Consolidated income statement

For the year ended 30 April 2024

	Note	2024 £000	2023 £000
Revenue	3	**341,141**	320,125
Cost of sales	4	**(138,608)**	(140,449)
Gross profit		**202,533**	179,676
Selling and administrative expenses	5,6	**(137,598)**	(132,534)
Other income	5	**1,349**	1,319
Operating profit		**66,284**	48,461
Finance income	7	**198**	21
Finance costs	7	**(20,082)**	(13,577)
Profit before taxation		**46,400**	34,905
Taxation	9	**(12,231)**	(8,298)
Profit after taxation		**34,169**	26,607
Profit attributable to:			
Equity holders of the Company		**34,169**	26,607
Earnings per share (pence)			
Basic	10	**10.0**	7.8
Diluted	10	**9.6**	7.7

All activities relate to continuing operations.

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

Consolidated statement of comprehensive income

For the year ended 30 April 2024

	Note	2024 £000	2023 £000
Profit for the year	5	**34,169**	26,607
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**30**	(158)
Cash flow hedge:			
Fair value changes in the year	22	**715**	1,891
Cost of hedging reserve	22	**243**	126
Fair value movements on cash flow hedges transferred to the profit or loss	22	**(2,222)**	(136)
Deferred tax on other comprehensive income	9	**(95)**	–
Total other comprehensive income		**(1,329)**	1,723
Total comprehensive income for the year		**32,840**	28,330

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

Consolidated balance sheet

As at 30 April 2024

	Note	2024 £000	2023 £000
Non-current assets			
Intangible assets	11	203,591	210,455
Property, plant and equipment	12	26,900	32,311
Other non-current assets	14	1,611	2,153
Financial derivatives	22	164	1,757
		232,266	246,676
Current assets			
Inventories	13	7,094	12,333
Trade and other receivables	14	6,577	6,331
Current tax receivable		2,113	1,260
Financial derivatives	22	838	711
Cash and cash equivalents	15	9,644	22,394
		26,266	43,029
Total assets		258,532	289,705
Current liabilities			
Trade and other payables	16	96,739	110,119
Provisions for other liabilities and charges	17	2,073	1,617
Current tax payable		4,211	805
Contract liabilities	18	4,008	2,589
Lease liabilities	19	3,257	3,443
Borrowings	19	73	27
		110,361	118,600
Non-current liabilities			
Trade and other payables	16	1,552	4,858
Borrowings	19	118,292	170,493
Lease liabilities	19	13,072	16,082
Deferred tax liabilities	9	8,903	10,978
Provisions for other liabilities and charges	17	2,516	2,413
		144,335	204,824
Total liabilities		254,696	323,424
Equity			
Share capital	21	34,331	34,211
Share premium	21	278,083	278,083
Merger reserve		(993,026)	(993,026)
Retained earnings		642,056	603,849
Other reserves	21	42,392	43,164
Total equity		3,836	(33,719)
Total equity and liabilities		258,532	289,705

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

The financial statements on pages 130 to 169 were approved by the Board of Directors of Moonpig Group plc (registered number 13096622) on 26 June 2024 and were signed on its behalf by:

Nickyl Raithatha
Chief Executive Officer
26 June 2024

Andy MacKinnon
Chief Financial Officer
26 June 2024

Consolidated statement of changes in equity

For the year ended 30 April 2024

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Other reserves £000	Total equity £000
Balance at 1 May 2022		34,211	278,083	(993,026)	576,507	34,906	(69,319)
Profit for the year		–	–	–	26,607	–	26,607
Foreign currency translation reserve reclassification		–	–	–	735	(735)	–
Other comprehensive (expense)/income:							
Exchange differences on translation of foreign operations		–	–	–	–	(158)	(158)
Cash flow hedges:							
Fair value changes in the year		–	–	–	–	1,891	1,891
Cost of hedging reserve		–	–	–	–	126	126
Fair value movements on cash flow hedges transferred to profit and loss		–	–	–	–	(136)	(136)
Total comprehensive income for the year		–	–	–	27,342	988	28,330
Share-based payments	20, 21	–	–	–	–	7,270	7,270
As at 30 April 2023		34,211	278,083	(993,026)	603,849	43,164	(33,719)
Profit for the year		–	–	–	34,169	–	34,169
Other comprehensive (expense)/income:							
Exchange differences on translation of foreign operations		–	–	–	–	30	30
Cash flow hedges:							
Fair value changes in the year		–	–	–	–	715	715
Cost of hedging reserve		–	–	–	–	243	243
Fair value movements on cash flow hedges transferred to profit and loss		–	–	–	–	(2,222)	(2,222)
Deferred tax on other comprehensive income		–	–	–	–	(95)	(95)
Total comprehensive income for the year		–	–	–	34,169	(1,329)	32,840
Share-based payments	20, 21	–	–	–	–	4,179	4,179
Issue of ordinary shares	20, 21	120	–	–	–	–	120
Deferred tax on share based payment transactions		–	–	–	–	536	536
Share options exercised	20, 21	–	–	–	4,038	(4,158)	(120)
As at 30 April 2024		34,331	278,083	(993,026)	642,056	42,392	3,836

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

Consolidated cash flow statement

For the year ended 30 April 2024

	Note	2024 £000	2023 £000
Cash flow from operating activities			
Profit before taxation		46,400	34,905
Adjustments for:			
Depreciation, amortisation and impairment	11,12	25,729	22,653
Impairment of right-of-use asset	12	–	428
Loss on disposal of tangible assets		4	48
Loss on foreign exchange		272	–
Net finance costs	7	19,884	13,556
R&D tax credit		(503)	(423)
Share-based payment charges		4,179	7,270
Changes in working capital:			
Decrease/(Increase) in inventories		5,192	(835)
Decrease in trade and other receivables		246	2,112
Decrease in trade and other payables		(16,154)	(22,092)
Decrease/(increase) in trade and other receivables and payables with undertakings formerly under common control		14	308
Cash generated from operations		85,263	57,930
Income tax paid		(10,688)	(8,590)
Net cash generated from operating activities		74,575	49,340
Cash flow from investing activities			
Capitalisation of intangible assets	11	(12,782)	(12,949)
Purchase of property, plant and equipment	12	(965)	(9,680)
Acquisition of subsidiary, net of cash acquired		–	(88,598)
Bank interest received		198	–
Net cash used in investing activities		(13,549)	(111,227)
Cash flow from financing activities			
Proceeds from new borrowings	19	157,266	60,000
Payment of fees related to new borrowings		(2,070)	(988)
Repayment of borrowings	19	(212,000)	(60,000)
Payment of interest rate cap premium		(150)	(940)
Interest paid on borrowings	19	(14,469)	(12,144)
Interest received on swap and cap derivatives		2,222	327
Lease liabilities paid	19	(3,742)	(2,641)
Interest paid on leases	19	(682)	(863)
Net cash used in financing activities		(73,625)	(17,249)
Net cash flows (used in)/generated from operating, investing and financing activities		(12,599)	(79,136)
Differences on exchange		(151)	(147)
(Decrease)/increase in cash and cash equivalents in the year		(12,750)	(79,283)
Net cash and cash equivalents at 1 May		22,394	101,677
Net cash and cash equivalents at 30 April		9,644	22,394

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

Notes to the consolidated financial statements

1 General information

Moonpig Group plc (the "Company" or "Parent Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006, whose shares are traded on the London Stock Exchange. The consolidated financial statements of the Company as at and for the year ended 30 April 2024 comprise the Company and its interests in subsidiaries (together referred to as the "Group"). The Company is domiciled in the United Kingdom and its registered address is Herbal House, 10 Back Hill, London, EC1R 5EN, England, United Kingdom. The Company's LEI number is 213800VAYO5KCAXZHK83.

Basis of preparation

The consolidated financial statements of Moonpig Group plc have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

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

The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss.

Basis of consolidation

Subsidiaries are entities over which the Group has control. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions and balances between Group companies are eliminated on consolidation.

The financial statements of all subsidiary undertakings are prepared to the same reporting date as the Company. All subsidiary undertakings have been consolidated.

The subsidiary undertakings of the Company at 30 April 2024 are detailed at the end of the notes to the consolidated financial statements on page 167.

Consideration of climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosures within the Annual Report and Accounts for the year ended 30 April 2024. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:

- Going concern and viability of the Group over the next three years.
- Cash flow forecasts used in the impairment assessments of non-current assets including goodwill and other intangible assets.
- Carrying amount and useful economic lives of property, plant and equipment.

Whilst there is currently no material financial impact expected from climate change in the short or medium term, the Directors will assess climate-related risks at each reporting date against judgements and estimates made in preparation of the Group's consolidated financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic report of the Annual Report and Accounts for the year ended 30 April 2024.

The Group has continued to generate positive operating cash flow and finished the year with liquidity headroom of £69,378,000 (2023: £102,394,000) comprising gross cash and unutilised committed facilities.

During the financial year the Group completed a refinancing, replacing its term loan and revolving credit facility with a new £180,000,000 committed four-year Revolving Credit Facility (the "RCF"). The RCF has an initial maturity date of 29 February 2028 with an option to extend by one year (subject to lender approval).

The amounts drawn under the RCF bear interest at a floating reference rate plus a margin. The reference rates are SONIA for loans in Sterling, EURIBOR for loans in Euro and SOFR for loans in US Dollars. As at 30 April 2024 the Group had drawn down £113,000,000 and €8,500,000 of the available revolving credit facility.

The Group's interest rate hedging arrangements now comprise a SONIA interest rate cap with a cap strike rate of 3.00% on £70m notional until 30 November 2024 and a SONIA interest rate cap, put in place during the current financial year, of 5.00% on £50m notional from 29 November 2024 until 1 June 2025, reducing thereafter to £35m notional until expiry on 30 November 2025. This follows the expiry of a SONIA interest rate swap (at a rate of 2.4725% on £90m notional) on 30 November 2023.

