

Half Year Results Presentation

Six months ended
31 October 2023

5 December 2023



Disclaimer

This presentation and the discussion which follows it may include certain forward-looking statements with respect to the business, strategy and plans of the Company (together with its subsidiaries, the “Group”) and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical or current facts, including statements about the Group or its directors’ and/or management’s beliefs and expectations, are forward-looking statements. These forward-looking statements may include words such as “aims”, “anticipates”, “believes”, “continues”, “estimates”, “expects”, “goal”, “intends”, “likely”, “may”, “plans”, “projected”, “seeks”, “sees”, “should”, “targets”, “will” or the inverse of such terms or other similar words. These forward-looking statements involve known and unknown risks and uncertainties and other factors, many of which are beyond the Group’s control and all of which are based on current beliefs and expectations about future events. They are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant risks, uncertainties, contingencies and other important factors. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements, such as (but not limited to) future market and economic conditions, currency fluctuations, the behaviour of other market participants, the response of customers to sales and marketing activities, the performance, security and reliability of the Group’s online platform and other information technology systems, the cost of, and potential adverse results in, litigation involving any of the Group’s intellectual property, changes in business strategy, political, economic and regulatory changes in the countries in which the Group operates or changes in economic or technological trends or conditions, and the success of the Group in managing the risks of the foregoing. As a result, investors are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements speak only as of their date and the Company expressly disclaims any obligation to supplement, amend, update or revise any of the forward-looking statements made herein, except where it would be required to do so in accordance with its regulatory or legal obligations.

Agenda

The logo graphic consists of a large pink circle containing the text 'moonpig group plc'. This circle is surrounded by several concentric blue and white circles of varying thicknesses, creating a layered effect. A thin black line curves from the top right of the circles towards the first agenda item.

moonpig
group plc

1

Overview – **Nickyl Raithatha**

2

Financial performance – **Andy MacKinnon**

3

Strategic update – **Nickyl Raithatha**

Technology-driven return to growth



Get today's card FREE!

Send more cards for less!

moonpig + plus 

Today's offer
Your first standard card will be FREE!

Benefit for a whole year
30% discount on all cards.

Only £9.99 per year

[Add to basket](#)

[See what you could save](#)

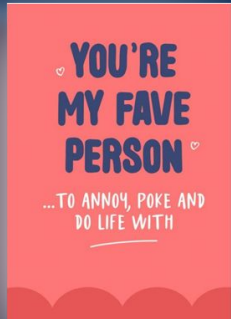
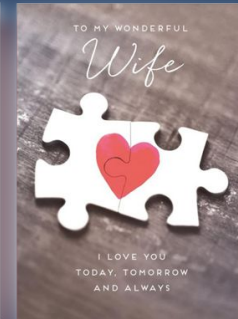
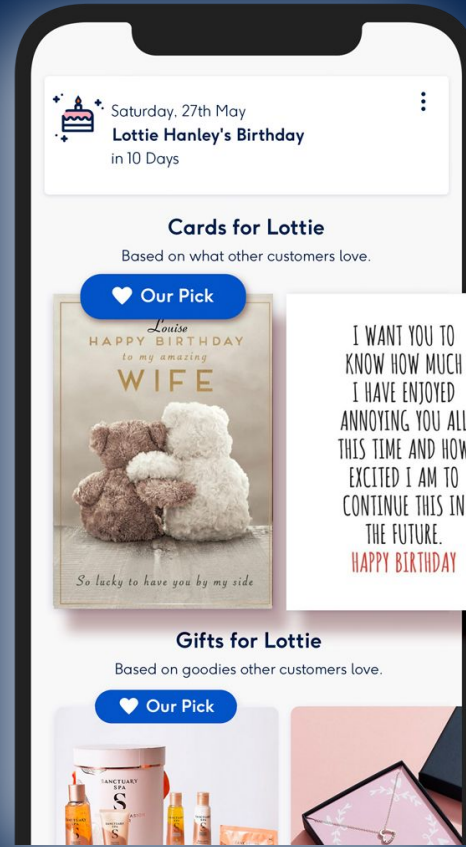
Renews every year, cancel any time
[Terms & Conditions](#)

- **Delivery of year-on-year revenue and profit growth** in H1 FY24
- We have driven this through **technology innovation**:
 - New technology such as Moonpig Plus subscriptions and card creativity features to **drive order frequency**
 - Leveraging AI to improve our personalisation and recommendation algorithms, delivering **year-on-year growth in attach rate**
 - Migration of Experiences onto a new improved technology platform, and **new ways to cross-sell gift experiences** to Moonpig customers
- Our business is **resilient, profitable and cash generative**. We expect to **reduce net leverage by approximately 0.5x** across FY24
- Despite the challenging external environment, our expectations for **full year revenue and Adjusted EBITDA are unchanged**

