes that these items are useful to users of the consolidated financial statements in helping them to understand the underlying business performance and are used to derive the Group's principal non-GAAP measure of Adjusted EBITDA, which is before the impact of adjusting items and which is reconciled from profit from operations.

r) Equity

Called-up share capital

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

Share premium

The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in share premium. Costs that directly relate to the issue of ordinary shares are deducted from share premium net of corporation tax.

Merger reserve

The merger reserve relates to the merger reserve arising from the Group Reorganisation accounted for under common control.

Invested capital

Invested capital represents the total equity of the Group during the period prior to the Preparatory Sub-Group Reorganisation.

Other reserves

Share-based payment reserve

The share-based payment reserve is built up of charges in relation to equity-settled share-based payment arrangements which have been recognised within the consolidated income statement.

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.

Notes to the Consolidated Financial Statements continued

2 Summary of significant accounting policies continued

s) Earnings per share

The Group presents basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

t) Share-based payments

The Group has equity-settled compensation plans.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of awards that will eventually vest. For plans where the vesting conditions are based on a market condition, such as total shareholder return, the fair value at date of grant reflects the probability that this condition will not be met and therefore is fixed thereafter irrespective of actual vesting.

Fair value is measured by the use of the Black-Scholes and Monte Carlo option pricing model, except where vesting is subject to market conditions when the Stochastic option pricing model is used. A Chaffe model is used to value the holding period. The expected term used in the models has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3 Segmental analysis

The CODM reviews external revenues and Adjusted EBITDA to evaluate segment performance and allocate resources to the overall business.

"Adjusted EBITDA" is a non-GAAP measure. Adjustments are made to the statutory IFRS results to arrive at an underlying result which is in line with how the business is managed and measured on a day-to-day basis. Adjustments are made for items that are individually important in order to understand the financial performance. If included, these items could distort understanding of the performance for the year and the comparability between periods. Management applies judgement in determining which items should be excluded from underlying performance. See Note 5 for details of these adjustments.

The two brands (Moonpig and Greetz) are the reportable segments for the Group, with Moonpig based in the UK and Greetz in the Netherlands. They form the focus of the Group's internal reporting systems and are the basis used by the CODM for assessing performance and allocating resources.

The majority of the Group's revenue is derived from retail to the general public in the cards and gifting markets. No single customer accounted for 10% or more of the Group's revenue.

Finance income and expense are not allocated to the reportable segments, as this activity is managed centrally.

In common with many retailers, revenue and trading profit are subject to seasonal fluctuations and are weighted towards the second half of the year which includes the key peak periods for the business.

Segment analyses

The following table shows revenue by segment that reconciles to the consolidated revenue for the Group.

	2022 £000	2021 £000
Moonpig	234,670	281,737
Greetz	69,663	86,446
Total external revenue	304,333	368,183

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:

	2022 £000	2021 £000
UK and Ireland	230,931	276,972
Netherlands	69,663	84,642
Rest of the world[1]	3,739	6,569
Total external revenue	304,333	368,183

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

3 Segmental analysis continued

Segment analyses continued

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

	2022 £000	2021 £000
Moonpig		
Non-current assets[1]	35,986	27,113
Capital expenditure	(784)	(1,606)
Intangible expenditure	(8,262)	(7,611)
Depreciation and amortisation	(8,803)	(7,426)
Greetz		
Non-current assets[1]	19,283	27,210
Capital expenditure	(660)	(1,453)
Intangible expenditure	(35)	(139)
Depreciation and amortisation	(5,558)	(4,306)
Group		
Non-current assets[1]	55,269	54,323
Capital expenditure	(1,444)	(3,059)
Intangible expenditure	(8,297)	(7,750)
Depreciation and amortisation	(14,361)	(11,732)

1 Comprises intangible assets and property, plant and equipment.

The Group's measure of segment profit, Adjusted EBITDA, excludes adjusting items; refer to the APMs section on pages 156 to 157 for calculation.

	2022 £000	2021 £000
Adjusted EBITDA		
Moonpig	59,062	78,268
Greetz	15,821	13,860
Group Adjusted EBITDA	74,883	92,128
Depreciation and amortisation		
Moonpig	8,803	7,426
Greetz[1]	5,558	4,306
Group depreciation and amortisation	14,361	11,732

1 Includes amortisation arising on Group consolidation on intangibles forming part of the Greetz Cash Generating Unit ("CGU").

The following table shows Adjusted EBITDA that reconciles to the consolidated results of the Group.

	Note	2022 £000	2021 £000
Adjusted EBITDA		74,883	92,128
Depreciation and amortisation	10,11	(14,361)	(11,732)
Adjusting items	5	(11,585)	(41,742)
Operating profit		48,937	38,654
Finance income	6	–	686
Finance expense	6	(8,977)	(6,472)
Profit before taxation		39,960	32,868
Taxation charge	8	(8,521)	(12,097)
Profit for the year		31,439	20,771

Notes to the Consolidated Financial Statements continued

4 Operating profit

Nature of expenses charged/(credited) to operating profit from continuing operations:

	2022 £000	2021 £000
Research and development expenses	1,608	1,385
Depreciation on property, plant and equipment	4,660	4,318
Amortisation of intangible fixed assets	9,701	7,414
Share-based payment charges	8,308	27,303
Foreign exchange loss/(gain)	69	(65)
Loss on disposal of intangible and tangible assets	215	47
Expense relating to short-term leases	12	12
Other income[1]	(1,433)	(1,482)
Auditors' remuneration:		
– Fees to auditors for the audit of these consolidated financial statements	591	443
– Fees to auditors' firms and associates for local audits	77	50
Total audit fees expense	668	493
Fees to auditors' firms and associates for other services:		
– Assurance services	107	2,535
– Tax advisory services	–	49
– Tax compliance	–	72
	775	3,149

1 Other income relates to a sublease with a subsidiary of the Former Parent Undertaking for its portion of the space used at the Group's head offices at Herbal House.

During the year, PricewaterhouseCoopers LLP charged the Group as follows:

- In respect of audit-related assurance services: £775,000 (2021: £3,028,000). In 2021 this figure included one-off assurance services regarding due diligence and IPO services which included related transaction costs totalling £2,535,000. In 2022 no such one-off assurance services regarding due diligence and IPO services were provided.
- In respect of non-audit-related services: £nil (2021: £121,000).

5 Adjusting items

	2022 £000	2021 £000
IPO-related transaction costs	–	(10,625)
IPO-related bonuses	(3,618)	(4,292)
IPO-related share-based payment charges	(7,038)	(27,105)
Pension provision	–	2,086
Recognition and remeasurement of pension indemnity	–	(1,806)
M&A-related transaction costs	(929)	–
Total adjustments made to operating profit	(11,585)	(41,742)

IPO-related transaction costs

IPO-related transaction costs relate to the expenditure incurred, including fees and costs, in relation to the IPO process that completed during the year ended 30 April 2021.

IPO-related bonuses

IPO-related bonuses 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.

IPO-related share-based payment charges

IPO-related share-based payment charges relate to the Legacy Schemes, Pre-IPO and SIP awards that were granted in relation to the IPO process that completed during the year ended 30 April 2021.

Pension provision and recognition and remeasurement of pension indemnity

In December 2020, Greetz and the Retail Pension Fund ("Dutch Pension Fund") entered a settlement and agreed that the Retail Pension Fund will exempt Greetz from any past and future obligation to participate in the Retail Pension Fund in relation to the claim.

5 Adjusting items continued

Pension provision and recognition and remeasurement of pension indemnity continued

As a result, £2,086,000 of the provision was released in the year ended 30 April 2021. The indemnification asset was correspondingly reduced by £1,806,000. In February 2021, Greetz and the sellers entered a settlement and agreed to settle the claim. As a result, a final payment of £542,000 was made to the sellers. The Group has now settled in full with the sellers. Only charges related to periods before Greetz was acquired by the Group have been treated as adjusting items.

M&A-related transaction costs

M&A-related transaction costs relate to fees and costs incurred in relation to the proposed acquisition of Buyagift, the UK's leading gift experiences platform.

Cash paid in the year in relation to adjusting items in the year totalled £2,146,000 (2021: £10,789,000).