The RCF is subject to two covenants, each tested at six-monthly intervals. The leverage covenant, measuring the ratio of net debt to last twelve months Adjusted EBITDA, is a maximum of 3.5x until April 2025 and 3.0x thereafter. The interest cover covenant, measuring the ratio of last twelve months Adjusted EBITDA (excluding share based payments, as specified in the facilities agreement) to the total of bank interest payable and interest payable on leases, is a minimum of 3.5x for the term of the facility. The Group has complied with all covenants from entering the RCF until the date of these consolidated financial statements and is forecast to comply with these during the going concern assessment period.

1 General information continued

Going concern continued

To support the Group's assessment of going concern, detailed trading and cash flow forecasts, including forecast liquidity and covenant compliance, were prepared for the 22-month period to 30 April 2026.

The Directors have reviewed the severe but plausible scenarios as described within the viability statement of the Annual Report and Accounts for the year ended 30 April 2024; in these scenarios, the Group continues to have sufficient resources to continue in operational existence. In the event that more severe impacts occur, controllable mitigating actions are available to the Group should they be required.

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

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these consolidated financial statements. Accordingly, they continue to adopt the going concern basis in preparing these consolidated financial statements, in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Critical accounting judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates 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 consolidated financial statements are:

Capitalisation of internally generated assets

Certain costs incurred in the developmental phase of an internal project, which include the development of technology, app and platform enhancements and 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. The amounts of, and movements in, such assets are set out in Note 11.

The areas of estimates which have the greatest potential effect on the amounts recognised in the financial statements are:

Useful life of internally generated assets

The estimated useful lives which are used to calculate amortisation of internally generated assets (the Group's platforms and applications) are based on the length of time these assets are expected to generate income and be of benefit to the Group. The uncertainty included in this estimate is that if the useful lives are estimated to differ from the actual useful lives of the intangible assets, this could result in accelerated amortisation in future years and/or impairments. The economic lives of internally generated intangible assets are estimated at three years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. If the useful life of internally generated assets were estimated to be shorter or longer by one year, than the current useful life of three years, the net book value would (decrease)/increase by (£5,393,000)/£4,556,000 from the amount recognised as at 30 April 2024. The amounts of, and movements in, such assets are set out in Note 11.

Experiences merchant accrual

The merchant accrual has been identified as a significant estimate following the acquisition of Experiences, which acts as an agent at the point of sale. When a voucher is purchased, the expected value of future amounts that will become payable to merchant providers is recognised within trade and other payables on the balance sheet. The Group takes into account historical redemption rates when estimating future payments to merchant providers, with the span between the upper and the lower ends of the range in historical trends for these rates equivalent to a £2,453,000 movement in the amount recognised in revenue. The estimates are trued up for actual customer utilisation rates in the year.

Carrying amount of Experiences goodwill

Goodwill is tested annually for impairment. The critical accounting estimates made in the calculation of the recoverable amount are:

- Pre-perpetuity period of six years (2023: seven years).
- Pre-perpetuity compound annual revenue growth rate of 6.6% (2023: 10.5%).
- Discount rate of 15.1% (2023: 13.5%).

Sensitivity analysis and further disclosure relating to these critical accounting estimates is set out in Note 11.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies

New standards, amendments and interpretations adopted from 1 May 2023

The following amendments are effective for the year beginning 1 May 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (amendments to IAS 8).
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 May 2023 and had no material impact on the year-end consolidated financial statements of the Group.

New standards, amendments and interpretations not yet adopted

The following adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have material effect on the financial statements unless otherwise indicated:

The following amendments are effective for the year beginning 1 May 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback).
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current).
- IAS 1 Presentation of Financial statements (Amendment – Non-current Liabilities with Covenants).

The following amendments are effective for the year beginning 1 May 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange rates)

The following amendments are effective for the year beginning 1 May 2027:

- IFRS 18 Presentation and Disclosure in the Financial Statements.

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 consolidated financial statements are presented in Pounds Sterling, which is the Group's presentational currency, and are rounded to the nearest thousand. The income and cash flow statements of Group undertakings that are expressed in other currencies are translated to Sterling using exchange rates applicable on the dates of the underlying transactions. Average rates of exchange in each year are used where the average rate approximates the relevant exchange rate on the date of the underlying transactions. Assets and liabilities of Group undertakings are translated at the applicable rates of exchange at the end of each year.

The differences between retained profits translated at average and closing rates of exchange are taken to the foreign currency translation reserve, as are differences arising on the retranslation to Sterling (using closing rates of exchange) of overseas net assets at the beginning of the year and are presented as a separate component of equity. They are recognised in the income statement when the gain or loss on disposal of a Group undertaking is recognised.

Foreign currency transactions are initially recognised in the functional currency of each entity in the Group using the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign currency assets and liabilities at year-end rates of exchange are recognised in the income statement. Foreign exchange gains or losses recognised in the income statement are included in operating profit or finance costs/income depending on the underlying transactions that gave rise to these exchange differences.

b) Revenue

The Group recognises revenue when it has satisfied its performance obligations to external customers and control of the goods has been transferred. The Group is principally engaged in the sale of cards, physical gifts and gift experiences.

i) Sale of cards and physical gifts

The Group generates revenue from the sale of cards and physical gifts. Shipping and handling is not a separate performance obligation and any shipping fees charged to the customer are included in the transaction price. The sale of goods and any shipping and handling represents a single performance obligation which is satisfied upon delivery of the relevant goods and the transfer of control to that customer. Revenue is measured at the transaction price received net of value added tax, discounts and is reduced for provisions of customer returns and remakes based on the history of such matters. The cost of shipping is directly associated with generating revenue and therefore presented within cost of sales.

ii) Subscription revenue

The Group operates subscription membership schemes whereby customers are charged an upfront annual fee in return for discounts on subsequent greeting card purchases and other ancillary benefits over the following 12-month period. In addition, for new members, the initial greeting card purchase is typically subject to a discount.

2 Summary of significant accounting policies continued

b) Revenue continued

ii) Subscription revenue continued

Revenue is measured at the transaction price, which is the standalone selling price of the subscription membership. The membership contract gives rise to a performance obligation because it grants the customer an option to acquire additional goods and services and that option provides material rights that the customer would not receive without entering that contract. Revenue is recognised as goods or services are transferred in line with the exercise of those material rights.

The material rights provided to subscription members currently comprise:

- The discount on the initial greeting card purchase, in the first year of subscription membership only, to the extent that this exceeds the price that a customer could access through generally available discounts.
- Expected usage of the discount on subsequent card purchases, to the extent that this exceeds the price that a customer could otherwise access through generally available discounts.
- Expected usage of ancillary benefits, such as free postcards.

iii) Sale of gift experiences

The Group operates a platform for the distribution of gift experience vouchers that may be redeemed for a wide choice of experiences provided by third party merchant partners and either gifted or kept for a consumer's own use. Revenue is recognised when a consumer purchases a gift experience, acting as an agent at the point of sale. At this point, the Group's obligations are substantially complete, subject to a provision for refunds as stipulated in the terms of the sale, as the Group's merchant partners provide gift experience services, following redemption either through the Group's websites or directly with the recipient's chosen merchant partner.

The amount of revenue recognised primarily comprises the expected value of fees and any other income receivable in accordance with the Group's contracts with third party merchant partners, rather than the gross value of vouchers purchased. This includes an estimate of the revenue to be recognised in relation to vouchers which are not redeemed based on historical rates.

Each voucher is multi-purpose and can be exchanged for any experience at any point until redemption, on account of which merchants are not paid a share of the gross value of a voucher until after redemption. The expected value of future amounts that will become payable to merchants is included within trade and other payables on the balance sheet and estimates are trued up for actual customer redemption rates. See further information within critical accounting estimates on page 135. Where non-redemption exceeds the expected rate for a cohort of vouchers, the Group recognises revenue from the additional unredeemed vouchers and derecognises the accrued merchant payable once its legal obligations to the merchants expire.

c) Taxation

Taxation is chargeable on the profits for the year, together with deferred taxation.

The current income tax charge is calculated based on 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 recognised as expenses in the year in which the costs are incurred as Adjusting Items.

e) Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill relates to the Greetz and Experiences cash-generating units.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is evidence that it may be required. Any impairment of goodwill is recognised immediately in the income statement and is not subsequently reversed. Goodwill is denominated in the currency of the acquired entity and revalued to the closing exchange rate at each reporting year date.

Goodwill in respect of subsidiaries is included in intangible assets. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

f) Intangible assets other than goodwill

i) Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at fair value at the acquisition date, provided they are identifiable and capable of reliable measurement.

Intangible assets with a finite useful life that are acquired separately are carried at cost less accumulated amortisation and impairment losses. These intangible assets are amortised on a straight-line basis over their remaining useful lives, consistent with the pattern of economic benefits expected to be received. The amortisation charge is included within selling and administrative expenses in the income statement.

ii) Internally generated research and development costs

Research expenditure is charged to the income statement in the year in which it is incurred. Development expenditure is charged to the income statement in the year it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets to be capitalised as an intangible asset.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation begins when development is complete and the asset is available for use; the charge is included within selling and administrative expenses in the income statement. The estimated useful lives of separately acquired and internally generated assets are as follows:

	Straight-line amortisation period
Trademark	10 years
Technology and development costs	3 years
Customer relationships	1 to 12 years
Software	3 to 5 years
Other intangibles	2 to 4 years

g) Impairment of non-financial assets

Assets are reviewed for impairment whenever events indicate that the carrying amount of a cash-generating unit or the carrying amounts of non-financial assets may not be recoverable. In addition, assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognised to the extent that the carrying amount exceeds the higher of the asset's fair value less costs to sell and its value in use.