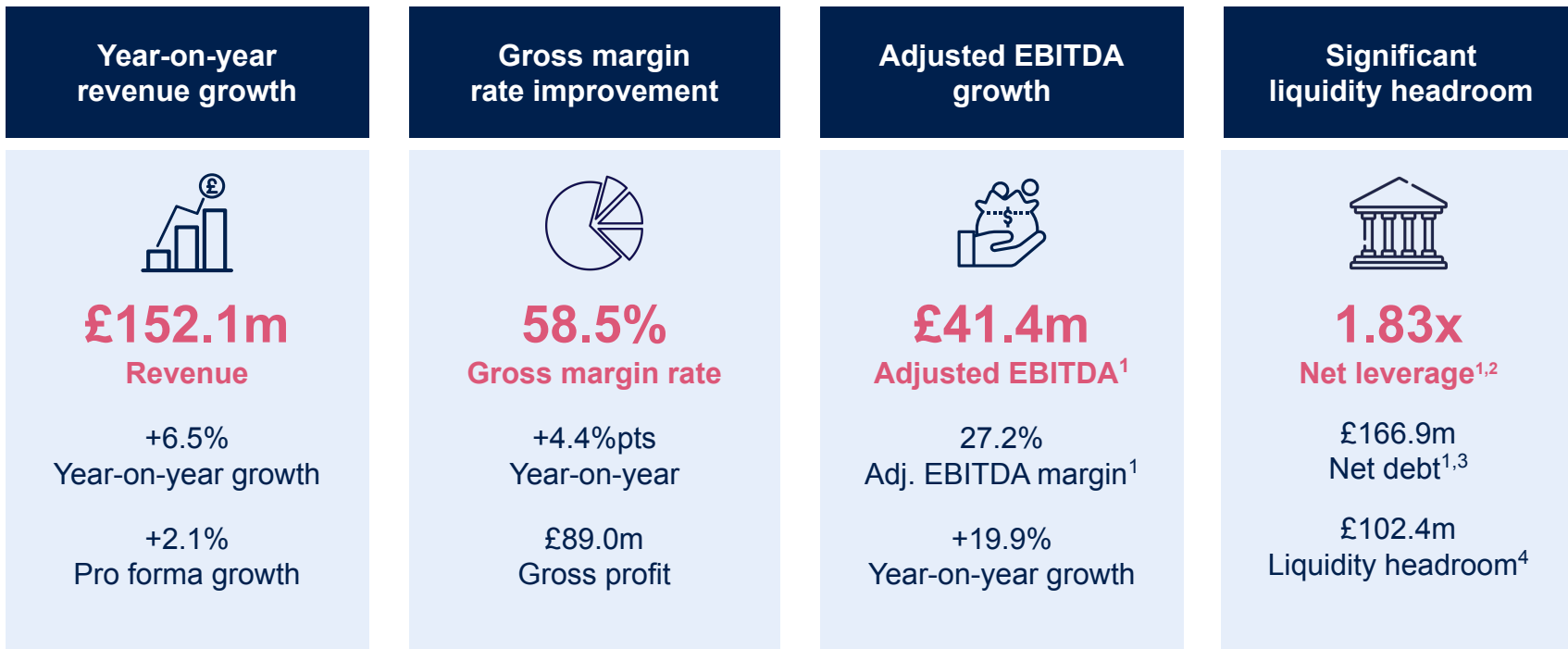
Financial performance

Andy MacKinnon

Chief Financial Officer



Delivery of year-on-year growth in revenue and profit



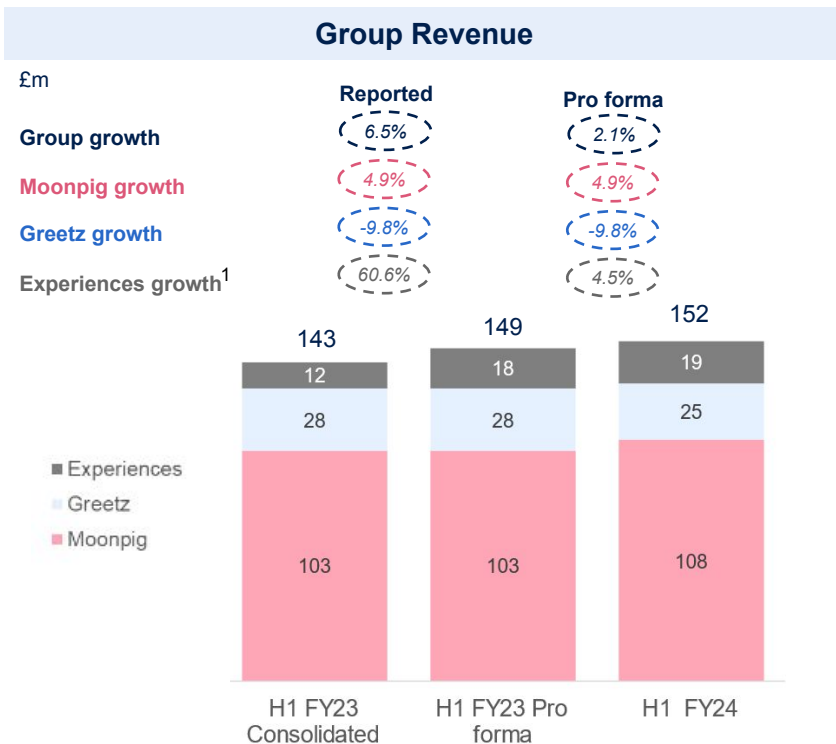
1. Adjusted EBITDA, Adjusted EBITDA margin, net debt and net leverage are Alternative Performance Measures. Refer to the results announcement for the half year ended 31 October 2023.

2. Net leverage is the ratio of net debt to pro forma last twelve months Adjusted EBITDA. Refer to the results announcement for the half year ended 31 October 2023.

3. Net debt is stated on an IFRS 16 basis and includes £18.0m of lease liabilities. Bank borrowings less gross cash were £149.0m at 31 October 2023.

4. Liquidity headroom is calculated as £22.4m of gross cash and £80m of unutilised revolving credit facility.

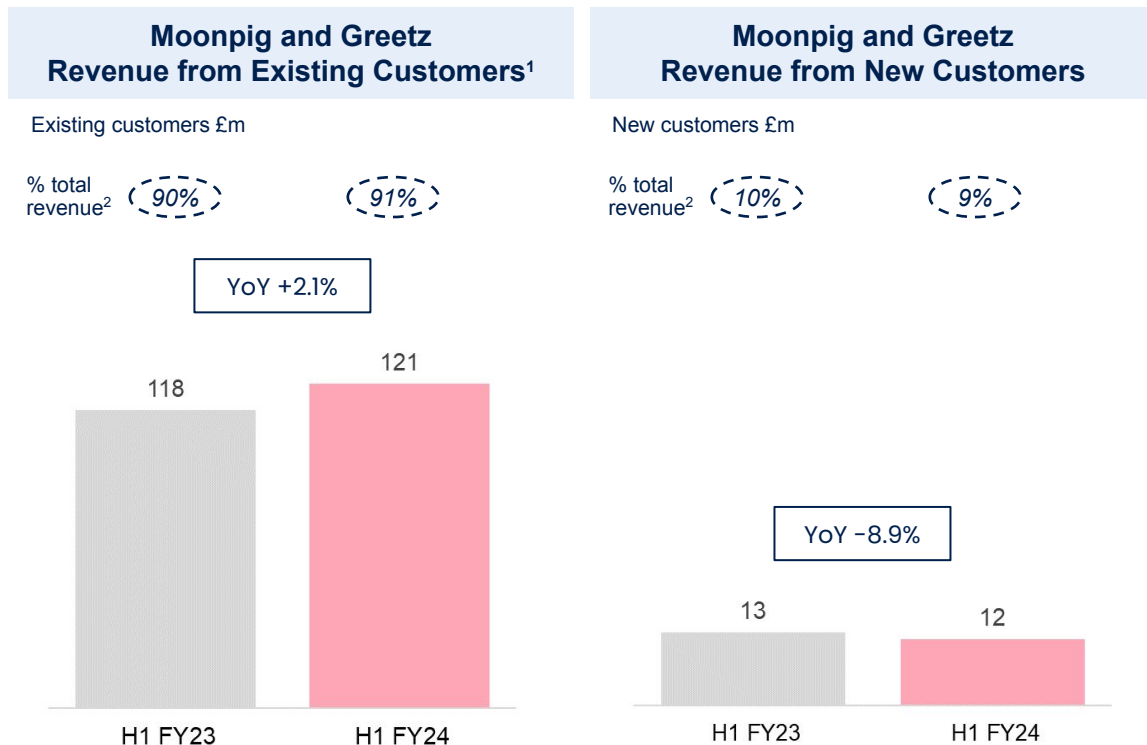
Revenue growth underpinned by the Moonpig brand



- Moonpig grew by +4.9% YoY during H1 FY24:
 - Driven by **technology innovation**
 - Consistent **mid single digit percentage growth**
- **Trajectory of improvement in Greetz revenue:**
 - **Now leveraging our unified technology platform to drive loyalty** through app downloads and reminder setting, with the launch of Greetz Plus scheduled for H2
 - Trading has been impacted by **economic downturn and lower retention of Covid customer cohorts**
- **Experiences trading performance was solid** in the current economic context. **Good delivery against our medium-term strategy** for this segment

1. The acquisition of Experiences completed on 13 July 2022.

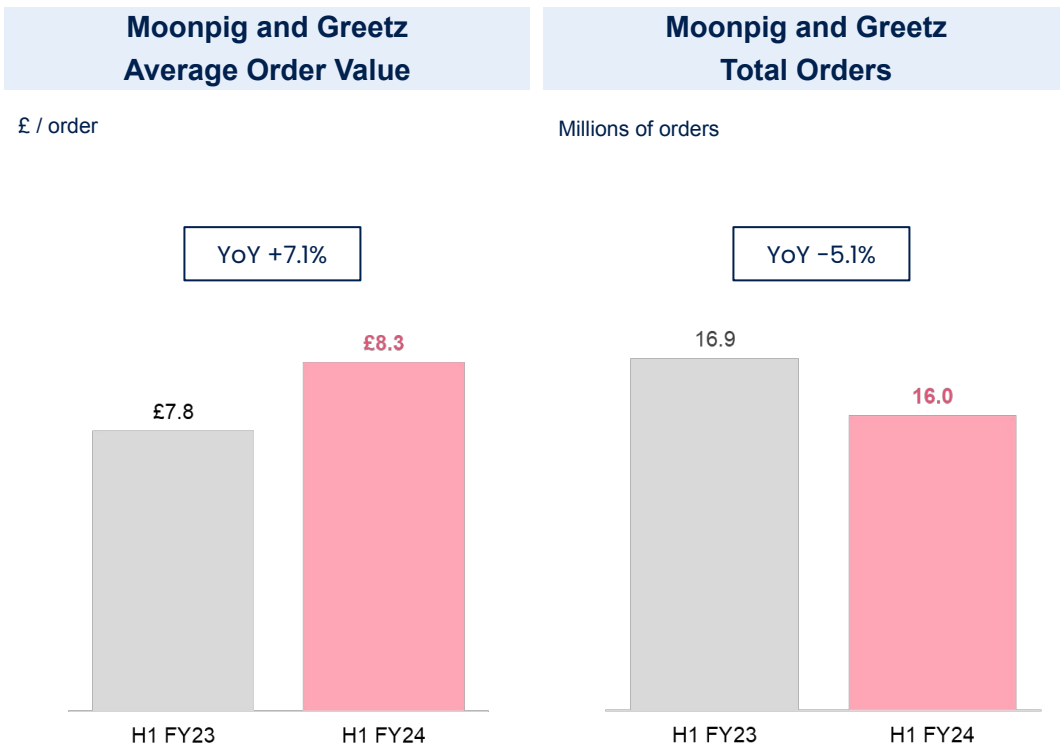
Growth in revenue from our existing customer cohorts



