29 June 2022

Moonpig Group plc ("Moonpig Group" or the "Group")

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2022

Transformational first full year post-Initial Public Offering ("IPO")

Summary financial results

£m	**Year ended 30 April 2022**	Year ended 30 April 2021	Year ended 30 April 2020	FY22 Year-on-year %	FY22 Two-year growth[3] %
Group revenue	**304.3**	368.2	173.1	(17.3%)	75.8%
Adjusted EBITDA[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	**40.0**	32.9	31.8	21.6%	25.8%
Adjusted profit before tax[1]	**51.5**	74.6	33.2	(30.9%)	55.2%
Basic earnings per share (pence)[2]	**9.3p**	6.1p	n/a	52.5%	n/a
Net debt[4]	**(83.8)**	(115.1)	(28.3)	27.2%	(195.6%)

1 Before adjusting items of £11.6m in FY22 and £41.7m in FY21. See definition of Alternative Performance Measures below.
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 lockdown restrictions upon trading.
4 Net debt is a non-GAAP measure and is defined as total borrowings less cash and cash equivalents.

Results summary

- Revenue growth of 75.8% on a two-year basis, reflecting significant growth in customer base, higher customer purchase frequency and a further increase in attached gifting. Revenue was down 17.3% year-on-year, reflecting annualisation against periods of severe lockdown restrictions and ahead of our expectations at the beginning of the financial year.
- Adjusted EBITDA margin rate of 24.6% (FY21: 25.0%), consistent with medium-term targets provided in April 2022.
- We have seen no material impact on gross margin rate from cost inflation.
- Reduction in net debt to £83.8m (April 2021: £115.1m), with gross cash and cash equivalents of £101.7m (April 2021: £66.0m), reflecting the strong cash generative nature of our business.

Strategic and operational highlights
Enduring two-year transformation in the scale of our business:

- Delivered 39.8m orders, helping our customers to connect with people they care about (FY20: 24.3m, FY21: 50.9m).
- Very high retention of customers, including those acquired during FY20 and FY21, with 87% of the Group's total revenue derived from existing customers (FY20: 79%, FY21: 75%).
- Success in engaging customers and encouraging them deeper into our data-driven ecosystem has enabled the Group to extend its leadership position in UK online cards; market share in calendar year 2021 was 4.4x[1] larger than that of its nearest online competitor (2019: 2.8x larger).
- Since year end, we have announced the proposed acquisition of Buyagift, the UK's leading gift experience platform, which will deliver a step-change in our gifting proposition.
- The acquisition is at an attractive valuation with cash consideration of £124m, compared to an unaudited FY22 EBITDA of £14m and is expected to drive over 20% accretion to annualised Adjusted EPS from acquisition. The acquisition is on track to complete by the end of July 2022.

Market-leading technology and data platform continues to drive our growth flywheel:

- Grew the app to over 43% of Moonpig orders (FY20: 16%, FY21: 37%).
- Leveraged proprietary data and AI capabilities to drive expansion of the Group's database to over 70m reminders set (April 2021: over 50m).
- Continued our progress towards a "hyper-personalised" customer journey, including personalised landing pages for customers who click on a reminder, upcoming occasion reminders on our home-page and personalised search results.
- Launch of a personalised promotions engine to drive customer behaviours associated with higher retention and frequency, such as targeted offers to incentivise first time use of the Moonpig app and first time gift attachment.
- Migration of Greetz onto the Group platform remains on course for completion by the end of calendar year 2022.

Continued progress on enhancing our leading customer proposition:

- Highest ever gifting share of total revenue, at 48%, reflecting further progress in our strategy to become the ultimate gifting companion (FY20: 42%, FY21: 46%).
- Significant expansion in Moonpig's range of flowers and plants, including the Cath Kidston flowers range.
- Launch of 500 new branded gifting SKUs at Greetz including Toblerone and Miss Patisserie.
- Launch of a UK jewellery range with brands including Lisa Angel, Posh Totty and Joma Jewellery.

- Continued expansion of our Global Design Platform, which now features over 43,000 card designs (30 April 2021: 27,000) and 52% of publishers now creating designs for Greetz as well as Moonpig.

Outlook
Confident in outlook for FY23, reconfirming existing guidance:

- 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, CEO, commented:

"Our first full year as a listed company has been another transformational period for Moonpig Group – financially, operationally and strategically. We have significantly outperformed the targets set out at IPO, and recently announced the proposed acquisition of Buyagift, which will accelerate our journey to becoming the ultimate gifting companion.