6 Finance income and costs

Finance income

	2022 £000	2021 £000
Bank interest receivable	–	686
Total finance income	–	686

Finance costs

	2022 £000	2021 £000
Interest payable on leases	(663)	(755)
Bank interest payable	(6,297)	(2,107)
Interest payable to entities formerly under common control[1]	–	(2,711)
Amortisation of capitalised borrowing costs	(1,360)	(226)
Net foreign exchange loss on financing activities	(657)	(673)
Total finance costs	(8,977)	(6,472)
Net finance costs	(8,977)	(5,786)

1 Refer to related party transactions Note 23.

7 Employee benefit costs

The average monthly number of employees (including Directors) during the year by segment was made up as follows:

	2022 Number	2021 Number
Administration	358	309
Production	89	90
Total employees	447	399

	2022 £000	2021 £000
Wages and salaries	33,343	27,909
Social security costs	4,753	4,394
Other pension costs[1]	977	449
Share-based payment expense	7,701	27,303
Total gross employment costs	46,774	60,055
Staff costs capitalised as intangible assets	(8,297)	(7,401)
Total employment costs	38,477	52,654

1 Includes movements on the provision for potential pension liabilities. See Notes 5 and 16 for details.

The Group's employees are members of defined contribution pension schemes with obligations recognised as an operating cost in the income statement as incurred.

The Group pays contributions into separate funds on behalf of the employee and has no further obligations to employees. The risks associated with this type of plan are assumed by the member. Contributions paid by the Group in respect of the current period are included within the consolidated income statement.

Notes to the Consolidated Financial Statements continued

8 Taxation

(a) Tax on gain on ordinary activities.

The tax charge is made up as follows:

	2022 £000	2021 £000
Profit before taxation	39,960	32,868
Current tax:		
UK corporation tax on profit for the year	7,267	11,240
Foreign tax charge	2,959	542
Adjustment in respect of prior years	(654)	(164)
Total current tax	9,572	11,618
Deferred tax:		
Origination and reversal of temporary differences	(1,224)	(589)
Impact of changes in tax law and rates	(75)	–
Adjustment in respect of prior years	248	1,068
Total deferred tax	(1,051)	479
Total tax charge in the income statement	8,521	12,097

(b) The tax assessed for the year differs from the standard UK rate of corporation tax applicable of 19.00% (2021: 19.00%). The differences are explained below:

	2022 £000	2021 £000
Profit before taxation	39,960	32,868
Profit on ordinary activities multiplied by the UK tax rate	7,592	6,245
Effects of:		
Expenses not deductible for tax purposes	1,391	7,771
Non-taxable income	(371)	(381)
Losses claimed from entities formerly under common control	-	(2,445)
Effect of higher tax rates in overseas territories	411	3
Tax under/(over) provided in previous years	(407)	904
Change in UK deferred tax rate	(204)	–
Other permanent differences	109	–
Total tax charge for the year	8,521	12,097

Taxation for other jurisdictions is calculated at the rates prevailing in each jurisdiction.

The effective tax rate is higher than the UK tax rate of 19%, which primarily reflects the non-deductible nature of the Legacy Incentives (refer to Note 19).

(c) Deferred tax:

	Accelerated capital allowances £000	Intangible assets £000	Tax losses carried forward £000	Share-based payments £000	Other short-term temporary differences £000	Total £000
Balance at 1 May 2020	(388)	(3,741)	1,233	–	29	(2,867)
Adjustments in respect of prior periods	106	(614)	(559)	–	–	(1,067)
Adjustments posted through equity	–	–	–	73	–	73
Current year (credit)/charge to income statement	69	535	(704)	229	460	589
Effects of movements in exchange rates	–	1	30	–	3	34
Balance at 30 April 2021	(213)	(3,819)	–	302	492	(3,238)

8 Taxation continued

(c) Deferred tax: continued

	Accelerated capital allowances £000	Intangible assets £000	Share-based payments £000	Other short-term temporary differences £000	Total £000
Balance at 1 May 2021	(213)	(3,819)	302	492	(3,238)
Adjustments in respect of prior periods	(522)	56	-	218	(248)
Current year (credit)/charge to income statement	(293)	926	481	185	1,299
Effects of movements in exchange rates	-	19	-	-	19
Balance at 30 April 2022	(1,028)	(2,818)	783	895	(2,168)

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.

On 15 December 2021, the Dutch Senate approved the 2022 Tax Plan. One of the measures of the 2022 Tax Plan is that the general corporate income tax rate increase to 25.8% as of January 1, 2022, the deferred tax has been measured using this rate.

9 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

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 19 of these 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.

	Adjusted 2022	IFRS 2022	Adjusted 2021	IFRS 2021
Earnings attributable to equity holders of the Company (£000):				
Profit for the year	41,674	31,439	61,337[1]	20,771
Number of shares:				
Weighted average number of ordinary shares – Basic	339,036,292	339,036,292	339,036,292	339,036,292
Weighted average number of ordinary shares – Diluted	345,993,719	345,993,719	345,625,737	345,625,737
Earnings per share attributable to equity holders of the Company – continuing operations:				
Basic earnings per share (pence)	12.3	9.3	18.1	6.1
Diluted earnings per share (pence)	12.0	9.1	17.7	6.0

1 Refer to the Alternative Performance Measures section for reconciliation.

Notes to the Consolidated Financial Statements continued

10 Intangible assets

	Goodwill £000	Trademark £000	Technology and development costs[1] £000	Customer database £000	Software £000	Other intangibles £000	Total £000
Cost							
1 May 2020	6,459	8,699	14,927	15,241	553	1,573	47,452
Additions	–	142	7,343	–	209	–	7,694
Disposals	–	–	(5,948)	–	(51)	–	(5,999)
Transfers	–	4	–	–	(4)	–	–
Foreign exchange	–	10	60	–	7	–	77
30 April 2021	6,459	8,855	16,382	15,241	714	1,573	49,224
Accumulated amortisation and impairment							
1 May 2020	–	1,449	5,994	2,609	238	1,311	11,601
Amortisation charge	–	906	4,454	1,620	162	272	7,414
Disposals	–	–	(5,948)	–	(46)	–	(5,994)
Transfers	–	1	–	–	(1)	–	–
Foreign exchange	–	(24)	(40)	(42)	(3)	(10)	(119)
At 30 April 2021	–	2,332	4,460	4,187	350	1,573	12,902
Net book value 30 April 2021	6,459	6,523	11,922	11,054	364	–	36,322

	Goodwill £000	Trademark £000	Technology and development costs £000	Customer database £000	Software £000	Other intangibles £000	Total £000
Cost							
1 May 2021	6,459	8,855	16,382	15,241	714	1,573	49,224
Additions	–	35	8,262	–	–	–	8,297
Disposals	–	–	(4,602)	–	(423)	–	(5,025)
Transfers	–	–	–	–	(9)	–	(9)
Foreign exchange	(223)	(311)	(60)	(53)	205	(54)	(496)
30 April 2022	6,236	8,579	19,982	15,188	487	1,519	51,991
Accumulated amortisation and impairment							
1 May 2021	–	2,332	4,460	4,187	350	1,573	12,902
Amortisation charge	–	766	5,519	3,207	209	–	9,701
Disposals	–	–	(4,602)	–	(344)	–	(4,946)
Transfers	–	–	–	–	(4)	–	(4)
Foreign exchange	–	80	40	45	199	(54)	310
At 30 April 2022	–	3,178	5,417	7,439	410	1,519	17,963
Net book value 30 April 2022	6,236	5,401	14,565	7,749	77	–	34,028

1 The technology and development costs include assets under construction of £3,950,000 (2021: £3,002,000).

(a) Goodwill

Goodwill relates to the acquisition of Greetz in 2018, recognised within the Greetz CGU.

(b) Trademark

Included in the net book value of trademarks are trademarks relating to the acquisition of Greetz with finite lives. The remaining useful economic life at 30 April 2022 on the trademark is 6 years 4 months (2021: 7 years 4 months).

(c) Technology and development costs

Technology and development costs relate only to internally developed assets. The costs of these assets include capitalised expenses of employees working full-time on software development projects, third-party consulting firms, and software licence fees from third-party suppliers.