- Revenue from **existing customers grew** at +2.1%
- Continued strategic focus on **leveraging technology to drive customer loyalty**
- Revenue from new customers decreased by -8.9% reflecting the **more challenging environment for new customer acquisition**
- We have **maintained our disciplined approach to cost of new customer acquisition**
- **We continue to make significant investment in brand marketing**, with a focus on new technology features to attract and maintain customers

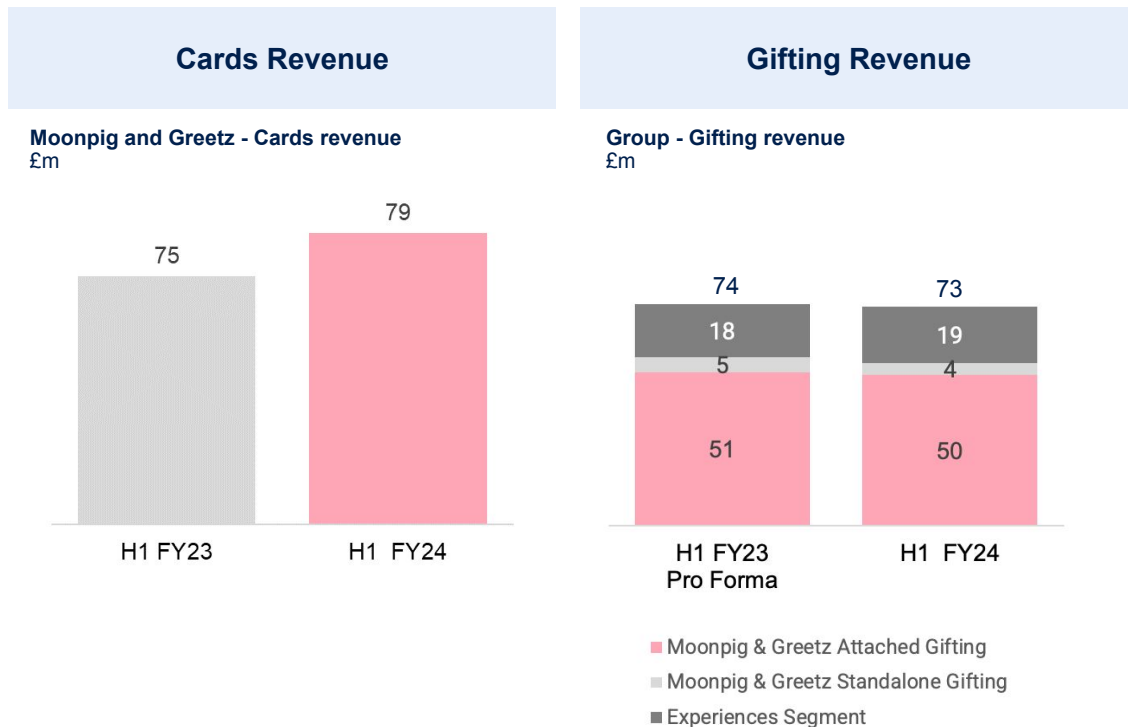
1. Existing customers are those customers that have placed an order prior to the current financial period. Customers must log into an account to make a purchase on Moonpig or Greetz.
 2. Percentage share of total Moonpig and Greetz revenue.

Revenue underpinned by growth in Average Order Value



- **AOV grew by +7.1%** year-on-year:
 - Prior year price changes for **greeting cards and gift shipment**
 - Pass-through of **higher first class postage prices**
 - A moderate year-on-year **increase in gift attach rate**
- **Orders decreased year-on-year** by -5.1% reflecting:
 - Existing customer orders **stable at Moonpig** and lower at Greetz
 - New customer acquisition **impacted by economic conditions**

We delivered +5.7% growth in revenue from greeting cards

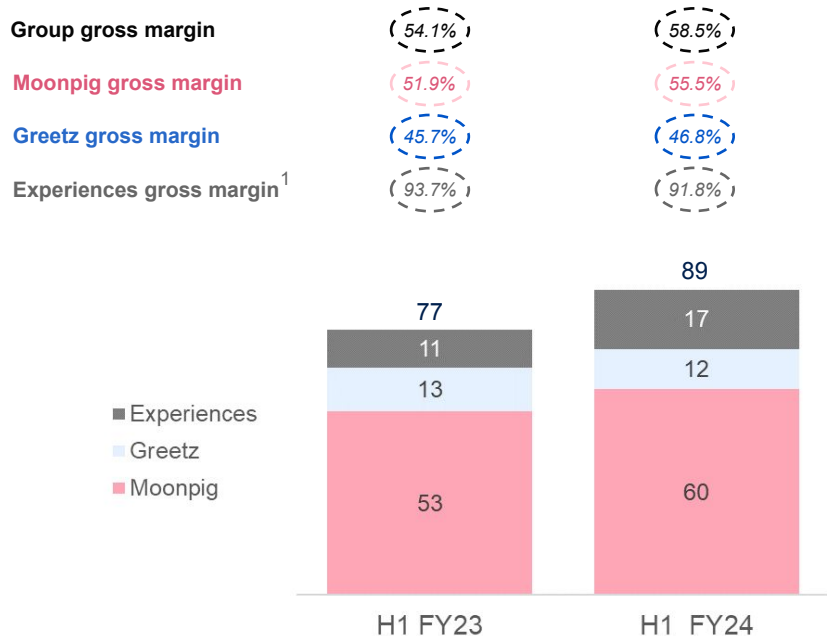


- **Growth in cards revenue** driven by card and postage price increases
- **Gifting revenue proved resilient** in a challenging external environment
- Modest year-on-year **growth in gift attach rate**
- **Attached gifting revenue -1.9%** year-on-year, compared to -5.1% lower orders

The Group's gross margin rate strengthened to 58.5%

Moonpig Group Gross Profit

£m, % of total revenue



- **Gross margin rate increased by +3.2%pts** across Moonpig and Greetz:
 - **Benefit from opening new operational facilities** at Tamworth in the UK
 - Impact of **greeting card price changes** implemented during FY23
 - Impact of **shipping price changes for gifts and flowers**
- **Experiences gross margin decreased by -1.9%pts** reflecting provisions against gift box inventory in view of the roll-out of a new visual identity for the Red Letter Days and Buyagift brands
- **Full year gross margin rate expected to be broadly in line** with the H1 FY24 actual rate

1. The relatively high Experiences gross margin rate reflects its agency commission business model. At Experiences, the cost of goods sold primarily comprises packaging and delivery costs for instances where the customer chooses to have a physical gift box delivered, rather than selecting digital fulfilment.

Group Adjusted EBITDA margin rate increased to 27.2%

Moonpig Group Adjusted EBITDA

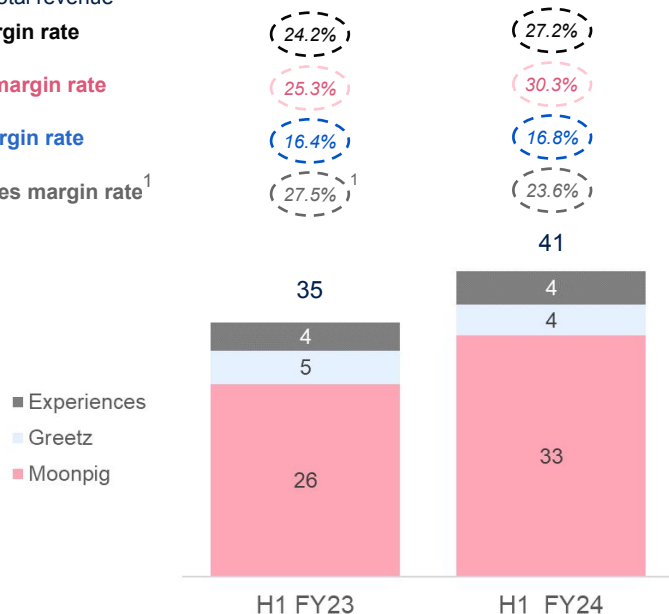
£m, % of total revenue

Group margin rate

Moonpig margin rate

Greetz margin rate

Experiences margin rate¹



- **Adjusted EBITDA margin rate³ increased** at both Moonpig and Greetz:
 - Pass-through of **higher gross margin**
 - Given the external environment we have **managed costs cautiously**
 - We have **deferred planned indirect cost into H2 FY24** to maintain flexibility
- **Adjusted EBITDA margin rate at Experiences decreased** year-on-year by -3.9%pts¹, reflecting lower gross margin and limited, planned investment in staff costs to raise capability
- Our expectations for Group absolute **full year Adjusted EBITDA remain unchanged**

1. Experiences Adjusted EBITDA margin rate of 27.5% for H1 FY23 is stated pro forma as if the business had been owned throughout the half year. The reported prior year Adjusted EBITDA margin rate of 33.0% relates to only part of the year and is therefore impacted by the seasonality of trading, which is typically lower in the pre-acquisition months that were excluded from consolidation.
 2. Experiences absolute Adjusted EBITDA of £4m is shown on a consolidated basis, not a pro forma basis.
 3. Adjusted EBITDA and Adjusted EBITDA margin are Alternative Performance Measures. Refer to the results announcement for the half year ended 31 October 2023.