A cash-generating unit is the smallest identifiable group of assets that generates cash flows which are largely independent of the cash flows from other assets or groups of assets. At the acquisition date, any goodwill acquired is allocated to the relevant cash-generating unit or group of cash-generating units expected to benefit from the acquisition for the purpose of impairment testing of goodwill.

h) Impairment of financial assets held at amortised cost

As permitted by IFRS 9 Financial Instruments, loss allowances on trade receivables arising from the recognition of revenue under IFRS 15 Revenue from Contracts with Customers are initially measured at an amount equal to lifetime expected losses. Allowances in respect of loans and other receivables are initially recognised at an amount equal to 12-month expected credit losses. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis to write off the assets over their useful economic life. No depreciation is provided on freehold land. The estimated useful lives are as follows:

	Straight-line depreciation period
Freehold property	25 years
Plant and machinery	4 years
Fixtures and fittings	4 years
Leasehold improvements	10 years or the unexpired term of lease if lower
Computer equipment	3 years
Right-of-use assets (plant and machinery, land and buildings)	Lease length

Climate change is not considered to materially impact the estimated useful lives of assets. Although extreme weather events could potentially damage manufacturing and distribution facilities, the probability of this occurring at the Group's most vulnerable location, Guernsey, is only 0.2% annually over the expected lifespan of the assets. Furthermore, the Group has flexibility in its production network and could shift production to other locations to mitigate any business interruptions.

2 Summary of significant accounting policies continued

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 13 and the liabilities included as part of borrowings in Note 20. The nature of the Group's leases are offices, warehouses, and printing machinery.

Lease liabilities are initially recognised at an amount equal to the present value of estimated contractual lease payments at the inception of the lease, after taking into account any options to extend the term of the lease to the extent they are reasonably certain to be exercised. Lease commitments are discounted to present value using the interest rate implicit in the lease if this can be readily determined, or the applicable incremental rate of borrowing, as appropriate. Right-of-use assets are initially recognised at an amount equal to the lease liability, adjusted for initial direct costs in relation to the assets, then depreciated over the shorter of the lease term and their estimated useful lives.

Group as lessor

The Group has entered into a lease agreement as a lessor with respect to one of its properties. This is accounted for as an operating lease as the lease does not transfer substantially all the risks and rewards of ownership to the lessee.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

k) Inventories

Inventories include raw materials and finished goods and are stated at the lower of cost and net realisable value. Cost is based on the weighted average cost incurred in acquiring inventories and bringing them to their existing location and condition, which will include raw materials, direct labour and overheads, where appropriate.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, call deposits, cash held by payment service providers and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, with a maturity of three months or less. Cash equivalents relate to cash in transit from various payment processing intermediaries that provide receipting services to the Group.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above and are shown net of bank overdrafts, which are included as current borrowings in the liabilities section on the balance sheet.

m) Financial instruments

The primary objective of the Group's business model for managing financial assets, with regard to the management of cash, is to protect against the loss of principal. Additionally, the Group aims to maximise liquidity by concentrating cash centrally; to align the maturity profile of external investments with that of the forecast liquidity profile; to wherever practicable, match the interest rate profile of external investments to that of debt maturities or fixings; and to optimise the investment yield within the Group's investment parameters.

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current. In addition, current liabilities include amounts where the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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

- **Loans and other receivables:** These are non-derivative financial assets with fixed or determinable payments that are solely payments of principal and interest on the principal amount outstanding, that are primarily held 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, deposits held on call and cash in transit. 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, trade payables and the merchant accrual, are stated at amortised cost using the effective interest method. For borrowings, their carrying amount includes accrued interest payable. The effective interest method takes into account both the contractual cash flows and the time value of money. The carrying amount of the financial liability is adjusted over time to reflect the unwinding of the discount, whereby the discount represents the difference between the initial fair value and the amount paid or received. The discounting process involves applying a discount rate to the future cash flows associated with the financial liability. The effect of discounting is recognised as an interest expense in the profit and loss over the expected term of the financial liability.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

m) Financial instruments continued

Derivative financial instruments are used to manage risks arising from changes in interest rates relating to the Group's external debt. The Group does not hold or issue derivative financial instruments for trading purposes. The Group uses the derivatives to hedge highly probable forecast transactions and therefore, the instruments are designated as cash flow hedges.

Derivatives are initially recognised at fair value on the date a contract is entered into and are subsequently remeasured at their fair value at each reporting date. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and hedging instrument are expected to offset each other.

The effective element of any gain or loss from remeasuring the derivative instrument is recognised in other comprehensive income ("OCI") and accumulated in the hedging reserve (presented in "other reserves" in the statement of changes in equity). Any change in the fair value of time value of the derivative instrument is also recognised in OCI as part of cash flow hedges and accumulated in the cost of hedging reserve (presented in "other reserves" in the statement of changes in equity). Any element of the remeasurement of the derivative instrument that does not meet the criteria for an effective hedge is recognised immediately in the Group income statement within finance costs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time remains in OCI and is recognised when the forecast transaction is ultimately recognised in the income statement within finance costs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is recycled to the income statement. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months or, as a current asset or liability, if the remaining maturity of the hedged item is less than 12 months.

n) Segmental analysis

The Group is organised and managed based on its segments (Moonpig, Greetz and Experiences). These are the reportable and operating segments for the Group as they form the focus of the Group's internal reporting systems and are the basis used by the chief operating decision maker ("CODM"), identified as the CEO and CFO, for assessing performance and allocating resources. The prices agreed between Group companies for intra-group services and fees are based on normal commercial practices which would apply between independent businesses.

o) Provisions

Provisions are recognised when either a legal or constructive obligation as a result of a past event exists at the balance sheet date, it is probable that an outflow of economic resources will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

p) Pensions and other post-employment benefits

The Group contributes to defined contribution pensions schemes and payments to these are charged as an expense and accrued over time.

q) Adjusting Items

Adjusting Items are significant items of income or expense which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group's underlying financial performance because of their size, nature or incidence. In identifying and quantifying Adjusting Items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as an Adjusting Item. These items are separately disclosed in the segmental analyses or in the notes to the financial statements as appropriate.

The Group believes that these items are useful to users of the consolidated financial statements in helping them to understand the underlying business performance and are used to derive the Group's principal non-GAAP measures of Adjusted EBITDA, Adjusted EBIT and Adjusted PBT, which exclude the impact of Adjusting Items and which are reconciled from operating profit and profit before taxation.

r) Equity

Called-up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Share premium

The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in share premium. Costs that directly relate to the issue of ordinary shares are deducted from share premium net of corporation tax.

Merger reserve

The merger reserve relates to the merger reserve arising from the prior group restructuring, accounted for under common control.

Other reserves

Share-based payment reserve

The share-based payment reserve is built up of charges in relation to equity-settled share-based payment arrangements which have been recognised within the consolidated income statement.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and the cumulative net change in the fair value of time value on the cash flow hedging instruments.

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.

2 Summary of significant accounting policies continued

s) Earnings per share

The Group presents basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

t) Share-based payments

The Group has equity-settled compensation plans.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of awards that will eventually vest. For plans where the vesting conditions are based on a market condition, such as total shareholder return, the fair value at date of grant reflects the probability that this condition will not be met and therefore is fixed thereafter, irrespective of actual vesting.

Fair value is measured using the Black-Scholes and Monte Carlo option pricing model, except where vesting is subject to market conditions when the Stochastic option pricing model is used. A Chaffe model is used to value the holding period. The expected term used in the models has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3 Segmental analysis

The CODM reviews external revenue, Adjusted EBITDA and Adjusted EBIT to evaluate segment performance and allocate resources to the overall business. Adjusted EBITDA and Adjusted EBIT are non-GAAP measures. Adjustments are made to the statutory IFRS results to arrive at an underlying result which is in line with how the business is managed and measured on a day-to-day basis. Adjustments are made for items that are individually important to understand the financial performance. If included, these items could distort understanding of the performance for the year and the comparability between periods. Management applies judgement in determining which items should be excluded from underlying performance. See Note 6 for details of these adjustments.

The Group is organised and managed based on its segments, namely Moonpig and Experiences in the UK and Greetz in the Netherlands. These are the reportable and operating segments for the Group as they form the focus of the Group's internal reporting systems and are the basis used by the CODM for assessing performance and allocating resources.

Most of the Group's revenue is derived from the sale of cards, gifts and related services to consumers, or from the distribution of gift experiences acting as agent. No single customer accounted for 10% or more of the Group's revenue.

Finance income and expense are not allocated to the reportable segments, as this activity is managed centrally.

In common with many retailers, revenue and trading profit are subject to seasonal fluctuations and are weighted towards the second half of the year which includes the majority of the Group's peak trading periods.

Segment analyses

The following table shows revenue by segment that reconciles to the consolidated revenue for the Group.

	2024 £000	2023 £000
Moonpig	241,326	223,127
Greetz	51,238	55,421
Experiences	48,577	41,577
Total external revenue	**341,141**	320,125

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 customer's country selection on the website or app at the time of order:

	2024 £000	2023 £000
UK	281,217	258,234
Netherlands	51,238	55,421
Ireland	3,899	2,633
US	1,352	1,133
Australia	3,435	2,704
Total external revenue	**341,141**	320,125

Notes to the consolidated financial statements continued

3 Segmental analysis continued

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

	2024 £000	2023 £000
Moonpig		
Non-current assets[1]	37,075	41,063
Capital expenditure[2]	(786)	(7,317)
Intangible expenditure	(9,534)	(11,668)
Depreciation and amortisation	(14,498)	(11,851)
Greetz		
Non-current assets[1]	22,984	27,336
Capital expenditure[2]	(156)	(8,770)
Intangible expenditure	–	–
Depreciation and amortisation	(3,679)	(3,861)
Experiences		
Non-current assets[1]	170,433	174,342
Capital expenditure	(23)	(25)
Intangible expenditure	(3,248)	(1,281)
Depreciation and amortisation	(7,552)	(6,941)
Group		
Non-current assets[1]	230,492	242,741
Capital expenditure[2]	(965)	(16,112)
Intangible expenditure	(12,782)	(12,949)
Depreciation and amortisation	(25,729)	(22,653)

1 Comprises intangible assets, property, plant and equipment (inclusive of ROU assets).

2 Includes ROU assets capitalised in each year.

The Group's measures of segment profit are Adjusted EBIT, which excludes Adjusting Items; refer to the APMs section of the Annual Report and Accounts for the year ended 30 April 2024 for calculation.