10 Intangible assets continued

(d) Customer database

Customer database relates to the valuation of existing customer relationships held by Greetz on acquisition. The remaining useful economic life at 30 April 2022 on the customer database is 8 years 4 months (2021: 9 years 4 months).

(e) Software

Software intangible assets include accounting and marketing software purchased by the Group.

(f) Other intangibles

Other intangible assets include non-compete agreements, and information content for products and software that have been valued and separately recognised.

(g) Annual impairment tests

Goodwill

Goodwill is allocated to the appropriate cash-generating unit ("CGU") based on the smallest identifiable group of assets that generates cash inflows independently in relation to the specific goodwill. The recoverable amount of a CGU or group of CGUs is determined as the higher of its fair value less costs of disposal and its value-in-use. In determining value-in-use, estimated future cash flows are discounted to their present value. The Group has performed its annual test for impairment as at 30 April 2022. The cash flow projections used in determining the value in use of each CGU are based on the approved Group plan for the three years following the current financial year (including the FY23 approved budget) and, in view of the Group's history of growth, underpinned by the consistency of repeat purchase behaviour across annual customer cohorts, the Directors consider that it is appropriate to extend this by a further five years. Beyond this period, the projections have been extrapolated using an estimated long-term growth rate.

The key assumptions for the recoverable amounts are the average medium-term revenue growth rates and long-term growth rates, which directly impact the cash flows, and the discount rates used in the calculation. The average medium-term revenue growth rates included below have been calculated for disclosure purposes only and are expressed as the compound annual growth rates in the initial eight years for all cash-generating units of the plans used for impairment testing.

Value-in-use assumptions

The table below shows key assumptions used in the value-in-use calculations.

Greetz CGU	2022	2021
Pre-tax discount rate	9.6%	9.8%
Average medium-term revenue growth rate	13.3%	3.3%[1]
Long-term growth rate	2.0%	2.0%

1 Refer to the viability statement on pages 62 to 63 for further discussion.

Discount rate

The Group calculates a Greetz CGU-specific Weighted Average Cost of Capital ("WACC"), applying local government bond yields and tax rates. For reference the equivalent CGU-specific WACC for Moonpig was 12.7% (2021: 11.6%). The discount rate applied to a CGU represents a pre-tax rate that reflects the market assessment of the time value of money as at 30 April 2022 and the risks specific to the CGU.

Sensitivity analysis

A sensitivity analysis was performed for each of the significant CGUs or group of CGUs and management concluded that no reasonably possible change in any of the key assumptions would result in the carrying value of the CGU or group of CGUs to exceed its recoverable amount.

Other finite-life intangible assets

At each reporting period date, the Group reviews the carrying amounts of other finite-life intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Consolidated Financial Statements continued

11 Property, plant and equipment

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Leasehold improvements £000	Computer equipment £000	Right-of-use assets plant and machinery £000	Right-of-use assets land and buildings £000	Total £000
Cost								
1 May 2020	3,999	5,386	970	4,150	2,123	1,225	11,855	29,708
Additions	–	2,110	276	2	671	55	–	3,114
Disposals	–	(711)	(1)	(15)	(379)	–	–	(1,106)
Modifications	–	–	–	–	–	–	396	396
Foreign exchange	–	(27)	–	(5)	–	12	(11)	(31)
30 April 2021	3,999	6,758	1,245	4,132	2,415	1,292	12,240	32,081
Accumulated depreciation and impairment								
1 May 2020	1,772	3,785	489	1,274	1,417	382	1,741	10,860
Depreciation charge	160	819	272	401	449	398	1,819	4,318
Disposals	–	(691)	(1)	(1)	(372)	–	–	(1,065)
Foreign exchange	(1)	(6)	(1)	(1)	10	4	(38)	(33)
30 April 2021	1,931	3,907	759	1,673	1,504	784	3,522	14,080
Net book value 30 April 2021	2,068	2,851	486	2,459	911	508	8,718	18,001

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Leasehold improvements £000	Computer equipment £000	Right-of-use assets plant and machinery £000	Right-of-use assets land and buildings £000	Total £000
Cost								
1 May 2021	3,999	6,758	1,245	4,132	2,415	1,292	12,240	32,081
Additions	–	803	94	11	536	–	6,571	8,015
Disposals	(92)	(812)	(74)	(420)	(526)	–	–	(1,924)
Modifications	–	–	–	–	7	–	–	7
Foreign exchange	–	(75)	(1)	(15)	(39)	(39)	(67)	(236)
30 April 2022	3,907	6,674	1,264	3,708	2,393	1,253	18,744	37,943
Accumulated depreciation and impairment								
1 May 2021	1,931	3,907	759	1,673	1,504	784	3,522	14,080
Depreciation charge	158	1,030	291	399	502	251	2,029	4,660
Disposals	(36)	(802)	(73)	(420)	(488)	43	–	(1,776)
Transfers	–	–	–	–	4	–	–	4
Foreign exchange	–	(35)	(1)	(14)	(19)	(116)	(81)	(266)
30 April 2022	2,053	4,100	976	1,638	1,503	962	5,470	16,702
Net book value 30 April 2022	1,854	2,574	288	2,070	890	291	13,274	21,241

12 Inventories

	2022 £000	2021 £000
Raw materials and consumables	2,109	1,978
Finished goods	9,987	13,645
Total inventory	12,096	15,623
Less: Provision for write off of:		
Raw materials and consumables	(194)	(149)
Finished goods	(1,785)	(592)
Net inventory	10,117	14,882

The cost of inventories recognised as an expense and included in cost of sales during the period amounted to £51,313,000 (2021: £57,862,000).

13 Trade and other receivables

	2022 £000	2021 £000
Current:		
Trade receivables	138	700
Less: provisions	–	(17)
Trade receivables – net	138	683
Other receivables	1,944	777
Other receivables with entities formerly under common control	458	210
Prepayments	1,752	2,632
Total current trade and other receivables	4,292	4,302

The movements in the allowance account are as follows:

	2022 £000	2021 £000
At 1 May	17	109
Charge for the year	–	–
Utilised	–	–
Released	(17)	(92)
At 30 April	–	17

Trade and other receivables are predominantly denominated in the functional currencies of subsidiary undertakings. There is no material difference between the above amounts for trade and other receivables (including loan receivables) and their fair value due to their contractual maturity of less than 12 months.

Other receivables with entities formerly under common control relate to costs in connection with leased property.

As permitted by IFRS 9, the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as ageing of the debt and the credit risk of the customers. A historical credit loss rate is then calculated and then adjusted to reflect expectations about future credit losses. A customer balance is written off when it is considered that there is no reasonable expectation that the amount will be collected, and legal enforcement activities have ceased.

The Group's credit risk on trade and other receivables is primarily attributable to trade receivables. There are no significant concentrations of credit risk since the risk is spread over a large number of unrelated counterparties.

The Group's businesses implement policies, procedures and controls to manage customer credit risk. Outstanding balances are regularly monitored and reviewed to identify any change in risk profile.

The Group considers its credit risk to be very low with Group revenues derived from electronic payment processes (including credit card, debit card, PayPal, iDeal and Single Euro Payments Area ("SEPA") executed over the internet, with the majority of receipts reaching the bank accounts in one to two days.

At 30 April 2022, the Group had net trade receivables of £138,000 (2021: £683,000). Trade receivables are reviewed regularly for any risk of impairment and provisions are booked where necessary.

The maximum exposure to credit risk is the trade receivable balance at the year-end. The Group has assessed its exposure below:

Trade receivables ageing

	2022 £000	2021 £000
Up to 30 days	74	360
Past due but not impaired:		
30 to 90 days	55	339
More than 90 days	9	1
Gross	138	700
Less: provisions	–	(17)
Net trade receivables	138	683

Notes to the Consolidated Financial Statements continued

13 Trade and other receivables continued

	2022 £000	2021 £000
Non-current other receivables:		
Other receivables	1,928	1,412
Total non-current trade and other receivables	1,928	1,412

Other non-current receivables relate to security deposits in connection with leased property.