Growth in Adjusted PBT at +9.7% year-on-year to £20.8m

Adjusted EBITDA to Adjusted PBT			
£m	H1 FY24	H1 FY23	YoY
Adjusted EBITDA¹	41.4	34.6	6.8
Amortisation - PPA assets ²	(4.2)	(3.1)	(1.1)
Amortisation - internally generated assets	(5.0)	(3.4)	(1.6)
Depreciation	(3.3)	(3.3)	(0.0)
Interest	(8.1)	(5.8)	(2.3)
Adjusted PBT¹	20.8	18.9	1.9
Adjusted Basic EPS¹ (pence)	4.6p	4.3p	0.3p

- Higher amortisation of acquired intangibles (which is not treated as an Adjusting Item) reflects a **full year charge relating to the acquisition of Experiences**
- Higher amortisation of internally generated intangibles reflects **expansion of the technology team** in H2 FY22 and H1 FY23. Amortised over a **relatively short three-year useful life**
- Finance costs increased by £2.3m year-on-year:
 - £1.5m additional interest on borrowings **reflecting higher SONIA**, offset in part by **lower RCF drawdown**
 - £0.2m increase in amortisation of fees relating to the additional **RCF committed in July 2022** and **interest rate hedging arrangements**
 - £0.6m change in **unrealised FX on intercompany loans³** (H1 FY23: £0.5m gain, H1 FY24: £0.1m loss)
- Floating rate interest exposure capped** at 3.00% until 30 November 2024 on £70m notional

1. Adjusted EBITDA, Adjusted PBT and Adjusted Basic EPS are Alternative Performance Measures. Refer to the results announcement for the half year ended 31 October 2023.

2. PPA (Purchase Price Allocation) amortisation relates to intangible assets arising on business combination.

3. FX gains/losses are recognised in the Income Statement by Cards Holdco Ltd on the basis that they relate to a monetary asset but are recognised by Horizon Bidco BV through Other Comprehensive Income in equity on the basis that the difference arises on balance sheet translation of a liability. This is in accordance with IAS 21.

Note: Figures in this table are individually rounded to the nearest £0.1m. As a result, there may be minor discrepancies in the subtotals and totals due to rounding differences.

Operating cash conversion in line with our expectations

Adjusted EBITDA to Operating Cash Conversion

£m	H1 FY24	H1 FY23	H2 FY23
Adjusted EBITDA¹	41.4	34.6	49.6
Intangible capital expenditure	(7.0)	(6.7)	(6.2)
Tangible capital expenditure	(0.8)	(7.5)	(2.2)
Add back: Impact of Share-based payments	2.0	0.9	1.0
(Increase) / decrease in inventories	3.4	(1.1)	0.3
Decrease in receivables	0.2	1.8	3.5
Increase / (decrease) in payables ²	(24.1)	(20.9)	9.1
Operating Cash Flow²	15.1	1.1	55.1
Operating Cash Conversion³	36%	3%	111%

- The Group is **highly cash generative on an annual basis**
- The seasonality of trading and working capital means that **cash inflows are strongly weighted into the second half of each financial year**
- The Group generated an **operating cash inflow of £15.1m** in H1 FY24
- Adjusted Operating Cash Conversion **increased year-on-year from 3% to 36%** reflecting **prior year capital expenditure on new operational facilities** at Tamworth in the UK and Almere in the Netherlands

1. Adjusted EBITDA is an Alternative Performance Measure. Refer to the results announcement for the half year ended 31 October 2023.

2. Operating cash flow in FY23 excludes the settlement of legacy incentive obligations of £13.5m to Experiences management on behalf of the vendor. Refer to the H1 FY24 half year results announcement.

3. Operating Cash Conversion = Operating Cash Flow / Adjusted EBITDA.

Significant liquidity headroom and continued focus on deleveraging

Net Leverage			
£m	Oct 2023	April 2023	Oct 2022
Bank borrowings ¹	(171.4)	(170.5)	(229.9)
Gross cash	22.4	22.4	41.0
Bank borrowings less gross cash	(149.0)	(148.1)	(188.9)
Lease liabilities (IFRS 16)	(18.0)	(19.5)	(19.8)
Net debt	166.9	167.7	208.8
LTM Adjusted EBITDA ^{2,3}	91.1	85.1	85.1
Net debt to LTM Adjusted EBITDA^{2,3}	1.83x	1.97x	2.45x
Committed facilities¹	255.0	255.0	255.0

- Our **short-term capital allocation priority remains deleveraging**
- We expect to **reduce net leverage by approximately 0.5x** during FY24:
 - **Net leverage improved to 1.83x** at 31 October 2023 driven by growth in earnings
 - **Expected H2 deleveraging** to be driven by cash inflows and lower net debt
- **LTM EBITDA includes one-off upside** from profit maintenance actions taken in H2 FY23
- Bank facilities **committed until December 2025¹**
- **Significant liquidity headroom** of £102.4m⁴ at 31 October 2023 and **significant covenant headroom** against 3.50x net debt to Adjusted EBITDA threshold

1. Bank borrowings are stated net of unamortised fees. The facilities agreement runs until 8 January 2026, with the facilities committed until 8 December 2025.

2. Adjusted EBITDA and net debt are Alternative Performance Measures. Refer to the results announcement for the half year ended 31 October 2023.

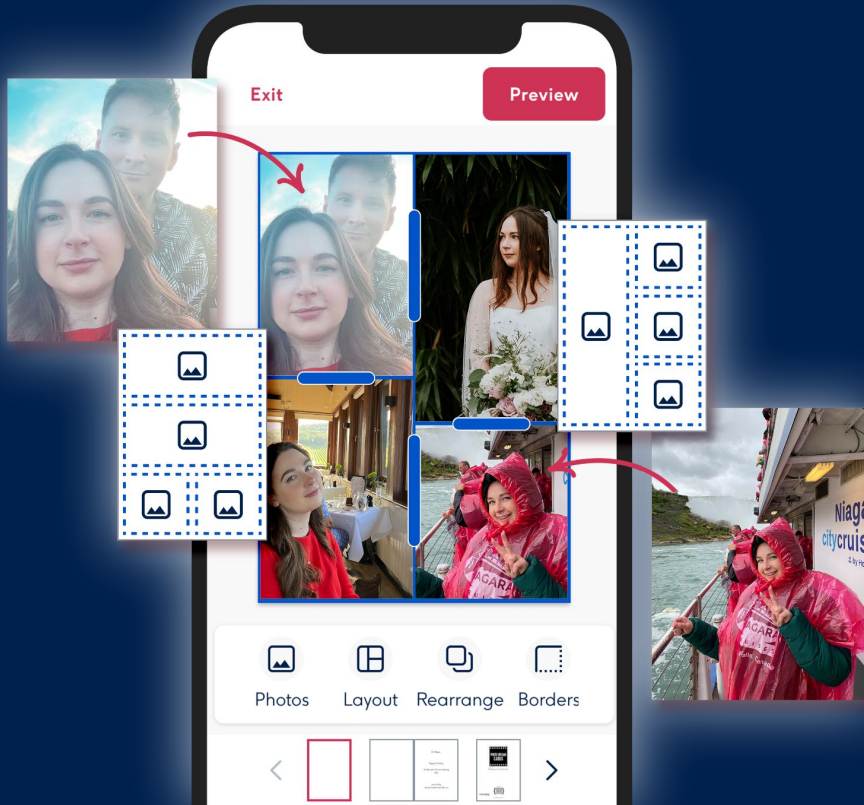
3. For the purposes of calculating net leverage, prior year Adjusted EBITDA is stated pro forma to include the Experiences segment for twelve months, including the period prior to consolidation.