	2024 £000	2023 £000
Moonpig	72,709	59,891
Greetz	7,815	11,262
Experiences	15,006	13,046
Group Adjusted EBITDA	95,530	84,199
Moonpig	14,498	11,851
Greetz[1]	1,884	2,053
Experiences[1]	1,062	1,292
Group depreciation and amortisation excluding amortisation on acquired intangibles[1]	17,444	15,196
Moonpig	58,211	48,040
Greetz[1]	5,931	9,209
Experiences[1]	13,944	11,754
Group Adjusted EBIT[2]	78,086	69,003

1 Excludes amortisation arising on Group consolidation of intangibles, which is now included in Adjusting Items – see Note 6.

2 The Adjusted EBIT number in the prior year has been restated to adjust for acquisition amortisation, which is now included in Adjusting Items – see Note 6.

3 Segmental analysis continued

The following table shows Adjusted EBIT that reconciles to the consolidated results of the Group:

	Note	2024 £000	2023 £000
Adjusted EBITDA		**95,530**	84,199
Depreciation and amortisation[1]		**(17,444)**	(15,196)
Adjusted EBIT		**78,086**	69,003
Adjusting Items	6	**(11,802)**	(20,542)
Operating profit		**66,284**	48,461
Finance income	7	**198**	21
Finance costs	7	**(20,082)**	(13,577)
Profit before taxation		**46,400**	34,905
Taxation charge	9	**(12,231)**	(8,298)
Profit for the year		**34,169**	26,607

1 Depreciation and amortisation excludes amortisation on acquired intangibles of £8,285,000 (2023: £7,457,000) included in Adjusting Items, see Note 6 for more information.

4 Cost of sales

	2024 £000	2023 £000
Wages and salaries	**13,750**	16,970
Inventories	**48,088**	49,453
Shipping and logistics	**73,306**	71,811
Depreciation on warehouses and machinery	**3,464**	2,215
Total cost of sales	**138,608**	140,449

5 Operating profit

Nature of expenses charged/(credited) to operating profit from continuing operations:

	2024 £000	2023 £000
Depreciation on property, plant and equipment	**6,610**	6,941
Amortisation of intangible assets[1]	**19,119**	15,712
Research and development expenses	**2,301**	1,732
IPO-related bonuses	**2,367**	3,263
Share-based payment charges (excluding NI)	**4,179**	7,270
Foreign exchange loss	**272**	67
Salaries and wages	**48,129**	35,580
Cost of inventories	**48,088**	49,453
Other income[2]	**(1,349)**	(1,319)
Auditors' remuneration:		
– Fees to auditors for the audit of the consolidated financial statements	**875**	934
– Fees to auditors' firms and associates for local audits	**88**	82
Total audit fees expense	**963**	1,016
Fees to auditors' firms and associates for other services:		
– Assurance services	**139**	141
	1,102	1,157

1 Amortisation of intangible assets includes a charge of £8,285,000 (2023: £7,457,000) relating to the amortisation on acquired intangibles, which is classified as an Adjusting Item as set out in Note 6.

2 Other income relates to a sublease with an associate of the Former Parent Undertaking for its portion of the space used at the Group's head offices at Herbal House.

Notes to the consolidated financial statements continued

5 Operating profit continued

During the year, PricewaterhouseCoopers LLP charged the Group as follows:

- In respect of audit-related assurance services: £139,000 (2023: £141,000).
- In respect of non-audit-related services: £nil (2023: £nil).

6 Adjusting Items

	2024 £000	2023[1] £000
Pre-IPO bonus awards	(2,367)	(3,263)
Pre-IPO share-based payment charges	(1,150)	(5,419)
M&A-related transaction costs	–	(4,403)
Total adjustments made to Adjusted EBITDA	(3,517)	(13,085)
Amortisation on acquired intangibles	(8,285)	(7,457)
Total adjustments made to Adjusted EBIT	(11,802)	(20,542)

1 The prior year Adjusting Items number has been restated to include the amortisation on acquired intangibles.

Pre-IPO bonus awards

Pre-IPO bonus awards are one-off cash-settled bonuses, and the cash component of the Pre-IPO schemes, awarded in relation to the IPO process that completed during the year ended 30 April 2021.

Pre-IPO share-based payment charges

Pre-IPO share-based payment charges relate to the Legacy Schemes, Pre-IPO awards that were granted in relation to the IPO process that completed during the year ended 30 April 2021.

M&A-related transaction costs

M&A related transaction costs relate to fees and costs incurred in relation to the acquisition of the Experiences segment.

Amortisation on acquired intangibles

Acquisition amortisation is a non-cash expense relating to intangible assets. These expenses are excluded from adjusted earnings because they are non-operational and thus distort the underlying performance of the business. To present a clearer picture of the Group's ongoing operational performance the costs are adjusted for and will be on an ongoing basis.

Cash paid in the year in relation to Adjusting Items totalled £4,057,000 (2023: £5,490,000).

7 Finance income and costs

	2024 £000	2023 £000
Bank interest receivable	198	21
Interest payable on leases	(901)	(863)
Bank interest payable	(12,258)	(11,639)
Amortisation of capitalised borrowing costs	(4,604)	(1,619)
Amortisation of interest rate cap premium	(353)	(352)
Interest on discounting of financial liability	(1,568)	–
Net foreign exchange gain/(loss) on financing activities	(398)	896
Net finance costs	(19,884)	(13,556)

8 Employee benefit costs

The average monthly number of employees (including Directors) during the year was made up as follows:

	2024 Number	2023 Number
Administration	558	582
Production	150	148
Total employees	708	730

	2024 £000	2023 £000
Wages and salaries	51,435	41,664
Social security costs	6,752	5,047
Other pension costs	2,487	1,619
Share-based payment expense	4,179	7,270
Total gross employment costs	64,853	55,600
Staff costs capitalised as intangible assets	(12,545)	(12,750)
Total net employment costs	52,308	42,850

The FY24 wages and salaries amount includes the impact of a full year of Experiences employees' wages, the full year impact of operating in-house UK operational facilities and a higher annual bonus outcome (as threshold financial targets were not met in FY23).

The Group's employees are members of defined contribution pension schemes with obligations recognised as an operating cost in the income statement as incurred.

The Group pays contributions into separate funds on behalf of the employee and has no further obligations to employees. The risks associated with this type of plan are assumed by the member. Contributions paid by the Group in respect of the current year are included within the consolidated income statement.

9 Taxation

(a) Tax on profit

The tax charge is made up as follows:

	2024 £000	2023 £000
Profit before taxation	46,400	34,905
Current tax:		
UK corporation tax on profit for the year	13,057	8,385
Foreign tax charge	1,009	1,644
Adjustment in respect of prior years	(278)	(992)
Total current tax	13,788	9,037
Deferred tax:		
Origination and reversal of temporary differences	(1,746)	(820)
Adjustment in respect of prior years	189	81
Total deferred tax	(1,557)	(739)
Total tax charge in the income statement	12,231	8,298

Notes to the consolidated financial statements continued

9 Taxation continued

(b) The tax assessed for the year is higher than the standard UK rate of corporation tax applicable of 25% (2023: 19.4%); the 19.4% in the prior year reflects eleven months of the financial year at a 19% rate of corporation tax and one month at 25%. The differences are explained below:

	2024 £000	2023 £000
Profit before taxation	**46,400**	34,905
Profit on ordinary activities multiplied by the UK tax rate	11,600	6,775
Effects of:		
Expenses not deductible for tax purposes	336	1,048
Non-taxable income	(356)	(20)
Effect of higher tax rates in overseas territories	16	287
Adjustment in respect of prior years	(89)	(912)
Change in UK deferred tax rate	–	282
Share based payments	736	1,045
Other permanent differences	(12)	(207)
Total tax charge for the year	**12,231**	8,298

Taxation for other jurisdictions is calculated at the rates prevailing in each jurisdiction.

The effective tax rate is higher than the UK tax rate, which primarily reflects the impact of the Group's share schemes (refer to Note 6 and Alternative Performance Measures on page 174).

(c) Deferred tax:

	Accelerated capital allowances £000	Intangible assets £000	Share-based payments £000	Right of use assets £000	Lease liabilities £000	Other short-term temporary differences £000	Total £000
Balance at 1 May 2023	(1,889)	(11,231)	1,192	(1,488)	1,629	809	(10,978)
Adjustments in respect of prior years	(54)	(245)	(256)	1	–	452	(102)
Adjustments posted through other comprehensive income (OCI)	–	59	–	–	–	(154)	(95)
Adjustments posted through equity	–	–	536	–	–	–	536
Current year credit/(charge) to income statement	77	1,923	455	304	(267)	(746)	1,746
Effects of movements in exchange rates	–	(6)	–	–	–	(4)	(10)
Balance at 30 April 2024	(1,866)	(9,500)	1,927	(1,183)	1,362	357	(8,903)

	Accelerated capital allowances £000	Intangible assets £000	Share-based payments £000	Right of use assets £000	Lease liabilities £000	Other short-term temporary differences £000	Total £000
Balance at 1 May 2022	(1,028)	(2,818)	783	(127)	126	896	(2,168)
Adjustments in respect of prior years	–	(10)	(73)	–	–	2	(81)
Current year credit/(charge) to income statement	(1,018)	1,331	482	(1,346)	1,486	(117)	818
Acquired through business combinations	157	(9,581)	–	–	–	28	(9,396)
Effects of movements in exchange rates	–	(153)	–	(15)	17	–	(151)
Balance at 30 April 2023	(1,889)	(11,231)	1,192	(1,488)	1,629	809	(10,978)

The Finance Bill 2021 included legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023.

According to the Netherlands 2024 Tax Plan, the general corporate income tax rate will remain 25.8% for the year 2024 whereby the first €200K profit is taxed at 19%.

10 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 period. For the purposes of this calculation, the weighted average number of ordinary shares in issue during the period was 343,093,868 (2023: 340,061,402). The period-on-period increase reflects the release of 3,075,329 shares, on 7 January 2023, from repurchase obligations that were deducted from ordinary shares outstanding at 30 April 2023 as well as the issue of 1,198,394 (2023: nil) shares to satisfy the Group's obligation to its employees in relation to the vested Tranche 1 of the pre-IPO share based payment scheme in April 2023 and some shares in relation to the DBSP scheme (see Note 20):

Shares in issue	Year ended 30 April 2024	Year ended 30 April 2023
As at 1 May	342,111,621	342,111,621
Issue of shares during the period	1,198,394	–
As at 30 April	343,310,015	342,111,621

	2024 Number of shares	2023 Number of shares
Weighted average number of shares in issue	343,093,868	342,111,621
Less: weighted average number of shares held subject to potential repurchase	–	(2,050,219)
Weighted average number of shares for calculating basic earnings per share	343,093,868	340,061,402

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has potentially dilutive ordinary shares arising from share options granted to employees under the share schemes as detailed in Note 20 of these consolidated financial statements.