14 Cash and cash equivalents

	2022 £000	2021 £000
Cash and bank balances	100,242	64,085
Cash equivalents	1,435	1,935
Total cash and cash equivalents	101,677	66,020

The carrying value of cash and cash equivalents approximates their fair value. Cash equivalents relate to cash in transit from various payment processing intermediaries that provide receipting services to the Group.

Cash and cash equivalents are denominated in Pound Sterling or other currencies as shown below.

	2022 £000	2021 £000
Pound Sterling	97,394	61,926
Euro	3,687	4,094
Australian Dollar	546	–
US Dollar	50	–
Total cash and cash equivalents	101,677	66,020

15 Trade and other payables

	2022 £000	2021 £000
Current		
Trade payables	19,402	32,500
Other payables	–	226
Other taxation and social security	4,370	2,436
Accruals	19,530	22,741
Trade payables with entities formerly under common control	–	2,692
Total current trade and other payables	43,302	60,595

Trade and other payables are predominantly denominated in the functional currencies of subsidiary undertakings. The Demerger resulted in the settlement of the Group's related-party balances with the entities formerly under common control. Trade and other payables decreased, reflecting the unwind of the atypically high balances on 30 April 2021 which arose as a result of strong trading, investment in brand marketing and the build-up of buffer inventory.

There is no material difference between the above amounts for trade and other payables and their fair value due to materially all of the trade and other payables having a contractual maturity of less than 12 months.

	2022 £000	2021 £000
Non-current		
Other payables	4,207	885
Other taxation and social security	1,338	122
Accruals	129	–
Other payables with entities formerly under common control	638	638
Total non-current trade and other payables	6,312	1,645

Non-current trade and other payables predominantly relate to the cash component of the Pre-IPO awards, refer to Note 19 for further details.

16 Provisions for other liabilities and charges

	Pension provisions £000	Other provisions £000	Dilapidations provisions £000	Total £000
At 1 May 2020	3,303	–	816	4,119
Charged in the year	–	1,728	–	1,728
Utilisation	(867)	–	–	(867)
Release of provisions in the year	(2,613)	–	–	(2,613)
Foreign exchange	177	(31)	–	146
At 30 April 2021	–	1,697	816	2,513

	Pension provisions £000	Other provisions £000	Dilapidations provisions £000	Total £000
At 1 May 2021	–	1,697	816	2,513
Charged in the year	–	235	693	928
Utilisation	–	–	–	–
Release of provisions in the year	–	(64)	–	(64)
Foreign exchange	–	(31)	–	(31)
At 30 April 2022	–	1,837	1,509	3,346

Current provisions

Pension provision costs relate to items discussed in Note 5. Other provisions relate to stamps and voucher provisions and a royalty provision. The above provisions are due to be settled within the year.

Non-current provisions

Dilapidations provisions relate to the Herbal House head office and the new UK facility and these are non-current due to their settlement date.

17 Contract liabilities

In all material respects, current deferred income at 1 May 2020 and 1 May 2021 was recognised as revenue during the respective subsequent year. Other than business-as-usual movements there were no significant changes in contract liability balances during the year.

18 Borrowings

	2022 £000	2021 £000
Current		
Lease liabilities	2,151	2,406
Borrowings	213	389
Non-current		
Lease liabilities	13,169	9,626
Borrowings	169,950	168,682
Total borrowings and lease liabilities	185,483	181,103

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 B of £175,000,000 and a multicurrency RCF in an initial aggregate amount equal to £20,000,000, provided by a syndicate of banks.

Term Loan B has a term of 60 months. The RCF shall be used to finance general corporate expenditure and other working capital requirements should they arise, has a term of 60 months, and expires in January 2026. As at 30 April 2022, the RCF remains undrawn.

The Term Loan under the Senior Facilities Agreement bears interest at a floating rate of interest which was linked to LIBOR until 8 December 2021 and linked to SONIA since this date. Management undertook an assessment with respect to the transition to an alternative benchmark rate (SONIA) and the impact on the financial statements was not considered to be material.

Notes to the Consolidated Financial Statements continued

18 Borrowings continued

The Senior Facilities Agreement is subject to an EBITDA to Total Net Debt covenant of 4.50x for the year ended 30 April 2022, 4.00x until and including the year ended 30 April 2023 and 3.50x thereafter, tested semi-annually, with EBITDA and Total Net Debt as defined in the Senior Facilities Agreement.

Borrowings are repayable as follows:

	2022 £000	2021 £000
Within one year	213	389
Within one and two years	–	–
Within two and three years	–	–
Within three and four years[1]	169,950	–
Within four and five years	–	168,682
Beyond five years	–	–
Total borrowings	170,163	169,071

1 Total borrowings include £213,000 in respect of accrued unpaid interest and are shown net of capitalised borrowing costs of £5,050,000 (2021: £6,318,000).

Lease liabilities are repayable as follows:

	2022 £000	2021 £000
Within one year	2,798	2,989
Within one and two years	2,680	2,556
Within two and three years	2,670	1,939
Within three and four years	2,667	1,929
Within four and five years	2,667	1,926
Beyond five years	4,259	2,728
	17,741	14,067
Effect of discounting	(2,421)	(2,035)
Total lease liability	15,320	12,032

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 2020	26,722	13,706	40,428
Cash flow	166,759	(2,542)	164,217
Foreign exchange	–	113	113
Interest and other[1]	(24,410)	755	(23,655)
30 April 2021	169,071	12,032	181,103
Cash flow	(6,451)	(3,105)	(9,556)
Foreign exchange	–	(68)	(68)
Interest and other[1]	7,543	6,461	14,004
30 April 2022	170,163	15,320	185,483

1 Interest and other within borrowings comprises amortisation of capitalised borrowing costs. Interest and other within lease liabilities comprises interest on leases as disclosed in Note 6, as well as the lease liability addition in relation to the new UK facility.

19 Share-based payments

Legacy schemes

Prior to Admission and prior to the Demerger during the year ended 30 April 2021, share and cash-based incentives were awarded by the Former Parent Undertaking in relation to legacy compensation agreements for certain employees, senior management, and Directors. In connection with that Demerger, 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.

A total of 13,880,160 awards were granted for shares in Moonpig Group plc. Of these, 10,811,580 vested on the date of Admission, with the remainder vesting on 7 January 2023. A portion of the shares which vested on the date of Admission are subject to a one-year sale restriction. Awards were granted in respect of 53,416 shares in other companies formerly under control, which vested on the date of Admission. This resulted in a non-cash charge of £25,695,000 in FY21 from both share awards which vested on the date of Admission, and the accrual for share awards due to vest on 7 January 2023. For the share awards due to vest on 7 January 2023, there was a non-cash charge of £3,260,000 in FY22 and there are expected further non-cash charges of £2,251,000 in FY23. National Insurance is not included on these schemes as they operated at an unrestricted tax market value.

Pre-IPO awards

These 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. The outstanding number of awards at the end of the period is 2,546,859 (2021: 2,642,841).

	Pre-IPO Awards
Valuation model	Black-Scholes
Weighted average share price (pence)	350.0
Exercise price (pence)	0
Expected dividend yield	0%
Risk-free interest rate	N/A
Volatility	N/A
Expected term (years)	2.42/3.26
Weighted average fair value (pence)	350.00
Attrition	0%
Weighted average remaining contractual life	4.17 years

Pre-IPO awards	Number of shares	Weighted average exercise price (£)
Outstanding at the beginning of the period	2,642,841	–
Granted	32,143	–
Exercised	–	–
Forfeited	(128,125)	–
Outstanding at the end of the period	2,546,859	–
Exercisable at the end of the period	–	–

Notes to the Consolidated Financial Statements continued

19 Share-based payments continued

Long Term Incentive Plan ("LTIP")

These 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 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 Pre-Tax EPS performance condition. 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. The outstanding number of shares at the end of the period is 871,275 (2021: 871,275).