Moonpig Group has delivered an enduring uplift in revenue over the past two years, with a step-change in the size of our customer base, and with each of our customers purchasing more often than before. We have further extended our market leadership in online cards, demonstrating the strength of our data-led business model and validating our significant investments in technology. Our gifting business has grown by over 100% in the past two years, and we are able to adapt with speed and agility to any changing consumer behaviours.

We remain confident in the outlook for the current year, with our loyal customers continuing to rely on Moonpig to connect with loved ones at moments that matter. The long-term opportunity remains vast and we have never been in a better position to capture it."

Investor and analyst meeting

The full year results presentation will be available on the Investor Relations section of Moonpig Group's corporate website www.moonpig.group/investors shortly after 7:00am, this morning 29 June 2022.

Nickyl Raithatha (CEO) and Andy MacKinnon (CFO) will host a Q&A for analysts and investors via webcast at 9:30am. Please note the presentation will not be repeated during the webcast. Anyone wishing to join the Q&A should register via the following link: https://www.lsegissuerservices.com/spark/MoonpigGroup/events/f1d5b255-6d65-4462-8c4c-6e8b966fcd68.

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About Moonpig Group

Moonpig Group is a leading online greeting card and gifting platform, comprising the Moonpig brand in the UK and the Greetz brand in the Netherlands. In both markets, the Group is the clear online market leader in cards.

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

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

Forward Looking Statements:

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

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

Business review

Overview

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.
- 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.

- 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.

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.

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[3] 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[4]). 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%.

Notes

1. Comprising Moonpig since launch and Greetz post acquisition since 1 September 2018.
2. Source: OC&C, June 2022.
3. Comprises the Group Leadership Team (including Executive Directors) and their direct reports who are also members of the Extended Leadership Team.
4. For consistency with the basis of calculation of the annual bonus target relating to Group employee engagement score.

Financial review

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.

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.

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.

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.

	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%

1 See definition of Alternative Performance Measures below.

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.

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.

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.

Notes

1. Source: OC&C estimates prepared June 2022. Data for 2019 has been updated for additional public disclosure by competitors since the OC&C commercial due diligence performed in 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).

Condensed Consolidated Financial Information
Condensed 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 this condensed consolidated financial information.

Condensed 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 this condensed consolidated financial information.

Condensed 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 this condensed consolidated financial information.

Approved by the Board of Moonpig Group plc on 28 June 2022.

Condensed 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 this condensed consolidated financial information.

Condensed 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 this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

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 condensed consolidated financial information has 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 this condensed consolidated financial information, 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 this condensed consolidated financial information 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 condensed consolidated financial information includes 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 below.

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.

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
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 the financial statements and is forecast to comply with these during the going concern assessment period.

The Directors have reviewed a downside scenario, which is considered to be severe but plausible, and the impact resulting on the Group’s performance and position. In this scenario, 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.

Critical accounting judgements and estimates
In preparing this financial information, 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 information 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 information 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.

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.

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.

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.

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 within12 months after the balance sheet date. If not, they are classified as non-current. In addition, current liabilities include amounts where the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Non-derivative financial assets are classified on initial recognition in accordance with the Group's business model as investments, loans and receivables, or cash and cash equivalents and accounted for as follows:

- **Loans and other receivables:** These are non-derivative financial assets with fixed or determinable payments that are solely payments of principal and interest on the principal amount outstanding, that are primarily held in order to collect contractual cash flows. These balances include trade and other receivables and are measured at amortised cost, using the effective interest rate method, and stated net of allowances for credit losses.
- **Cash and cash equivalents:** Cash and cash equivalents include cash in hand and deposits held on call. Cash equivalents normally comprise instruments with maturities of three months or less at their date of acquisition. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in the liabilities section on the balance sheet.

Non-derivative financial liabilities, including borrowings and trade payables, are stated at amortised cost using the effective interest method. For borrowings, their carrying 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 information as appropriate.

The Group believes that these items are useful to users of the condensed consolidated financial information 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.

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.

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 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

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.

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.

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)

	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 this financial information.

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.

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.

(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 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%

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.

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**	209
Prepayments	**1,752**	2,633
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

	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 information was not considered to be material.

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	**169,950**	–
Within four and five years	**–**	168,682
Beyond five years	**–**	–
Total borrowings	**170,163**	169,071

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	**–**	**–**

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.

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).

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 information 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

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.

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	**465**	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.

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.

	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.