Adjusted earnings per share

Earnings attributable to ordinary equity holders of the Group for the year, adjusted to remove the impact of Adjusting Items and the tax impact of these; divided by the weighted average number of ordinary shares outstanding during the year.

	2024 Number of shares	2023 Number of shares
Weighted average number of shares for calculated basic earnings per share	343,093,868	340,061,402
Weighted average number of dilutive shares	11,693,937	6,860,822
Total number of shares for calculated diluted earnings per share	354,787,805	346,922,224

	2024 £000	2023[1] £000
Basic earnings attributable to equity holders of the Company	34,169	26,607
Adjusting Items (see Note 6)	11,802	20,542
Tax on Adjusting Items	(2,385)	(2,749)
Adjusted earnings attributable to equity holders of the Company before Adjusting Items	43,586	44,400

	2024	2023[1]
Basic earnings per ordinary share (pence)	10.0	7.8
Diluted earnings per ordinary share (pence)	9.6	7.7
Basic earnings per ordinary share before Adjusting Items (pence)	12.7	13.1
Diluted earnings per ordinary share before Adjusting Items (pence)	12.3	12.8

1 The prior year numbers have been restated to include the amortisation on acquired intangibles as an Adjusting Item – see Note 6 and Alternative Performance Measures on page 174.

Notes to the consolidated financial statements continued

11 Intangible assets

	Goodwill £000	Trademark £000	Technology and development costs[1] £000	Customer relationships £000	Software £000	Other intangibles £000	Total £000
Cost							
1 May 2023	**143,811**	**16,683**	**30,255**	**48,071**	**691**	**–**	**239,511**
Additions	–	–	12,582	–	200	–	12,782
Disposals	–	–	(3,779)	–	(627)	–	(4,406)
Foreign exchange	(189)	(260)	–	(466)	(3)	–	(918)
30 April 2024	**143,622**	**16,423**	**39,058**	**47,605**	**261**	**–**	**246,969**
Accumulated amortisation and impairment							
1 May 2023	–	4,851	10,160	13,486	559	–	29,056
Amortisation charge	–	1,653	10,979	6,252	235	–	19,119
Disposals	–	–	(3,779)	–	(627)	–	(4,406)
Foreign exchange	–	(129)	–	(255)	(7)	–	(391)
At 30 April 2024	**–**	**6,375**	**17,360**	**19,483**	**160**	**–**	**43,378**
Net book value 30 April 2024	**143,622**	**10,048**	**21,698**	**28,122**	**101**	**–**	**203,591**

1 The technology and development costs include assets under construction of £4,735,000 (2023: £3,821,000).

	Goodwill £000	Trademark £000	Technology and development costs[1] £000	Customer relationships £000	Software £000	Other intangibles £000	Total £000
Cost							
1 May 2022	6,236	8,579	19,982	15,188	487	1,519	51,991
Additions	–	–	12,749	–	200	–	12,949
Additions from acquisition of subsidiary	137,267	7,686	1,177	32,133	–	–	178,263
Disposals	–	–	(3,653)	–	–	(1,594)	(5,247)
Foreign exchange	308	418	–	750	4	75	1,555
30 April 2023	143,811	16,683	30,255	48,071	691	–	239,511
Accumulated amortisation and impairment							
1 May 2022	–	3,178	5,417	7,439	410	1,519	17,963
Amortisation charge	–	1,494	8,396	5,675	147	–	15,712
Disposals	–	–	(3,653)	–	–	(1,594)	(5,247)
Foreign exchange	–	179	–	372	2	75	628
At 30 April 2023	–	4,851	10,160	13,486	559	–	29,056
Net book value 30 April 2023	143,811	11,832	20,095	34,585	132	–	210,455

1 The technology and development costs include assets under construction of £3,821,000 (2022: £3,950,000).

11 Intangible assets continued

(a) Goodwill

Goodwill of £6,353,000 (2023: £6,544,000) relates to the acquisition of Greetz in 2018, recognised within the Greetz CGU.

Goodwill of £137,269,000 (2023: £137,267,000) relates to the acquisition of Experiences and is allocated to the Experiences CGU.

(b) Trademark

£3,744,000 (2023: £4,267,000) of the asset balance are trademarks relating to the acquisition of Greetz with finite lives. The remaining useful economic life at 30 April 2024 on the trademark is 4 years 4 months (2023: 5 years 4 months).

£6,304,000 (2023: £7,072,000) of trademark assets relate to the brands valued on the acquisition of Experiences. The remaining useful economic life at 30 April 2023 on these trademarks is 8 years and 3 months (2023: 9 years and 3 months).

(c) Technology and development costs

Technology and development costs of £21,227,000 (2023: £19,232,000) relate to internally developed assets. The costs of these assets include capitalised expenses of employees working full-time on software development projects and third-party consulting firms.

Technology and development costs of £471,000 (2023: £864,000) relate to the acquisition of Experiences and are allocated to the Experiences CGU. The remaining useful economic life at 30 April 2024 is 1 years and 3 months (2023: 2 years and 3 months).

(d) Customer relationships

£6,041,000 (2023: £7,173,000) of the asset balance relates to the valuation of existing customer relationships held by Greetz on acquisition. The remaining useful economic life at 30 April 2024 on these customer relationships is 6 years 4 months (2023: 7 years 4 months).

£22,081,000 (2023: £27,411,000) of customer relationship assets relates to those valued on the acquisition of the Experiences segment. The remaining useful economic life at 30 April 2024 on these customer relationships is a range of 5 years and 3 months and 2 years and 3 months (2023: a range of between 6 years 3 months and 5 months).

(e) Software

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

(f) Other intangibles

Other intangible assets include non-compete agreements and information content for products and software that have been valued and separately recognised.

(g) Annual impairment tests

Goodwill

Goodwill is allocated to two cash-generating units ("CGUs"), namely the Greetz and Experiences segments, based on the smallest identifiable group of assets that generates cash inflows independently in relation to the specific goodwill. The recoverable amount of a CGU or group of CGUs is determined as the higher of its fair value less costs of disposal and its value in use ("VIU"). In determining VIU, estimated future cash flows are discounted to their present value. The Group performed its annual impairment test as at 30 April 2024.

The estimated future cash flows are based on the approved plan, including the FY25 budget, for the three years ending 30 April 2027. The estimated future cash flows are identical to those used for the viability statement. They have been extended by a further three years before applying a perpetuity using an estimated long-term growth rate. When estimating value in use, the Group does not include estimated future cash flows that are expected to arise from improving or enhancing the asset's performance.

The use of a pre-perpetuity projections period of more than five years is an accounting judgement. The reasons why the Group considers that a six-year period is appropriate, and why it considers that the Group meets the reliability requirements of IAS 36, are set out at Note 4 to the Company financial statements.

The Group has considered the potential impact of climate change on estimated future cash flows, including the primary climate risks discussed in the TCFD report within the Annual Report and Accounts for the year ended 30 April 2024. These risks are not considered to have a material impact on estimated future cash flows and therefore have not been modelled as part of the Group's forecasts. Any revenue upsides from climate opportunities are not expected to be significant and have also not been modelled. The Group does not operate in an energy-intensive industry and any cash outflows needed to factor in any incremental costs, other operational disruption that could impact operating margin or reduced trade, are not expected to be material.

Notes to the consolidated financial statements continued

11 Intangible assets continued

(g) Annual impairment tests continued

Goodwill continued

The Group has identified the following key assumptions as having the most significant impact on the VIU calculation:

	Greetz CGU		Experiences CGU	
	2024	2023	2024	2023
Pre-tax discount rate[1]	13.5%	12.2%	15.1%	13.5%
Revenue compound annual growth rate ("CAGR")[2]	8.8%	12.4%	6.6%	10.5%
Pre-perpetuity period (years)	6	7	6	7

1 The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the cash generating units. The pre-tax discount rates used to calculate value in use are derived from the Group's post-tax weighted average cost of capital. The decline in the discount rate from the previous year is due to reducing the equity premium and betas used in the calculation.

2 The compound annual growth rate represents the average yearly growth rate over the pre-perpetuity period.

The Group has performed sensitivity analysis to assess the impact of a change in each key assumption in the VIU. The relevant scenario, in relation to a revenue decrease, is consistent with the more severe downside scenario (Plausible Scenario 2) prepared in connection with the viability statement within the Annual Report and Accounts for the year ended 30 April 2024.

For the goodwill allocated to the Experiences and Greetz CGUs the Group modelled the impact of a 1%pts increase in the discount rate, a 5.4% decrease in the compound annual growth rate and a reduction in the pre-perpetuity period from six to five years. The Group also modelled a scenario in which all three of these changes arise concurrently. The results of this sensitivity analysis are summarised below:

	Greetz CGU		Experiences CGU	
	2024 £m	2023 £m	2024 £m	2023 £m
Original headroom	80.8	193.6	23.3	89.7
Headroom using a discount rate increased by 1%pts	70.4	167.7	11.1	64.1
Headroom using a 5.4%pts decrease in the forecast revenue CAGR[1] (2023: 15% decrease in forecast revenue)	54.1	123.1	(36.7)	2.7
Headroom using a pre-perpetuity period reduced by one year	76.3	180.1	8.2	77.3
Headroom combining all three sensitivity scenarios detailed above	45.0	97.7	(54.6)	(21.2)

1 The compound annual growth rate represents the average yearly growth rate over the pre-perpetuity period.

For goodwill allocated to the Greetz CGU, the headroom over carrying amount is more than adequate and there is no reasonably possible change in key assumptions including those relating to future sales performance that would lead to an impairment.