	LTIP
Valuation model	Stochastic, Black–Scholes and Chaffe
Weighted average share price (pence)	350.0
Exercise price (pence)	0
Expected dividend yield	0%
Risk-free interest rate	(0.07)%/(0.02)%
Volatility	32.8%/34.5%
Expected term (years)	3.41/1.83
Weighted average fair value (pence)	268.35
Attrition	0%
Weighted average remaining contractual life	5.17 years

LTIP awards	Number of shares	Weighted average exercise price (£)
Outstanding at the beginning of the period	871,275	–
Granted	–	–
Exercised	–	–
Forfeited	–	–
Outstanding at the end of the period	871,275	–
Exercisable at the end of the period	–	–

Share Incentive Plan ("SIP")

The SIP was used to grant share awards to all eligible employees at Admission based on their length of service. No costs were incurred by employees to acquire the shares. The share awards were granted on 1 February 2021. The free share awards granted to UK-based staff are subject to a minimum three-year holding period. The awards made to employees in Guernsey and the Netherlands are not subject to a holding period.

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. The outstanding number of shares at the end of the period is 92,970 (2021: Nil).

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.

19 Share-based payments continued

Save As You Earn ("SAYE") continued

The 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.

	SAYE
Valuation model	Black-Scholes
Weighted average share price (pence)	381.8
Exercise price (pence)	302
Expected dividend yield	0%
Risk-free interest rate	0.19%
Volatility	29.32%
Expected term (years)	3.00
Weighted average fair value (pence)	113.73
Attrition	0%
Weighted average remaining contractual life	2.9 years

SAYE	Number of shares	Weighted average exercise price (£)
Outstanding at the beginning of the period	–	–
Granted	358,316	–
Exercised	–	–
Forfeited	(40,295)	–
Outstanding at the end of the period	318,021	–
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 payments expenses recognised in the income statement:

	2022 £000	2021 £000
Legacy schemes	**3,260**	25,695
Pre-IPO awards	**3,778**	1,008
LTIP	**822**	198
SIP	**–**	402
SAYE	**79**	–
DSBP	**369**	–
Share-based payments expense[1]	**8,308**	27,303

1 The £8,308,000 (FY21: £27,303,000) stated above is presented inclusive of NI of £607,000 (FY21: £63,000).

Notes to the Consolidated Financial Statements continued

20 Share capital and reserves

The Group considers its capital to comprise its ordinary share capital, share premium, merger reserve, retained earnings, share-based payments reserve and foreign exchange translation reserve. Quantitative detail is shown in the consolidated statement of changes in equity. The Directors' objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders.

Called-up share capital

Ordinary share capital represents the number of shares in issue at their nominal value. Ordinary shares in the Company are issued, allotted and fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The shareholding as at 30 April 2022 is:

	2022 Number of shares	2022 £000	2021 Number of shares	2021 £000
Allotted, called-up and fully-paid ordinary shares of £0.10 each	342,111,621	34,211	342,111,621	34,211

As at 30 April 2022, ordinary share capital represents 342,111,621 (2021: 342,111,621) ordinary shares with a par value of £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 (2021: £982,000) relating to the issue of the shares. The movement in direct costs from FY21 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 current year £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 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 consolidated income statement.

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	Total other reserves £000
At 1 May 2020	–	7	7
Other comprehensive income	–	(232)	(232)
Share-based payment charge (excluding National Insurance)	27,240	–	27,240
30 April 2021	27,240	(225)	27,015
Other comprehensive income	–	190	190
Share-based payment charge (excluding National Insurance)	7,701	–	7,701
30 April 2022	34,941	(35)	34,906

21 Financial risk management

The principal financial risks faced by the Group relate to capital risk, liquidity risk, credit risk, foreign currency risk and interest rate risk.

Market risk

Foreign currency risk

The Group's exposure to the risk of changes in foreign currency relates primarily to its operating activities. Operating companies generally only trade in their own currency. The Group is therefore not subject to any significant foreign exchange transactional exposure within these subsidiaries.

The Group transacts mainly in Sterling and Euros. The Group generates sufficient cash flows in each respective currency to service operating costs, therefore it does not see foreign currency risk as a significant risk.

The Group's principal exposure to foreign currency lies in the translation of overseas profits into Sterling; this exposure is not hedged. Other currency exposures comprise those currency gains and losses recognised in the income statement, reflecting other monetary assets and liabilities that are not denominated in the functional currency of the entity involved. At 30 April 2022 and 30 April 2021, these exposures were not material to the Group.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings under the Senior Facilities Agreement with floating rates of interest linked to LIBOR until 8 December 2021 and SONIA since this date. Management undertook an assessment with respect to the transition to an alternative benchmark rate, SONIA, and the impact on the financial statements was not considered to be material. The Group monitors interest rates on an ongoing basis but does not currently hedge interest rate risk.

The Group's only contract with reference to SONIA is the Senior Facilities Agreement. Note that the below sensitivities are presented with respect to SONIA only.

Market risk sensitivity analysis

Financial instruments affected by market risks include borrowings and deposits.

The following analysis, required by IFRS 7 Financial Instruments: Disclosures, is intended to illustrate the sensitivity to changes in market variables, being Sterling interest rates, and Sterling/Euro exchange rates.

The sensitivity analysis assumes reasonable movements in foreign exchange and interest rates before the effect of tax. The Group considers a reasonable interest rate movement in SONIA to be 3%, based on current interest rate projections. Similarly, sensitivity to movements in Sterling/Euro exchange rates of 10% are shown, reflecting changes of reasonable proportion in the context of movement in that currency pair over the last year.

The following table shows the illustrative effect on profit before tax resulting from a 10% change in Sterling/Euro exchange rates:

	Income (losses)/gains 2022 £000	Equity (losses)/gains 2022 £000	Income (losses)/gains 2021 £000	Equity (losses)/gains 2021 £000
10% strengthening of Sterling versus the Euro	(778)	(662)	(133)	(193)
10% weakening of Sterling versus the Euro	951	809	162	236

The following table shows the illustrative effect on the consolidated income statement from a 3% change in market interest rates on the Group's interest expense. Refer to borrowings in Note 18.

	2022 £000	2021 £000
3% increase in market interest rates	(5,250)	(1,750)
3% decrease in market interest rates	5,250	1,750

Notes to the Consolidated Financial Statements continued

21 Financial risk management continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or banking institution fails to meet its contractual obligations. The Group's credit risk primarily arises from trade and other receivables. The Group has a very low operational credit risk due to the transactions being principally of a high volume, low value, and short maturity. The Group has no significant concentration of operational credit risk.

The credit risk on liquid funds held with HSBC, JP Morgan ("JPM"), Citibank ("Citi") and Rabobank is considered to be low. The long-term credit rating for HSBC is A1/A+ per Moody's/Standard & Poor's. The long-term credit rating for Rabobank is Aa2/A+ per Moody's/Standard & Poor's. The long-term credit rating for both JPM and Citi is Aa3/A+ per Moody's/Standard & Poor's.

Further information on the credit risk management procedures applied to trade receivables is given in Note 13 and to cash and cash equivalents in Note 14. The carrying amounts of trade receivables and cash and cash equivalents shown in those notes represent the Group's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash flow forecasting is performed centrally with rolling forecasts of the Group's liquidity requirements regularly monitored to ensure it has sufficient cash to meet operational needs. The Group's revenue model results in a strong level of cash conversion allowing it to service working capital requirements.

The Group has access to a multi-currency RCF which has total commitments of £20,000,000. As at 30 April 2022 the facility remained undrawn.

The amounts in the consolidated balance sheet and related notes that are accounted for as financial instruments and their classification under IFRS 9, are as follows:

	Note	2022 £000	2021 £000
Financial assets			
Financial assets at amortised cost:			
Current assets			
Trade and other receivables[1]	13	**2,540**	1,670
Cash	14	**101,677**	66,020
Non-current assets			
Trade and other receivables	13	**1,928**	1,412
		106,145	69,102
Financial liabilities			
Financial liabilities at amortised cost:			
Current liabilities			
Trade and other payables[2]	15	**38,932**	58,159
Lease liabilities	18	**2,151**	2,406
Borrowings	18	**213**	389
Non-current liabilities			
Trade and other payables[2]	15	**4,974**	1,523
Lease liabilities	18	**13,169**	9,626
Borrowings	18	**169,950**	168,682
		229,389	240,785

1 Excluding prepayments.

2 Excluding other taxation and social security.

There is no difference between the fair value and carrying values of the financial assets and liabilities except for borrowings as detailed below.