4. Liquidity headroom comprised of £22.4m gross cash and £80.0m of unutilised committed bank facilities.

Guidance remains unchanged

Current trading and outlook

- Current trading remains in line with our overall expectations. Consolidated revenue growth in recent weeks has continued the positive trends seen in the first half, underpinned by growth at the Moonpig brand.
- Whilst the external environment remains challenging, our expectations for full year consolidated revenue and Adjusted EBITDA remain unchanged.
- We remain focused on deleveraging and expect to reduce the ratio of net debt to Adjusted EBITDA by approximately 0.5x during FY24.



Strategic Update Moonpig and Greetz

At Moonpig and Greetz, our business model leverages data to increase customer loyalty and drive gift upsell



Card-first

*Profitable customer acquisition
with high loyalty*

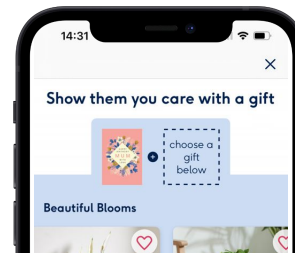


- ✓ 54¹ million card buyers in UK & NL
- ✓ Secular shift to online, with UK online penetration at 15%²
- ✓ Moonpig and Greetz have distinct and increasing market leadership position, supporting profitable customer acquisition
- ✓ High frequency, recurring purchase occasions
- ✓ Loyal customers with 91% of revenue from existing customers



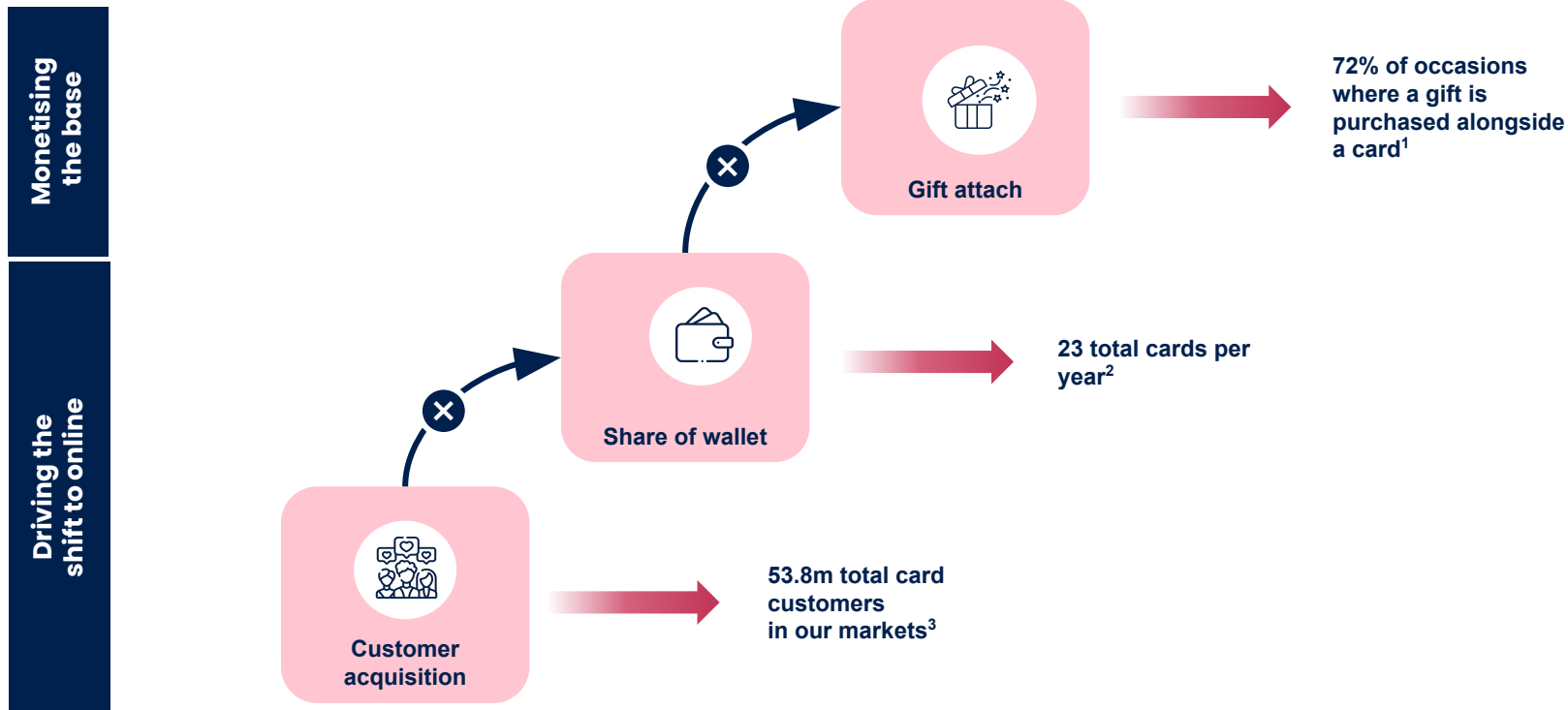
Gift attach

*The most relevant gifting platform
with minimal acquisition cost*



- ✓ >70%³ cards given with a gift
- ✓ Card-first journey enables highly relevant gift recommendations
- ✓ Purchase intent high post card creation
- ✓ Zero marketing costs, supporting high margins
- ✓ Sidesteps expensive online competition for gifts/flowers

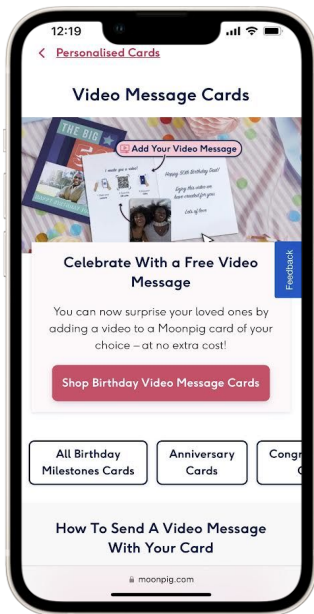
Moonpig and Greetz have three compounding growth drivers



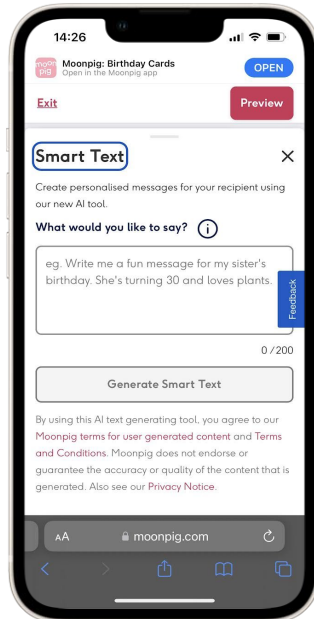
1. UK single card purchases in 2019 where a gift was purchased either in the same place as a card or a separate retailer to a card, as percentage of total in 2019.
2. Blended average total number of cards purchased by Moonpig customers in the UK and card customers in NL, weighted by individual entity's customer base, for UK and NL only.
3. Midpoint of range identified as 53mn – 55mn card customers in UK and NL based on OC&C 2019 estimates.