For goodwill allocated to the Experiences CGU, further modelling was undertaken to assess the point at which headroom would be reduced to £nil for each of the individual sensitivities. For the carrying amount and recoverable amount to be equal, the pre-tax discount rate would need to increase by 2.5%pts from 15.1% to 17.6%, the revenue CAGR would need to decrease by 1.9%pts to 4.7% (assuming no action was taken to reduce indirect costs from the forecasted level) and the pre-perpetuity period would need to reduce from six to four years (each sensitivity applied individually).

No impairment to the carrying amount of Experiences goodwill has been recorded in the current period, reflecting the fact that it remains lower than the recoverable amount. However, in view of the outcome of the sensitivity analysis, the Directors have identified that each of the three key assumptions are a major source of estimation uncertainty. We have therefore provided the disclosure above of quantification of all key assumptions in the value in use estimate and the impact of a change in each key assumption.

Other finite-life intangible assets

At each reporting year date, the Group reviews the carrying amounts of other finite-life intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

12 Property, plant and equipment

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Leasehold improvements £000	Computer equipment £000	Right-of-use assets plant and machinery £000	Right-of-use assets land and buildings £000	Total £000
Cost								
1 May 2023	3,905	6,862	4,182	10,482	2,507	1,355	23,374	52,667
Additions	–	468	89	205	203	575	–	1,540
Remeasurements	–	–	–	–	–	–	162	162
Disposals	–	(115)	(170)	(89)	(136)	(366)	(220)	(1,096)
Foreign exchange	–	(13)	(46)	(63)	(27)	(28)	(222)	(399)
30 April 2024	3,905	7,202	4,055	10,535	2,547	1,536	23,094	52,874
Accumulated depreciation and impairment								
1 May 2023	2,207	3,958	2,886	2,310	1,642	187	7,166	20,356
Depreciation charge	155	1,130	661	1,079	547	455	2,583	6,610
Disposals	–	(115)	(170)	(89)	(136)	(181)	(220)	(911)
Foreign exchange	–	(7)	(29)	(5)	(18)	(8)	(14)	(81)
30 April 2024	2,362	4,966	3,348	3,295	2,035	453	9,515	25,974
Net book value 30 April 2024	1,543	2,236	707	7,240	512	1,083	13,579	26,900

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Leasehold improvements £000	Computer equipment £000	Right-of-use assets plant and machinery £000	Right-of-use assets land and buildings £000	Total £000
Cost								
1 May 2022	3,907	6,674	1,264	3,708	2,393	1,253	18,744	37,943
Additions	–	2,146	268	6,679	587	880	5,552	16,112
Acquired additions	–	–	2,875	–	564	371	933	4,743
Disposals	(2)	(331)	(1,867)	(149)	(961)	(1,196)	(2,063)	(6,569)
Transfers	–	(1,701)	1,619	207	(125)	–	–	–
Foreign exchange	–	74	23	37	49	47	208	438
30 April 2023	3,905	6,862	4,182	10,482	2,507	1,355	23,374	52,667
Accumulated depreciation and impairment								
1 May 2022	2,053	4,100	976	1,638	1,503	962	5,470	16,702
Depreciation charge	156	979	768	808	631	391	3,208	6,941
Acquired accumulated depreciation	–	–	2,182	–	421	–	–	2,603
Disposals	(2)	(331)	(1,867)	(149)	(941)	(1,211)	(2,020)	(6,521)
Transfers	–	(821)	814	7	–	–	–	–
Impairment	–	–	–	–	–	–	428	428
Foreign exchange	–	31	13	6	28	45	80	203
30 April 2023	2,207	3,958	2,886	2,310	1,642	187	7,166	20,356
Net book value 30 April 2023	1,698	2,904	1,296	8,172	865	1,168	16,208	32,311

Notes to the consolidated financial statements continued

13 Inventories

	2024 £000	2023 £000
Raw materials and consumables	1,411	2,128
Finished goods	8,374	13,425
Total inventory	9,785	15,553
Less: Provision for write off of:		
Raw materials and consumables	(380)	(153)
Finished goods	(2,311)	(3,067)
Net inventory	7,094	12,333

14 Trade and other receivables

	2024 £000	2023 £000
Current:		
Trade receivables	1,569	1,901
Less: provisions	(243)	(470)
Trade receivables – net	1,326	1,431
Other receivables	2,523	2,117
Other receivables with entities formerly under common control	–	151
Prepayments	2,728	2,632
Total current trade and other receivables	6,577	6,331

The movements in provisions are as follows:

	2024 £000	2023 £000
At 1 May	(470)	–
Acquired	–	(310)
Charge for the year	(32)	(160)
Utilised	172	–
Released	74	–
Foreign exchange	13	–
At 30 April	(243)	(470)

Trade and other receivables are predominantly denominated in the functional currencies of subsidiary undertakings. There is no material difference between the above amounts for trade and other receivables (including loan receivables) and their fair value due to their contractual maturity of less than 12 months.

As at 30 April 2023 other receivables with entities formerly under common control relate to costs in connection with leased property. The relevant entities are no longer considered a related party as at 30 April 2024 and therefore the balance in this financial year is reported as part of other liabilities.

As permitted by IFRS 9, the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as ageing of the debt and the credit risk of the customers. A historical credit loss rate is then calculated and then adjusted to reflect expectations about future credit losses. A customer balance is written off when it is considered that there is no reasonable expectation that the amount will be collected and legal enforcement activities have ceased.

The Group's credit risk on trade and other receivables is primarily attributable to trade receivables. There are no significant concentrations of credit risk since the risk is spread over a large number of unrelated counterparties.

The Group's businesses implement policies, procedures and controls to manage customer credit risk. Outstanding balances are regularly monitored and reviewed to identify any change in risk profile.

The Group considers its credit risk to be low with Group revenue derived from electronic payment processes (including credit card, debit card, PayPal, iDEAL and Single Euro Payments Area) executed over the internet, with most receipts reaching the bank accounts in one to two days.

At 30 April 2024, the Group had net trade receivables of £1,326,000 (2023: £1,431,000). Trade receivables are reviewed regularly for any risk of impairment and provisions are booked where necessary.

14 Trade and other receivables continued

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

	2024 £000	2023 £000
Up to 30 days	1,258	973
Past due but not impaired:		
30 to 90 days	110	250
More than 90 days	201	678
Gross	1,569	1,901
Less: provisions (all relating to balances more than 90 days)	(243)	(470)
Net trade receivables	**1,326**	1,431

	2024 £000	2023 £000
Non-current other receivables:		
Other receivables	1,611	2,153
Total non-current trade and other receivables	**1,611**	2,153

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

15 Cash and cash equivalents

	2024 £000	2023 £000
Cash and bank balances	6,422	19,597
Cash equivalents	3,222	2,797
Total cash and cash equivalents	**9,644**	22,394

The carrying amount of cash and cash equivalents approximates their fair value. Cash equivalents relate to cash in transit from various payment processing intermediaries that provide receipting services to the Group.

Cash and cash equivalents are denominated in Pounds Sterling or other currencies as shown below.

	2024 £000	2023 £000
Pounds Sterling	6,303	16,467
Euro	2,981	4,989
Australian Dollar	190	841
US Dollar	170	97
Total cash and cash equivalents	**9,644**	22,394

16 Trade and other payables

	2024 £000	2023 £000
Current		
Trade payables	14,440	26,726
Other payables	5,515	4,569
Other taxation and social security[1]	8,710	9,048
Accruals	22,800	16,272
Merchant accrual[1]	45,274	53,504
Total current trade and other payables	**96,739**	110,119

1 An amount of £2,292,000 has been reclassified from merchant accrual to other taxation and social security in 2023. This amount relates to the VAT element on the merchant accrual.

Trade and other payables are predominantly denominated in the functional currencies of subsidiary undertakings. There are no material differences between the above amounts for trade and other payables and their fair value due to the short maturity of these instruments.

Notes to the consolidated financial statements continued

16 Trade and other payables continued

	2024 £000	2023 £000
Non-current		
Other payables	638	3,168
Other taxation and social security	914	1,052
Other payables with entities formerly under common control	–	638
Total non-current trade and other payables	1,552	4,858

As at 30 April 2023 the amounts due to entities formerly under common control amounted to £638,000. The relevant entities are no longer considered a related party as at 30 April 2024 following Exponent Private Equity ceasing to be a Significant Shareholder. Therefore in the current year the relevant balance is included within other payables.

The decrease in other payables year-on-year is due the accrual for tranche 2 of the pre-IPO cash bonus award becoming a current liability, as the scheme vested on 30 April 2024.

17 Provisions for other liabilities and charges

	Other provisions £000	Dilapidations provisions £000	Total £000
At 1 May 2023	1,461	2,569	4,030
Charged in the year	891	–	891
Utilisation	(74)	(215)	(289)
Release of provisions in the year	(15)	–	(15)
Foreign exchange	(8)	(20)	(28)
At 30 April 2024	2,255	2,334	4,589
Analysed as:			
Current	1,894	179	2,073
Non-current	361	2,155	2,516

	Other provisions £000	Dilapidations provisions £000	Total £000
At 1 May 2022	1,837	1,509	3,346
Acquired	494	317	811
Charged in the year	1,093	724	1,817
Utilisation	(938)	–	(938)
Release of provisions in the year	(1,051)	–	(1,051)
Foreign exchange	26	19	45
At 30 April 2023	1,461	2,569	4,030
Analysed as:			
Current	1,240	377	1,617
Non-current	221	2,192	2,413

Current provisions

Other provisions primarily relate to royalty provisions, a refund provision and a sabbatical provision. The above provisions are due to be settled within the year. The current dilapidation provision is for the former head office of the Experiences segment, it is expected to be settled during the next financial year.

Non-current provisions

Dilapidations provisions relate to the Herbal House head office, the Almere facility in the Netherlands and the Tamworth facility in the UK and are non-current due to their settlement date. The earliest current lease end date of one of these three locations is 2027.

18 Contract liabilities

In all material respects, current deferred revenue at 30 April 2023 and 30 April 2024 was recognised as revenue during the respective subsequent year. Other than business-as-usual movements there were no significant changes in contract liability balances during the year.