21 Financial risk management continued

Capital management

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient cost of capital structure. To maintain or adjust the capital structure in future periods, the Group may pay dividends, return capital through share buybacks, issue new shares or take other steps to increase share capital and reduce or increase debt facilities.

As at 30 April 2022, the Group had gross borrowings of £175,000,000 through its Term Loan B facility. Currently, as the Group's consolidated senior net leverage ratio is below 2.00:1, the interest is payable on this facility at a rate of SONIA plus a margin of 3.00%. The margin will be between 3.00% and 3.75% depending on the consolidated senior net leverage ratio of Moonpig Group plc and its subsidiaries, which is calculated and reviewed on a biannual basis. The Group remains in compliance with its banking covenants.

Bank loans and loan notes

The fair value of bank loans is determined using a discounted cash flow valuation technique calculated at a prevailing interest rate of 3.5%, which is an unobservable input, and therefore can be considered as a level 3 fair value as defined within IFRS 13:

	Note	2022 Book value £000	2022 Fair value £000	2021 Book value £000	2021 Fair value £000
Non-current borrowing – external bank loans	18	169,950	154,230	168,682	148,575

22 Commitments and contingencies

a) Commitments

The Group entered a financial commitment in respect of floristry supplies of £126,000 (2021: £307,000) and rental commitments of £72,000 (2021: £23,000) which are due within one year.

The Group has entered into a 10-year lease agreement in the Netherlands, with a commencement date in FY23. There is therefore no recognition of this lease within these Annual Report and Accounts. By entering into the lease, the Group has made annual rental commitments of £495,000.

b) Contingencies

Group companies have given a guarantee in respect of the external bank borrowings of the Group which amounted to £195,000,000 at 30 April 2022. This includes the Term Loan B facility of £175,000,000 and the undrawn RCF of £20,000,000.

23 Related party transactions

Transactions with related parties

The Group has transacted with entities formerly under common control which are presented below. Going forward, the only related party transaction with related parties formerly under common control is the Other Income noted below. Transactions with subsidiaries of the Former Parent Undertaking ceased with the restructuring.

	2022 £000	2021 £000
Revenues from other related parties formerly under common control[1]	1,433	2,458
Costs incurred from other related parties formerly under common control	–	4,329
Interest payable to related parties formerly under common control	–	(2,711)

1 This includes £1,433,000 (2021: £1,482,000) of related party income recognised within Other Income.

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

	2022 £000	2021 £000
Trade and other receivables from other related parties formerly under common control	458	210
Trade and other payables with other related parties formerly under common control	(638)	(3,330)

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.

Notes to the Consolidated Financial Statements continued

23 Related party transactions continued

Compensation of key management personnel of Moonpig Group plc

The amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel. Key management personnel are defined as the Directors as they are the members of the Group with the authority and responsibility for planning, directing and controlling the activities of the Group.

Further detail in respect of the Directors remuneration can be found within the Directors' Remuneration report on pages 92 to 104.

	2022 £000	2021 £000
Short-term employee benefits[1]	3,007	3,023
Post-employment pension and medical benefits	53	38
Share-based payment schemes	6,667	20,089
Total compensation relating to key management personnel	9,727	23,150

1 Prior to 1 September 2020, Directors' emoluments comprised recharges from an undertaking formerly under common control. These are not representative of future Directors' costs.

24 Related undertakings

A full list of subsidiary undertakings as defined by IFRS as at 30 April 2022 is disclosed below. Titan Midco Limited is held directly by the Company and all other subsidiary undertakings are held indirectly.

The equity shares held are in the form of ordinary shares or common stock. The effective percentage of equity shares held in subsidiary undertakings is 100% in all cases.

Subsidiary undertakings	Number	Country of incorporation	Principal activity
Cards Holdco Limited[1]	12170467	England and Wales	Trading company, management services
Moonpig.com Limited[1]	03852652	England and Wales	Trading operations
Titan Midco Limited[1]	13014525	England and Wales	Holding company
Horizon Bidco B.V.[2]	72238402	Netherlands	Holding company
Greetz B.V.[2]	34312893	Netherlands	Trading operations
Full Colour B.V.[2]	34350020	Netherlands	Trading company

1 Registered office address is Herbal House, 10 Back Hill, London, EC1R 5EN, United Kingdom.

2 Registered office address is Laarderhoogtweg 20, 1101 EA, Amsterdam, Noord-Holland.

All subsidiaries have a year-end of 30 April.

Titan Midco Limited is exempt from the Companies Act 2006 requirements relating to the audit of their individual financial statements by virtue of Section 479A of the Companies Act as this Company has guaranteed its subsidiary companies under Section 479C of the Companies Act.

In accordance with article 408 of the Dutch Civil Code, Horizon Bidco B.V. issued a declaration of joint and several liability in respect of its consolidated participants. The declaration covered and resulted in the standalone Horizon Bidco B.V. entity being exempt from an audit. Additionally, Full Colour B.V. is exempt from an audit under the Dutch Civil Code by virtue of its size. During the FY22 financial year Venspro B.V and Greetz Base B.V were struck off.

25 Events after the balance sheet date

On 23 May 2022, the Group announced the proposed acquisition of the entire share capital of Buyagift, the UK's leading gift experiences platform, for cash consideration of £124,000,000. Completion of the proposed acquisition is conditional on UK regulatory clearance and it is expected to complete by the end of July 2022. Therefore, the financial effects of this transaction have not been recognised as at 30 April 2022. The operating results and assets and liabilities of the acquired company are expected to be consolidated from July 2022. The acquiring entity will be Cards Holdco Limited.

In connection with the proposed acquisition of Buyagift, certain existing lenders have committed £60,000,000 of additional RCF. The facility bears interest at a floating rate comprising SONIA reference rate plus an applicable margin and is to be made available pursuant to the Group's Senior Facilities Agreement with the same termination date as existing facilities.

The Tamworth lease commenced in February 2022 and resulted in the initial recognition of a £6.6m right of use asset in FY22. The Almere lease commenced in June 2022 and will result in the initial recognition of a £4.5m right of use asset in FY23. Both leases are for a 10-year term.

Company Balance Sheet

As at 30 April 2022

	Note	2022 £000	2021 £000
Non-current assets			
Investments	4	845,468	845,468
		845,468	845,468
Current assets			
Debtors: amounts falling due within one year	5	40,524	31,483
Cash and cash equivalents		1,343	685
		41,867	32,168
Total assets		887,335	877,636
Current liabilities			
Creditors: amounts falling due within one year	6	103	2,982
		103	2,982
Non-current liabilities			
Creditors: amounts falling due after more than one year	6	5,543	1,007
		5,543	1,007
Total liabilities		5,646	3,989
Equity			
Called-up share capital	7	34,211	34,211
Share premium	7	278,083	277,837
Retained earnings	7	534,634	534,539
Share-based payment reserve	7	34,761	27,060
Total equity		881,689	873,647
Total equity and liabilities		887,335	877,636

The accompanying notes are an integral part of the Parent Company financial statements.

As permitted by Section 408 of the Companies Act 2006, the profit and loss of the Company has not been presented in these financial statements. The profit for the financial period dealt with in the financial statements of the Company was £95,000 (2021: £642,000).

The financial statements on pages 151 to 155 were approved by the Board of Directors of Moonpig Group plc (registered number 13096622) on 28 June 2022 and were signed on its behalf by:

Nickyl Raithatha
Chief Executive Officer
28 June 2022

Andy MacKinnon
Chief Financial Officer
28 June 2022

Company Statement of Changes in Equity

For the year ended 30 April 2022

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Share-based payment reserve £000	Total equity £000
As at 23 December 2020		–	–	–	–	–	–
Profit for the period		–	–	–	642	–	642
Other comprehensive income for the period		–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	642	–	642
Issue of shares	7	50	–	–	–	–	50
Insertion of new top company	7	25,950	–	533,897	–	–	559,847
Share issue to extinguish liabilities	7	7,618	259,003	–	–	–	266,621
Shares issued on listing net of fees	7	593	18,834	–	–	–	19,427
Capitalisation of merger reserve	7	533,897	–	(533,897)	–	–	–
Share capital reduction	7	(533,897)	–	–	533,897	–	–
Share-based payments	7	–	–	–	–	27,060	27,060
As at 30 April 2021		34,211	277,837	–	534,539	27,060	873,647
Profit for the period		–	–	–	95	–	95
Total comprehensive income for the year		–	–	–	95	–	95
Share-based payments	7	–	–	–	–	7,701	7,701
Proceeds from IPO share issue	7	–	246	–	–	–	246
As at 30 April 2022		34,211	278,083	–	534,634	34,761	881,689

The accompanying notes are an integral part of the Parent Company financial statements.