Creativity features to differentiate our cards and drive purchase frequency

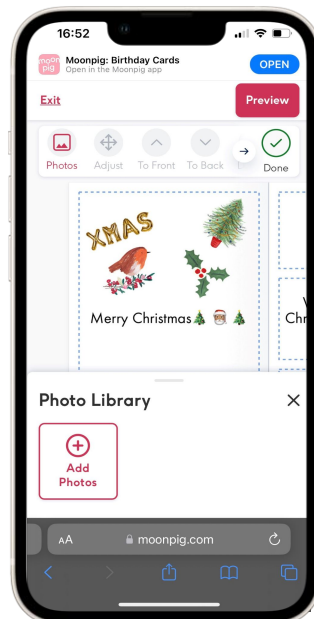
Audio and video messages



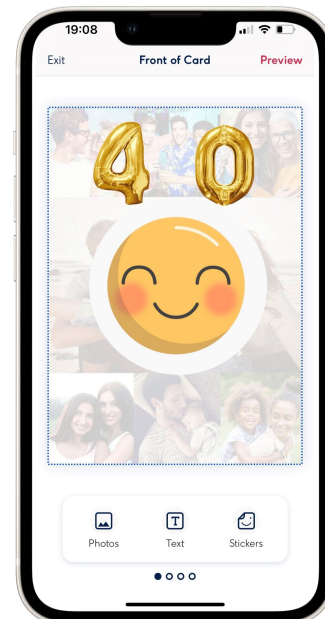
AI-driven Smart Text message suggestions



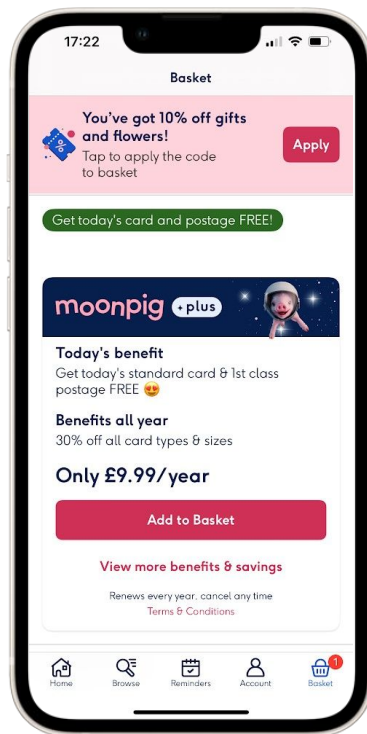
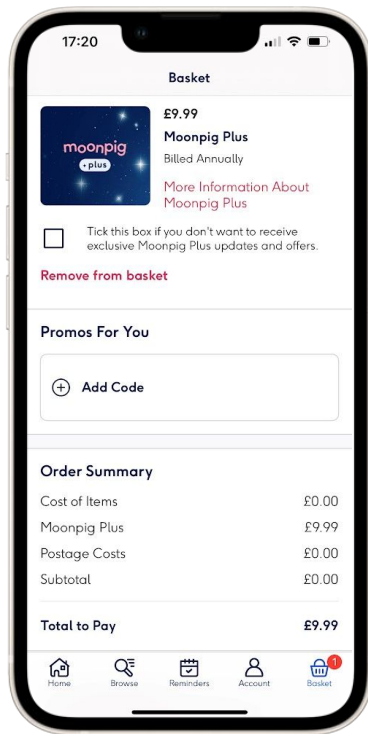
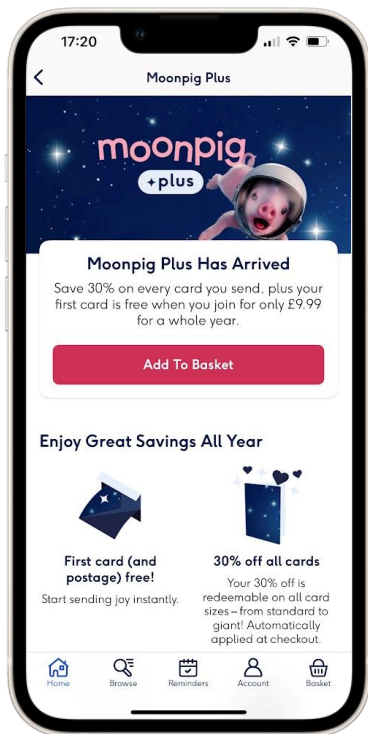
Stickers, emojis and flexible photos



Stickers on the front of collage photo cards



Successful launch of Moonpig Plus to drive customer purchase frequency

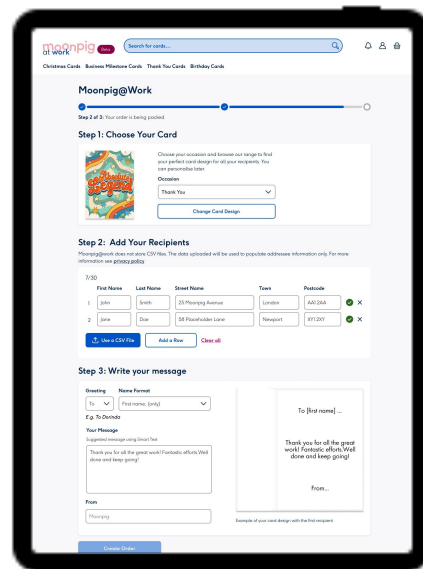
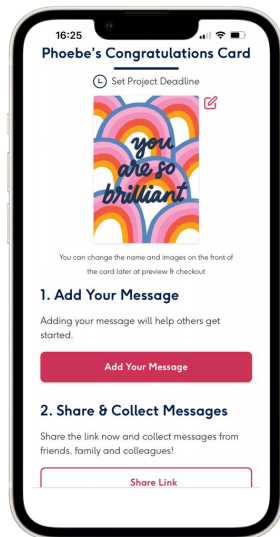
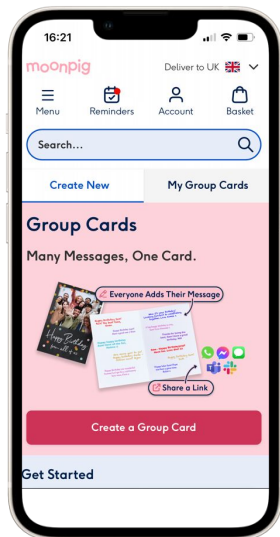


- **Moonpig Plus** launched on 31 May 2023
- Pleased by **subscriber base growth**
- **Consistent and sustained uplift in purchase frequency** for subscribers
- Marketed primarily **during the online card purchase journey** as an add-to-basket
- Plan to **launch Greetz Plus** later this financial year

Collaborative features intended to introduce non-customers to our brands

Group Cards provide us with opportunities to convert message contributors into future new customers

We are testing Moonpig at Work, our new proposition for SME corporate gifting to employees, ahead of full launch



Customer behavioural data incorporated into our AI recommendations

AI powered recommendations leverage data on gifting intent captured during the card-first customer journey

Only Fools & Horses Gifts

Drink Gifts

Customer Data:

- Customer:** Male, High LTV, lives in Newcastle
- Dad's birthday card:** 1 photo, TV theme
- Text inside:** 50+ words written

Product Recommendations:

- Only Fools and Horses Lovely Jubbly Personalised Mug** (£9.00, 4.5 stars, 20 reviews)
- Famous Grouse Famous Dad Whisky 70cl** (£25.00, 4.5 stars, 227 reviews)

Our latest algorithm upgrades are also taking into account user-level behavioural data

Customer A

- Has attached frequently before
- Often spends £30 or more on gifts

Special treats

- Bollinger Special Cuvee NV** (£65.00, Add to Basket)
- Tsarine Rosé & The Best Friend** (£80.00, Add to Basket)
- Family Ultimate Explorer Ticket to** (£114.75, £135.00 (15% off), Add Gift to a Card)
- Lindt Birthday Chocolate** (£20.00, Add to Basket)

Customer B

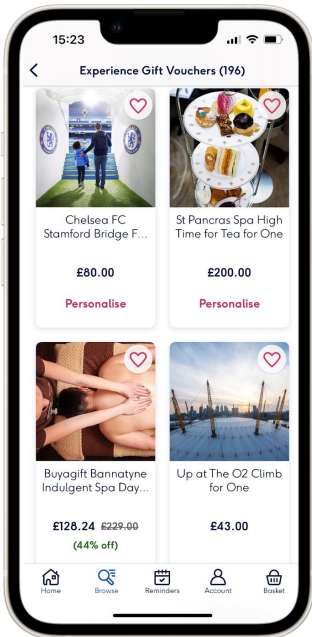
- Has not attached before
- Has not purchased for this occasion and recipient before

£20 and under

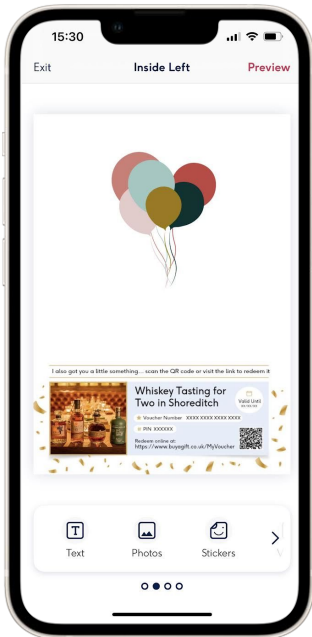
- Things to Do With Dad 52 Bucket List Scratch Cards** (£12.00, Add to Basket)
- Lindt Master Chocolatier Best Dad Chocolate Collection (200g)** (£14.00, Add to Basket)
- Just for Daddy Beer Gift Set** (£16.00, Add to Basket)
- Wonderful Dad** (£16.00, Add to Basket)