19 Borrowings

	2024 £000	2023 £000
Current		
Lease liabilities	3,257	3,443
Borrowings	73	27
Non-current		
Lease liabilities	13,072	16,082
Borrowings	118,292	170,493
Total borrowings and lease liabilities	134,694	190,045

During the financial year the Group completed a refinancing, replacing its previous term loan and revolving credit facility with a new £180,000,000 committed multi-currency RCF. The RCF has an initial maturity date of 29 February 2028 with an option to extend it by one year. As at 30 April 2024 the Group had drawn down £113,000,000 and €8,500,000 of the available revolving credit facility. There was no foreign exchange impact on borrowings during the year as the Euro draw down occurred on the last day of the financial year.

The amounts drawn under the RCF bear interest at a floating reference rate plus a margin. The reference rates are SONIA for loans in Sterling, EURIBOR for loans in Euro and SOFR for loans in US Dollars.

The Group's interest rate hedging arrangements now comprise a SONIA interest rate cap with a cap strike rate of 3.00% on £70m notional until 30 November 2024 and a SONIA interest rate cap, put in place during the current financial year, of 5.00% on £50m notional from 29 November 2024 until 1 June 2025, reducing thereafter to £35m notional until expiry on 28 November 2025. This follows the expiry of a SONIA interest rate swap (at a rate of 2.4725% on £90m notional) on 30 November 2023.

The RCF is subject to two covenants, each tested at six-monthly intervals. The leverage covenant, measuring the ratio of net debt to last twelve months Adjusted EBITDA, is a maximum of 3.5x until April 2025 and 3.0x thereafter. The interest cover covenant, measuring the ratio of last twelve months Adjusted EBITDA (excluding share based payments, as specified in the facilities agreement) to the total of bank interest payable and interest payable on leases, is a minimum of 3.5x for the term of the facility. The Group has complied with all covenants from entering the RCF until the date of these consolidated financial statements.

Borrowings are repayable as follows:

	2024 £000	2023 £000
Within one year	73	27
Within one and two years	–	–
Within two and three years	–	170,493
Within three and four years	118,292	–
Within four and five years	–	–
Beyond five years	–	–
Total borrowings[1]	118,365	170,520

1 Total borrowings include £73,000 (2023: £27,000) in respect of accrued unpaid interest and are shown net of capitalised borrowing costs of £1,973,000 (2023 £4,507,000).

The table below details changes in liabilities arising from financing activities, including both cash and non-cash changes.

	Borrowings £000	Lease liabilities £000	Total £000
1 May 2022	170,163	15,320	185,483
Cash flow	(12,144)	(3,504)	(15,648)
Foreign exchange	–	98	98
Interest and other[1]	12,501	7,611	20,112
30 April 2023	170,520	19,525	190,045
Cash flow	(71,271)	(4,424)	(75,695)
Foreign exchange	–	(129)	(129)
Interest and other[1]	19,116	1,357	20,473
30 April 2024	118,365	16,329	134,694

1 Interest and other within borrowings comprises amortisation of capitalised borrowing costs and the interest expense in the year. Interest and other within lease liabilities comprises interest on leases as disclosed in Note 7 as well as the lease liability addition in relation to the new Netherlands facility and office and the lease liability recognised on acquisition of the Experiences segment.

Notes to the consolidated financial statements continued

20 Share-based payments

Legacy schemes

Prior to Admission to the London Stock Exchange during the year ended 30 April 2021, share and cash-based incentives were awarded by the Former Parent Undertaking in relation to legacy compensation agreements for certain employees, senior management and Directors. Such shares have been converted into separate shares in Moonpig Group plc and other companies formerly under common control. These were accounted for in accordance with IFRS 2 and disclosed in the Prospectus, which can be accessed at www.moonpig.group/investors. The awards included 3,075,329 shares in Moonpig Group plc that did not vest at the date of Admission, and which vested on the 7 January 2023. In respect of these shares there were non-cash charges of £nil in FY24 (2023: £2,251,000). National Insurance is not included on these schemes as they operated at an unrestricted tax market value.

Pre-IPO awards

Awards were granted on 27 January 2021 and comprise two equal tranches, with the vesting of both subject to the achievement of revenue and Adjusted EBITDA performance conditions for the year ended 30 April 2023 and for participants to remain employed by the Company over the vesting period. The Group exceeded maximum performance for both measures, including on an organic basis without the post-acquisition revenue and profit from Experiences. Accordingly, the first tranche vested on 30 April 2023 and was paid in July 2023; the second tranche vested on 30 April 2024 and will be payable shortly thereafter. Given the constituents of the scheme, no attrition assumption has been applied. The scheme rules provide that when a participant leaves employment, any outstanding award may be reallocated to another employee (excluding the Executive Directors), in accordance with which share awards were granted in May, September, October and December 2022 and January, February and April 2023, all of which will vest on 30 April 2024.

There were no shares granted during the financial year, the below tables detail the shares outstanding:

Pre-IPO awards	2024 Number of shares	2023 Number of shares
Outstanding at the beginning of the year	2,616,716	2,546,859
Granted	–	295,357
Exercised	(1,165,744)	–
Forfeited	(37,001)	(225,500)
Outstanding at 30 April	**1,413,971**	2,616,716
Exercisable at 30 April	**1,413,971**	1,165,744

The weighted average market value per ordinary share of Pre-IPO options exercised during the year was 1.48p (2023: N/a).

Long-Term Incentive Plan ("LTIP")

Awards were granted on 1 February 2021 and will vest on 2 July 2024. Half of the share awards vesting is subject to a relative Total Shareholder Return ("TSR") performance condition measured against the constituents of the FTSE 250 Index (excluding Investment Trusts). The other half of the share awards vesting is subject to the achievement of an Adjusted Basic Pre-Tax EPS performance condition (calculated as Adjusted Profit Before Taxation, divided by the undiluted weighted average number of ordinary shares outstanding during the year). Participants are also required to remain employed by the Company over the vesting period. Given the constituents of the scheme, no attrition assumption has been applied. On 4 July 2023 and 19 September 2023 new awards were granted under the existing scheme and will vest on 4 July and 19 September 2026, respectively. Consistent with the existing scheme, participants are required to remain employed by the Company over the vesting period. Vesting may arise sooner where a former employee is a "good leaver" and the Remuneration Committee exercises discretion to permit vesting at cessation of employment. The below tables give the assumptions applied to the options granted in the period and the shares outstanding:

	September 2023	July 2023
Valuation model	Stochastic and Black-Scholes and Chaffe	Stochastic and Black-Scholes and Chaffe
Weighted average share price (pence)	164.90	159.40
Exercise price (pence)	0	0
Expected dividend yield	0%	0%
Risk-free interest rate	4.47%/4.54%	5.13%/4.80%
Volatility	32.54%/33.25%	33.79%/33.21%
Expected term (years)	3.00/2.00	3.00/2.00
Weighted average fair value (pence)	137.25/164.90	129.70/159.40
Attrition	0%	0%
Weighted average remaining contractual life (years)	3.90	3.70

20 Share-based payments continued

Long-Term Incentive Plan ("LTIP") continued

LTIP awards	2024 Number of shares	2023 Number of shares
Outstanding at the beginning of the year	3,064,998	871,275
Granted	6,991,966	2,296,209
Exercised	–	–
Forfeited	(730,108)	(102,486)
Outstanding at 30 April	**9,326,856**	3,064,998
Exercisable at 30 April	**–**	–

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. Vesting may arise sooner where a former employee is a "good leaver" and the Remuneration Committee exercises discretion to permit vesting at cessation of employment.

The outstanding number of shares at the end of the period is 386,842 (2023: 392,289), with an expected vesting profile as follows:

	FY25	FY26	FY27	Total
Share options granted on 6 August 2021	86,371	–	–	86,371
Share options granted on 5 July 2022	–	255,593	–	255,593
Share options granted on 4 July 2023	–	–	44,878	44,878

	July 2023
Valuation model	Black-Scholes
Weighted average share price (pence)	159.40
Exercise price (pence)	0
Expected dividend yield	0%
Risk-free interest rate	N/A
Volatility	N/A
Expected term (years)	3.00
Weighted average fair value (pence)	159.40
Attrition	0%
Weighted average remaining contractual life (years)	3.50

DSBP	2024 Number of shares	2023 Number of shares
Outstanding at the beginning of the year	392,289	92,970
Granted	47,164	299,319
Exercised	(32,650)	–
Forfeited	(19,961)	–
Outstanding at the end of the year	**386,842**	392,289
Exercisable at the end of the year	**–**	–

The weighted average market value per ordinary share of DSBP options exercised during the year was 1.59p (2023: N/a).

Notes to the consolidated financial statements continued

20 Share-based payments continued

Save As You Earn ("SAYE")

The Group entered a SAYE scheme for all eligible employees under which employees are granted an option to purchase ordinary shares in the Company at an option price set at a 20% discount to the average market price over the three days before the invitation date, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period.

The FY22 awards were granted on 3 September 2021 and will vest on 1 October 2024, with a six-month exercise period following vesting. The awards are subject only to service conditions with the requirement for the recipients of awards to remain in employment with the Company over the vesting period. FY23 awards were granted on 8 September 2022 and will vest on 1 October 2025, they are subject to the same conditions as the FY22 grant. The FY24 awards were granted on 28 July 2023 and will vest on 1 October 2026, they are subject to the same conditions as the FY23 grant.