Notes to the Company Financial Statements

1 General information

Basis of preparation

Moonpig Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006 (the "Act"). The Company was incorporated on 23 December 2020 and adopted Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") from that date.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards, but makes amendments where necessary in order to comply with the Act and has set out below where advantage of the FRS 101 disclosure exemptions has been taken, including those relating to:

- a cash flow statement and related notes;
- comparative period reconciliations;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the Group include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the disclosures under IFRS 2 related to Group-settled share-based payments.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities.

The Company financial statements have been prepared in Sterling, which is the functional and presentational currency of the Company. All figures presented are rounded to the nearest thousand (£000), unless otherwise stated.

The Directors have used the going concern principle on the basis that the current profitable financial projections and facilities of the consolidated Group will continue in operation for a period not less than 12 months from the date of this report.

Amounts paid to the Company's auditors in respect of the statutory audit were £16,000 (2021: £20,000). The charge was borne by a subsidiary company and not recharged.

Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The area of judgement which has the greatest potential effect on the amounts recognised in the financial statements is the impairment review on the investments recognised on the Company balance sheet. Annually, the investment balance is subject to an impairment review, as detailed below. Details of the assumptions used in the value-in-use calculation and sensitivities performed are explained in Note 4 of these Parent Company financial statements.

2 Summary of significant accounting policies

Investments in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

Share capital

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

Other accounting policies

For other accounting policies, please refer to the Group accounting policies on pages 124 to 130.

Notes to the Company Financial Statements continued

3 Directors' emoluments

The Company has no employees. Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration report on pages 92 to 104.

4 Investments

	2022 £000	2021 £000
At the beginning of the period	845,468	–
Additions	–	845,468
At the end of the year	845,468	845,468

The Company's investment in subsidiaries has been subject to an impairment test, as the movement in the Company's share price during FY22 is an indicator of impairment. The recoverable amount is determined as the higher of the fair value less costs of disposal and Value in Use ("VIU"). In determining VIU, estimated future cash flows are discounted to their present value. The VIU model has key assumptions in relation to the revenue growth rates, cost assumptions, discount rates and perpetuity growth rates. The recoverable amount exceeded the carrying value, accordingly no impairment charge has been recognised in the year (2021: £nil). Sensitivity analysis on the key assumptions in the VIU calculation has been undertaken. A key assumption is revenue growth, which is based on the Group's budget for FY23 and forecast growth rates at 15% per annum for the seven years thereafter. This is consistent with the Group's published medium-term target for revenue growth at a mid-teens percentage rate. If the expected average annual growth rate across this period were to reduce by three percentage points, then it is likely that impairment would be required. This is not unexpected, given that the investment was fair valued at the time of the IPO.

Subsidiary undertakings are disclosed within Note 24 of the Group financial statements.

5 Debtors

	2022 £000	2021 £000
Current		
Amounts owed by Group companies	40,250	31,483
Other receivables	245	–
Prepayments	29	–
Debtors	40,524	31,483

Within the amount owed by Group companies is a loan receivable subject to interest and repayable on demand. At 30 April 2022, the amount bears interest at a rate of 3% (2021: N/A). IFRS 9 expected credit losses have been assessed as immaterial in relation to both balances.

6 Creditors

	2022 £000	2021 £000
Current		
Amounts owed to Group companies	–	2,936
Other taxation and social security	–	46
Accruals	103	–
Creditors	103	2,982

	2022 £000	2021 £000
Non-Current		
Trade and other payables	4,205	885
Other taxation and social security	1,338	122
Creditors	5,543	1,007

Non-current trade and other payables relate to the cash component of the Pre-IPO awards, refer to Note 19 of the Group's consolidated financial statements for further details.

7 Share capital and reserves

Called-up share capital

Ordinary share capital represents the number of shares in issue at their nominal value. Ordinary shares in the Company are issued, allotted and fully paid-up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Shareholding as at 30 April 2022:

	2022 Number of shares	2022 £000	2021 Number of shares	2021 £000
Allotted, called-up and fully paid ordinary shares of £0.10 each	**342,111,621**	**34,211**	342,111,621	34,211

As at 30 April 2022, ordinary share capital represents 342,111,621 ordinary shares with a par value of £0.10. During the current period the Company has not changed its share capital.

Share premium

Share premium represents the amount over the par value which was received by the Company upon the sale of the ordinary shares. Upon the date of listing the par value of the shares was £0.10 but the initial offering price was £3.50. Share premium is stated net of direct costs of £736,000 (201: £982,000) relating to the issue of the shares. The movement in the direct costs from FY21 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.

Share-based payment reserve

The share-based payment reserve represents the corresponding increase to reserves in relation to the share-based schemes in operation.

8 Related party transactions

Under FRS 101 "Related party disclosures" the Company is exempt from disclosing related party transactions with entities which it wholly owns.

9 Events after the balance sheet date

Refer to Note 25 of the Group financial statements.

Alternative performance measures

Adjusted EBITDA

Adjusted EBITDA is a measure of the Group's operating performance and debt servicing ability. It is calculated as operating profit adding back depreciation and amortisation and adjusting items (Note 5 of the Group financial statements).

Depreciation and amortisation can fluctuate, is a non-cash adjustment and is not linked to the ongoing trade of the Group.

Adjusting items are excluded as management believe their nature distorts trends in the Group's underlying earnings. This is because they are often one-off in nature or not related to underlying trade.

A reconciliation of operating profit to Adjusted EBITDA is as follows:

	2022 £000	2021 £000
Operating profit	48,937	38,654
Depreciation and amortisation	14,361	11,732
Adjusting items	11,585	41,742
Adjusted EBITDA	74,883	92,128

Adjusted EBIT

Adjusted EBIT is the profit before tax, net finance costs (or operating profit), and before adjusting items.

	2022 £000	2021 £000
Operating profit	48,937	38,654
Adjusting items	11,585	41,742
Adjusted EBIT	60,522	80,396

Adjusted PBT

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

	2022 £000	2021 £000
PBT	39,960	32,868
Adjusting items	11,585	41,742
Adjusted PBT	51,545	74,610

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 underlying basic earnings per share in Note 9 of the Group financial statements.

	2022 £000	2021 £000
PAT	31,439	20,771
Adjusting items	11,585	41,742
Tax impact of the above	(1,350)	(1,176)
Adjusted PAT	41,674	61,337

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:

	2022 £000	2021 £000
Borrowings	(170,163)	(169,071)
Cash and cash equivalents	101,677	66,020
Lease liabilities	(15,320)	(12,032)
Net debt	(83,806)	(115,083)

Ratio of net debt to Adjusted EBITDA

The ratio of net debt to Adjusted EBITDA helps management to measure its ability to service debt obligations. The calculation is as follows:

	2022 £000	2021 £000
Net debt	(83,806)	(115,083)
Adjusted EBITDA	74,883	92,128
Net debt to Adjusted EBITDA	1.12:1	1.25:1

Operating cash conversion

Operating cash conversion is operating cash flow divided by Adjusted EBITDA, expressed as a ratio.