We have made it easier to add a gift experience to a Moonpig card

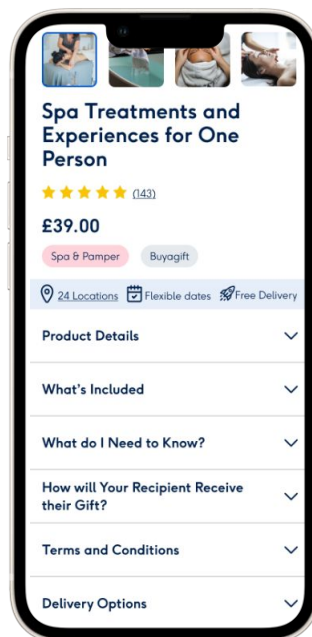
Expanded range



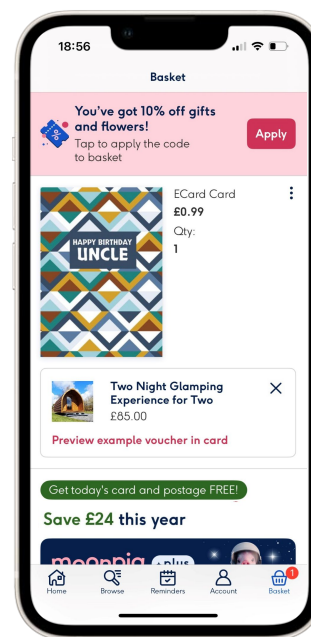
Gift embedded inside the card

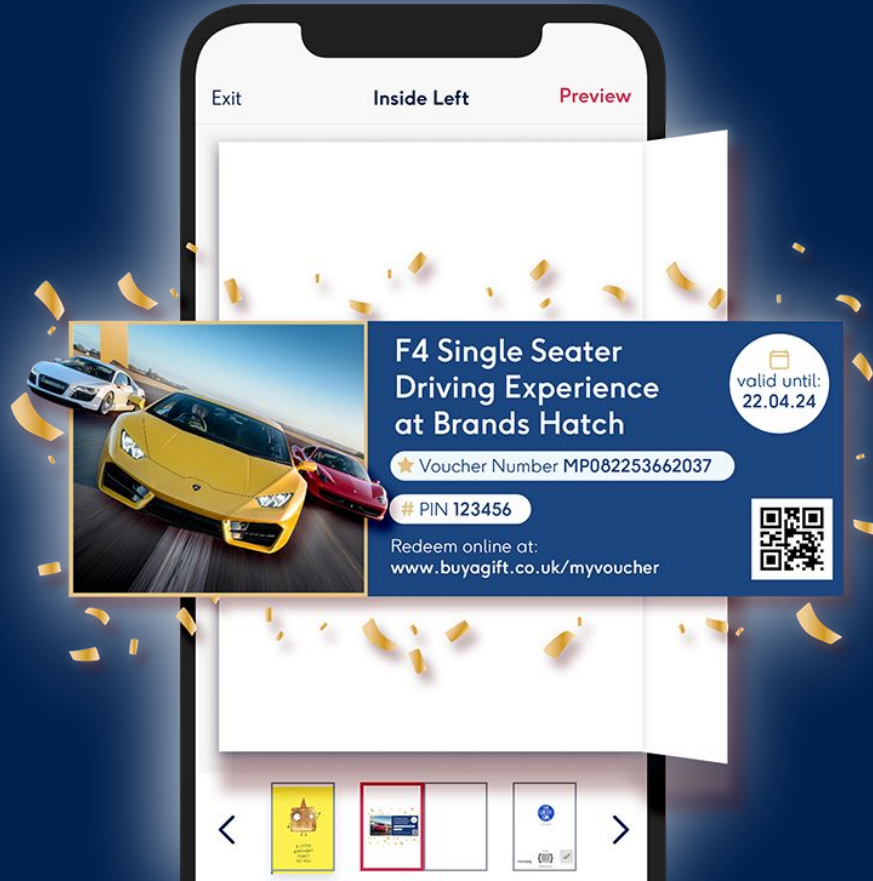


Significantly improved product information pages



Instant gifting unlocked through ecards





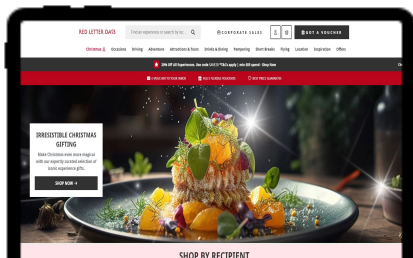
Strategic Update Experiences

The Experiences strategy creates a growth flywheel by focusing on the conversion of recipients into new customers



Customers

Quality and breadth of range underpinned by convenient shopping experience

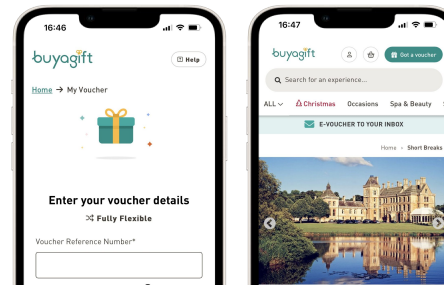


- ✓ Red Letter Days and Buyagift are established, market leading brands with high levels of customer satisfaction
- ✓ Extensive range with around 4,800 nationwide experiences to choose from covering multiple price points
- ✓ Peace of mind that recipients have flexibility to choose a different experience if preferred
- ✓ Easy shopping experience drives repeat purchasing behaviour



Recipients

Simple redemption journey, flexibility and broad choice enhances recipient experience

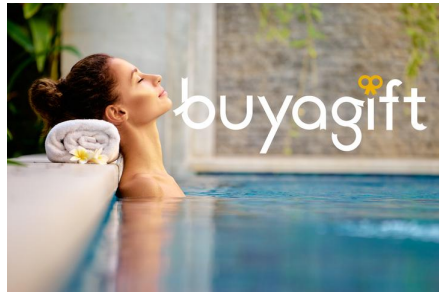


- ✓ Simple online redemption journey
- ✓ Increasing proportion of experiences available to book directly through our websites
- ✓ View availability of experience provider, with flexibility to redeem for a different experience at same amount, or upgrade
- ✓ Ease and quality of booking experience drives recipient-to-customer conversion

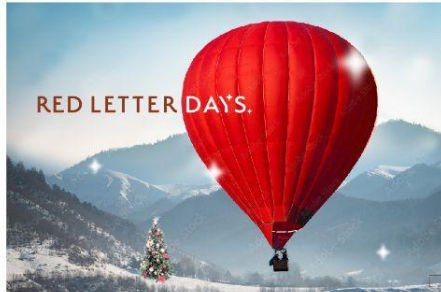


Refreshed brand identities with investment in online brand marketing

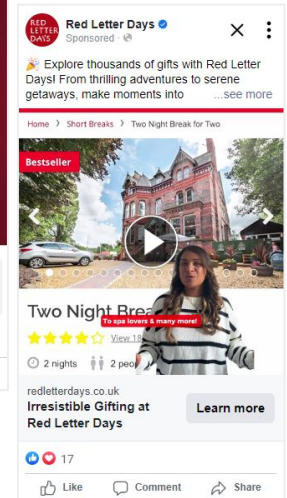
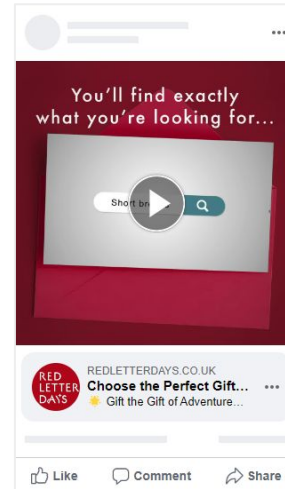
Buyagift brand identity refreshed with a focus on value, playfulness and a younger audience



Red Letter Days brand identity refreshed with a focus on curated selection and accessible luxury



Additional above-the-line marketing in online video and social media to generate awareness and intent