The calculation of operating cash conversion is as follows:

	2022 £m	2021 £m
Profit before tax	40.0	32.9
Add back: Net finance costs	9.0	5.8
Add back: Adjusting items (excluding share-based payments)	4.5	14.6
Add back: Share-based payments	7.0	27.1
Add back: Depreciation and amortisation	14.4	11.7
Adjusted EBITDA	74.9	92.1
Less: Capital expenditure (fixed and intangible assets)	(9.7)	(10.8)
Adjust: Impact of share-based payments*	0.7	
Add back: (Increase) in inventories	4.8	(12.0)
Add back: (Increase) in trade and other receivables	(0.3)	(1.8)
Add back: Increase in trade and other payables	(10.8)	29.7
Operating cash flow	59.6	97.2
Operating cash conversion	80%	106%
Add back: Capital expenditure (fixed and intangible assets)	9.7	10.8
Add back: Increase in debtors and creditors with undertakings formerly under common control	(0.4)	(3.1)
Less: Adjusting items (excluding share-based payments)	(4.5)	(14.6)
Less: Non-cash movement with undertakings formerly under common control	–	(25.4)
Less: Research and development tax credit	(0.5)	(0.5)
Cash generated from operating activities	63.9	64.4

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

Glossary

Term	Definition
Acquisition	The proposed acquisition of the entire issued share capital of Buyagift, which was announced on 23 May 2022 and is expected to complete by the end of July 2022
Adjusted EBIT	Profit before tax, interest, IPO transaction costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset
Adjusted EBIT margin	Adjusted EBIT margin is the Adjusted EBIT divided by total revenue
Adjusted EBITDA	Profit before tax, interest, depreciation, amortisation, IPO transaction costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset
Adjusted EBITDA margin	Adjusted EBITDA margin is the Adjusted EBITDA divided by total revenue
Adjusted PBT	Profit before tax, IPO transaction costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset
Adjusted PBT margin	Adjusted PBT margin is Adjusted PBT divided by total revenue
Adjusting items	Items that are considered exceptional or non-underlying in nature and are either added back or deducted from performance measures such as EBITDA, EPS and profit before tax to enable like-for-like comparison between reporting periods
Admission	The Company's admission to the Official List and to trading on the Main Market for listed securities of the London Stock Exchange on 5 February 2021
Alternative Performance Measures or APMs	A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework
Attached gifting revenue	Revenue where product(s) are purchased in addition to a card, including the shipping fee that is charged to the customer and excluding revenue relating to the card
Attach rate	The proportion of card orders for which the customer adds a gift to their purchase
Average Order Value or AOV	Revenue for the period divided by total orders for that period
Basic earnings per share	Profit after tax for the year divided by the weighted average number of ordinary shares in issue during the period following Admission
Board	The Board of Directors of the Company
Buyagift	Smartbox Group UK Limited, which trades under the Buyagift and Red Letter Days brands
CAGR	Compound annual growth rate
Card-attached gifting	Gifts that are sent or given in accompaniment to a card, including occasions where the card is purchased at the same or at a different retailer to the gift
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Code	UK Corporate Governance Code published by the FRC in July 2018
Company	Moonpig Group plc, a company incorporated in England and Wales with registered number 13096622 whose registered office is at Herbal House, 10 Back Hill, London EC1R 5EN, United Kingdom
Covid-19	A novel strain of coronavirus causing Covid-19 disease
Customer cohort	A collection of customers organised by the fiscal year in which such customer made their first purchase
Customer NPS	Customer net promoter score, the percentage of customers rating their likelihood to recommend a company.
Demerger	A restructuring exercise undertaken to separate the Group from its Former Parent Undertaking
DNED	Designated Non-Executive Director
ESG	Environmental, social and governance
Existing customer	A customer that has placed an order in any previous financial year
Exponent	Exponent Private Equity Partners III (SPV) LP

Term	Definition
FCA	The UK Financial Conduct Authority
FRC	The Financial Reporting Council
FSC	The Forest Stewardship Council
FY20, FY21, FY22, FY23, FY24	The years ended or ending 30 April 2020, 30 April 2021, 30 April 2022, 30 April 2023 and 30 April 2024 respectively
GDPR	The UK General Data Protection Regulations and its European Union equivalent
GHG	Greenhouse gas
Gifting revenue mix	Revenue derived from the sale of non-card products, divided by total revenue
Global Design Platform	The Group's Global Design Platform, which licenses card designs created by established and new independent freelance designers and publishers
GLT	Group Leadership Team, comprising the CEO and his direct reports
Gross margin rate	The ratio of gross profit to revenue, expressed as a percentage
Moonpig Group or Group	The Company, its subsidiaries, significant undertakings and affiliated companies under its control or common control
HMRC	Her Majesty's Revenue and Customs, the UK tax authority
IFRS	International Financial Reporting Standards
IPO	The initial public offering of the Company's ordinary shares
IPO transaction costs	Costs in relation to the initial public offering of the Company's ordinary shares
NED	Non-Executive Director
Net debt	Total borrowings less cash and cash equivalents
New customer	Means a customer that has not previously transacted with the Group
Non-GAAP measure	See Alternative Performance Measures above
Operating cash conversion	Operating cash flow divided by Adjusted EBITDA, expressed as a ratio
Paris Aligned scenario	A climate change scenario in which global warming is limited to 1.5°C above the pre-industrial level, the goal of the Paris Agreement (an international treaty on climate change, adopted in 2015)
PEFC	The Programme for the Endorsement of Forest Certification
Pre-IPO reorganisation	The reorganisation of the Group's corporate structure prior to Admission
Previously acquired customers	Customers acquired prior to the period
Prospectus	The prospectus relating to the Company issued on 2 February 2021
Relationship Agreement	The agreement between the Company and Exponent Private Equity Partners III (SPV), LP ("Exponent") to ensure that the Company is capable at all times of carrying on its business independently of its former controlling shareholder and its associates
SBTi	The Science Based Target initiative to set science-based climate targets
Senior net debt	The Group's gross borrowings less cash and cash equivalents
Senior net leverage ratio	Senior net debt divided by the last twelve months EBITDA, as used to determine the Group's margin ratchet as per the Senior Facilities Agreement.
SKU	Stock Keeping Unit, a unique line of inventory
TCFD	The Task Force on Climate-related Financial Disclosures
TNFD	The Taskforce on Nature-related Financial Disclosures
tCO_2e	Tonnes of carbon dioxide equivalent, a standard unit for counting GHG emissions
Total orders	The total number of orders placed by all customers in the period
TSR	Total shareholder return – the growth in value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional shares
VAT	Value added tax

Shareholder information

Registered office and headquarters

Moonpig Group plc

Herbal House
10 Back Hill
London
EC1R 5EN
United Kingdom

Registered number: 13096622
LEI number: 213800VAYO5KCAXZHK83
Website: www.moonpig.group
Investor relations: investors@moonpig.com
Media: pressoffice@moonpig.com
Company Secretary: company-secretary@moonpig.com

Company Secretary

Jayne Powell

Corporate broker

J.P. Morgan Cazenove

25 Bank Street
Canary Wharf
London
E14 5JP
United Kingdom

Independent auditors

PricewaterhouseCoopers LLP

1 Embankment Place
London
WC2N 6RH
United Kingdom

Registrar

Link Group

10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL
United Kingdom

Tel UK: +44 (0)371 664 0300
(calls cost standard geographic rate; lines are open 9.00am to 5.30pm Monday to Friday, excluding public holidays in England and Wales)
Tel international: +44 (0)371 664 0300
(charged at the appropriate international rate)
Signal Shares shareholder portal: www.signalshares.com
Email: shareholderenquiries@linkgroup.co.uk

Financial calendar 2022

Annual General Meeting 20 September 2022
2023 Half-year results 7 December 2022
2023 Full-year results 29 June 2023

Shareholder enquiries

Our registrars will be pleased to deal with any questions regarding your shareholdings (see contact details in the opposite column). Alternatively you can access www.moonpig.group/investors/shareholder-faqs where you can access frequently asked questions including information to allow you to view and manage all aspects of your shareholding securely, including electronic communications, account enquiries or amendment to address.

Investor relations website

The investor relations section of our website, www.moonpig.group/investors, provides further information for anyone interested in Moonpig Group plc. In addition to the Annual Report and Financial Statements and share price, Company announcements including the full-year results announcements and associated presentations are also published there.

Cautionary note regarding forward-looking statements

Certain statements made in this Report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this Report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Moonpig Group plc does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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Moonpig Group plc
Herbal House
10 Back Hill
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United Kingdom

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