Compelling range extension and additional online booking capability

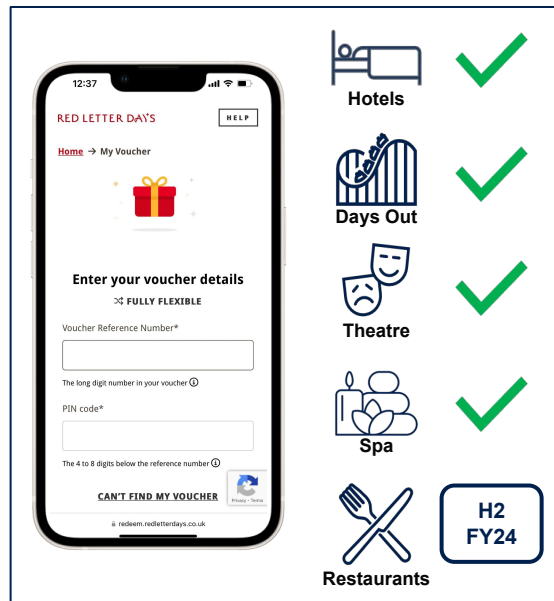
Continuing to expand our premium offering



New partnerships with popular brands around the UK

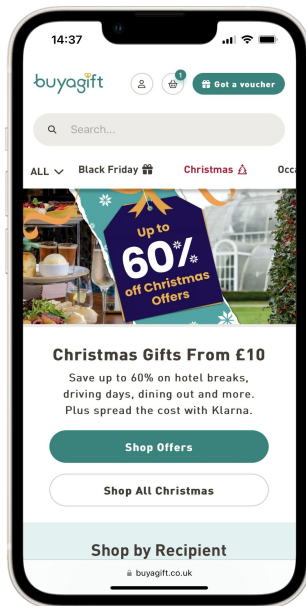


Roadmap of booking integration so that more categories can be redeemed directly on our websites

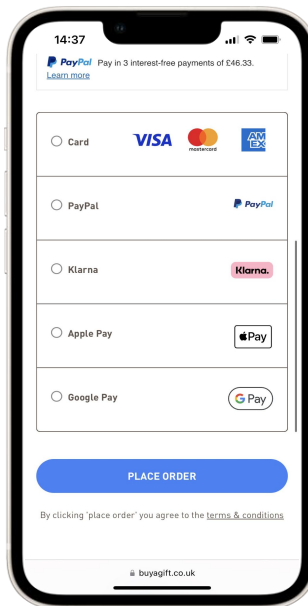


Technology replatforming on schedule and new features being deployed

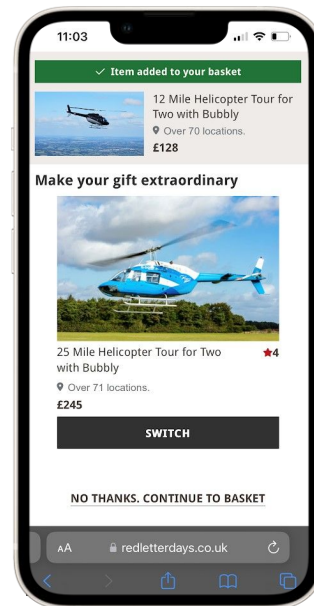
Migration to a new faster technology platform on schedule



Upgrades to online payment options to drive conversion rate



Upsell recommendations to drive average order value



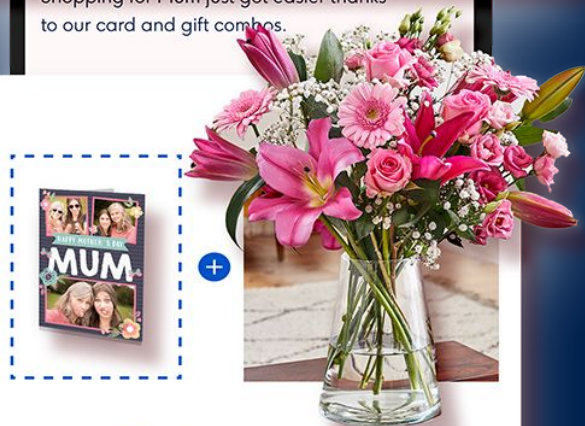
Technology-driven return to growth



moonpig group plc

Bestselling Mother's Day Bundles

Shopping for Mum just got easier thanks to our card and gift combos.



Custom card +
The Pink Bouquet

~~£24~~ £19.99

[View Bundle Details](#)

Appendix

Technical guidance (1/2)

Adjusting items

- We anticipate that Adjusting Items will include a charge of approximately £4m in FY24 relating to the pre-IPO Award. There will be no charge in future years as the final tranche of the award vests on 30 April 2024, subject to continued employment.
- The pre-IPO Award comprises a combination of cash and shares. The first tranche was paid in Q1 FY24 and the second tranche will be paid in Q1 FY25, resulting in an expected cash outflow of approximately £5m (excluding national insurance) and the issue of up to 1.4m shares.

Items not classified as Adjusting Items

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

<u>£m</u>	<u>H1 FY24</u>	<u>H1 FY23</u>
Amortisation of acquired intangible assets	4.2	3.1
Share-based payment charges relating to the operation of post-IPO Remuneration Policy (inclusive of NI of £0.2m (H1 FY23: £0.1m))	2.0	1.3

Capital expenditure

- We expect total tangible and intangible capital expenditure to revert to the pre-Covid trend level of around 5% of revenue in FY24 and we plan to maintain this ratio going forward. Within this, we expect that tangible capital expenditure will remain below £2m per year.

Depreciation and Amortisation (“D&A”)

For FY24, we expect a total charge for depreciation and amortisation of between £27m and £29m:

- The combined charge for depreciation of purchased tangible fixed assets and amortisation of internally generated intangible fixed assets is expected to increase to between £16m and £18m in FY24, reflecting the fit-out of operational facilities in FY23 and ongoing increased technology investment.
- We anticipate a charge of around £3m per annum for the depreciation of IFRS 16 right-of-use assets, reflecting the full-year impact of depreciation related to new leases for Tamworth and Almere.
- We expect the amortisation of intangible fixed assets arising on business combination to be approximately £8m per annum (comprising approximately £6m relating to Experiences and approximately £2m relating to Greetz).

Technical guidance (2/2)

Net finance costs

- We expect net finance costs in FY24 to be in the region of £15m.
- This includes approximately £2m relating to the amortisation of fees and £1m of interest on lease liabilities.
- We have assumed no monetary gain or loss on Euro-denominated intercompany loan balances.

Taxation

- We expect the Group's effective tax rate to be approximately 26% of PBT in FY24, reducing to 25% in FY25 and thereafter.
- The expected effective rate for FY24 is higher than the prevailing tax rate in the UK and in the Netherlands due to the impact of the Group's legacy share schemes.

Alternative Performance Measures

Reconciliation of Alternative Performance Measures to IFRS Measures

£m	H1 FY24	H1 FY24	H1 FY24	H1 FY23	H1 FY23	H1 FY23
	Adjusted Measures	Adjusting Items	IFRS Measures	Adjusted Measures	Adjusting Items	IFRS Measures
Pre-IPO share based payment charges	-	(0.6)	-	-	(3.5)	-
Pre-IPO bonus awards	-	(1.2)	-	-	(1.9)	-
M&A-related transaction costs	-	-	-	-	(4.4)	-
EBITDA margin (%)	27.2%	-	26.0%	24.2%	-	17.3%
EBITDA	41.4	(1.9)	39.6	34.6	(9.8)	24.7
Depreciation and amortisation	(12.6)	-	(12.6)	(9.8)	-	(9.8)
EBIT margin (%)	19.0%	-	17.8%	17.4%	-	10.4%
EBIT	28.9	(1.9)	27.0	24.8	(9.8)	14.9
Finance costs	(8.1)	-	(8.1)	(5.8)	-	(5.8)
PBT margin (%)	13.7%	-	12.4%	13.2%	-	6.4%
PBT	20.8	(1.9)	18.9	18.9	(9.8)	9.1
Taxation	(5.1)	0.3	(4.8)	(4.3)	1.0	(3.3)
PAT	15.6	(1.6)	14.1	14.6	(8.8)	5.8
Basic Earnings per Share (EPS)	4.6p	(0.5p)	4.1p	4.3p	(2.6p)	1.7p

Note: Figures in this table are individually rounded to the nearest £0.1m. As a result, there may be minor discrepancies in the subtotals and totals due to rounding differences.