The below tables give the assumptions applied to the options granted in the year and the shares outstanding:

	July 2023
Valuation model	Black-Scholes
Weighted average share price (pence)	176.40p
Exercise price (pence)	117.00p
Expected dividend yield	0%
Risk-free interest rate	3.93%
Volatility	32.54%
Expected term (years)	3.00
Weighted average fair value (pence)	67.09p
Attrition	15%
Weighted average remaining contractual life (years)	2.75

SAYE	2024 Number of shares	Weighted average exercise price	2023 Number of shares	Weighted average exercise price
Outstanding at the beginning of the year	**783,819**	**1.78p**	318,021	3.02p
Granted	**842,552**	**1.17p**	692,957	1.62p
Exercised	**–**	**–**	–	–
Cancelled	**(616,736)**	**1.62p**	(209,399)	3.02p
Forfeited	**–**	**–**	(17,760)	3.02p
Outstanding at the end of the year	**1,009,635**	**1.37p**	783,819	1.78p
Exercisable at the end of the year	**1,111**	**1.62p**	–	–

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:

	2024 £000	2023 £000
Legacy schemes	**–**	2,251
Pre-IPO awards	**1,152**	3,168
LTIP	**2,340**	1,876
SAYE	**455**	351
DSBP	**305**	273
Share-based payments expense[1]	**4,252**	7,919

1 The £4,252,000 (2023: £7,919,000) stated above is presented inclusive of employer's National insurance contributions of £92,000 (2023: £649,000). This is made up of contributions of £790,000 (2023: £649,000) offset by a release of £698,000 (2023: £nil) in relation to a true up of NI at year end based on market share price data.

21 Share capital and reserves

The Group considers its capital to comprise its ordinary share capital, share premium, merger reserve, retained earnings, share-based payments reserve and foreign exchange translation reserve. Quantitative detail is shown in the consolidated statement of changes in equity. The Directors' objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders.

Called-up share capital

Ordinary share capital represents the number of shares in issue at their nominal value. Ordinary shares in the Company are issued, allotted and fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The shareholding as at 30 April 2024 is:

	2024 Number of shares	2024 £000	2023 Number of shares	2023 £000
Allotted, called-up and fully paid ordinary shares of £0.10 each	**343,310,015**	**34,331**	342,111,621	34,211

Share premium

Share premium represents the amount over the par value which was received by the Company upon the sale of the ordinary shares. Upon the date of listing the par value of the shares was £0.10 but the initial offering price was £3.50. Share premium is stated net of direct costs of £736,000 (2023: £736,000) relating to the issue of the shares.

Merger reserve

The merger reserve arises from the Group reorganisation accounted for under common control.

Other reserves

Other reserves represent the share-based payment reserve, the foreign currency translation reserve and the hedging reserve.

Share-based payment reserve

The share-based payment reserve is built up of charges in relation to equity-settled share-based payment arrangements which have been recognised within the consolidated income statement.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and the cumulative net change in the fair value of time value on the cash flow hedging instruments.

Notes to the consolidated financial statements continued

21 Share capital and reserves continued

Other reserves continued

Foreign currency translation reserve

The foreign currency translation reserve represents the accumulated exchange differences arising since the acquisition of Greetz from the impact of the translation of subsidiaries with a functional currency other than Sterling.

	Share-based payment reserve £000	Foreign currency translation reserve £000	Hedging reserve £000	Total other reserves £000
At 1 May 2022	34,941	(35)	–	34,906
Other comprehensive income:				
Foreign currency translation reserve reclassification	–	(735)	–	(735)
Cash flow hedges:				
Fair value changes in the year	–	–	1,891	1,891
Cost of hedging reserve	–	–	126	126
Fair value movements on cash flow hedges transferred to profit and loss	–	–	(136)	(136)
Exchange differences on translation of foreign operations	–	(158)	–	(158)
Share-based payment charge (excluding National Insurance)	7,270	–	–	7,270
30 April 2023	42,211	(928)	1,881	43,164
At 1 May 2023	**42,211**	**(928)**	**1,881**	**43,164**
Other comprehensive income:				
Cash flow hedges:				
Fair value changes in the year	**–**	**–**	**715**	**715**
Cost of hedging reserve	**–**	**–**	**243**	**243**
Fair value movements on cash flow hedges transferred to profit and loss	**–**	**–**	**(2,222)**	**(2,222)**
Deferred tax on other comprehensive income	**–**	**–**	**(95)**	**(95)**
Exchange differences on translation of foreign operations	**–**	**30**	**–**	**30**
Share-based payment charge (excluding National Insurance)	**4,179**	**–**	**–**	**4,179**
Deferred tax on share based payment transactions	**536**	**–**	**–**	**536**
Share options exercised	**(4,158)**	**–**	**–**	**(4,158)**
30 April 2024	**42,768**	**(898)**	**522**	**42,392**

22 Financial instruments

Accounting classifications and fair values

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	2024 £000	2023 £000
Financial assets at amortised cost:			
Current assets			
Trade and other receivables[1]	14	3,849	3,699
Cash	15	9,644	22,394
Non-current assets			
Trade and other receivables	14	1,611	2,153
Financial assets at fair value through other comprehensive income ("OCI"):			
Current assets			
Financial derivatives		838	711
Non-current assets			
Financial derivatives		164	1,757
		16,106	30,714
Financial liabilities at amortised cost:			
Current liabilities			
Trade and other payables[2]	16	42,755	47,567
Merchant accrual[3]	16	45,274	53,504
Lease liabilities	19	3,257	3,443
Borrowings	19	73	27
Non-current liabilities			
Trade and other payables[2]	16	638	3,806
Lease liabilities	19	13,072	16,082
Borrowings	19	118,292	170,493
		223,361	294,922

1 Excluding prepayments.
2 Excluding other taxation and social security (as not classified as financial liabilities) and merchant accrual, which is disclosed separately below.
3 An amount of £2,292,000 has been reclassified from Merchant accrual to Other taxation and social security in 2023. This amount relates to the VAT element on the merchant accrual.

The fair values of each class of financial assets and liabilities is the carrying amount, with the exception of Borrowings, based on the following assumptions:

Trade receivables, trade payables and borrowings	The fair value approximates to the carrying amount, predominantly, because of the short maturity of these instruments.
Forward currency contracts	The fair value is determined using the mark to market rates at the reporting date and the outright contract rate.
Interest rate swap and cap	The fair value is determined by discounting the estimated future cash flows at a market rate that reflects the current market assessment of the time value if money and the risks specific to the instrument.

With regards to Borrowings, the fair values of bank loans and other loans approximates to the carrying value reported in the balance sheet, gross of amortised costs of £1,973,000 (2023: £4,507,000), as the majority are floating rate where payments are reset to market rates at intervals of less than one year.

Notes to the consolidated financial statements continued

22 Financial instruments continued

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value have been measured by a Level 2 valuation method.

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

i) Risk management framework

In line with the Group's Risk Appetite statement, the Group's treasury objective is to ensure that it adopts a prudent approach to managing financial risk, ensuring that excessive financial risks are mitigated whilst maintaining a balance between cost efficiency and calculated risk tolerance. The Group does not enter financial instruments for speculative purposes but maintains discretion to decide when to hedge financial exposures, within the parameters set out in its Group Treasury Policy.

ii) Credit risk

Credit risk is the risk of financial loss if a counterparty fails to discharge its contractual obligations under a customer contract or financial instrument.

- The Group's credit risk from its operations primarily arises from trade and other receivables. This risk is assessed as low, as the balances are short maturity, arise principally as a result of high volume, low value transactions, and have no significant concentration as there is no counterparty balance that represents a significant credit risk concentration.
- The Group's credit risk on cash and cash equivalents is considered to be low. Financial assets are held with bank and financial institution counterparties that have a long-term credit rating of A3 or higher from Moody's Investor Services and/or a long-term credit rating of A- or higher from Standard & Poor's. The Group's treasury policy is to monitor cash (when applicable deposit balances) daily and to manage counterparty risk whilst also ensuring efficient management of the Group's RCF.

Further information on the credit risk management procedures applied to trade receivables is given in Note 14 and to cash and cash equivalents in Note 15. The carrying amounts of trade receivables and cash and cash equivalents shown in those notes represent the Group's maximum exposure to credit risk.

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash flow forecasting is performed centrally with rolling forecasts of the Group's liquidity requirements regularly monitored to ensure it has sufficient cash to meet operational needs. The Group's revenue model results in a strong level of cash conversion allowing it to service working capital requirements.

The Group's sources of borrowing for liquidity purposes comprise a committed RCF of £180,000,000, provided by a strong syndicate of banks. The RCF has an initial maturity date of 29 February 2028 with an option to extend it by one year, subject to lender approval. Lease liabilities are also reported in borrowings.

Liquidity risk management requires that the Group continues to operate within the financial covenants set out in its facilities. The RCF is subject to two covenants, each tested at six-monthly intervals. The leverage covenant, measuring the ratio of net debt to last twelve months Adjusted EBITDA, is a maximum of 3.5x until April 2025 and 3.0x thereafter. The interest cover covenant, measuring the ratio of last twelve months Adjusted EBITDA (excluding share based payments, as specified in the facilities agreement) to the total of bank interest payable and interest payable on leases, is a minimum of 3.5x for the term of the facility. Covenant forecasting is performed centrally, with regular monitoring to ensure that the Group continues to expect to meet its financial covenants.

22 Financial instruments continued

Financial risk management continued

iii) Liquidity risk continued

The following tables provide an analysis of the anticipated contractual cash flows including interest payable for the Group's financial liabilities and derivative instruments on an undiscounted basis. Where interest payments are calculated at a floating rate, rates of each cash flow until maturity of the instruments are calculated based on the forward yield curve prevailing at the respective year ends. All derivative contracts are presented on a net basis:

Contractual cash flows 2024	Due within 1 year £000	Due between 1 and 3 years £000	Due between 3 and 5 years £000	Due after 5 years £000	Total £000	Carrying amount at balance sheet date £000
Borrowings[1]	–	–	120,266	–	120,266	118,292
Interest on borrowings	8,025	15,364	6,031	–	29,420	73
Lease capital repayments	3,257	6,251	3,085	3,736	16,329	16,329
Lease future interest payments	655	843	371	229	2,098	–
Merchant accrual	48,133	–	–	–	48,133	45,274
Trade and other financial liabilities[2]	42,755	638	–	–	43,393	43,393
Non-derivative financial liabilities	102,825	23,096	129,753	3,965	259,639	223,361
Interest rate swap	–	–	–	–	–	–
Interest rate caps	935	92	–	–	1,027	1,002
Derivative financial assets	935	92	–	–	1,027	1,002

Contractual cash flows 2023	Due within 1 year £000	Due between 1 and 3 years £000	Due between 3 and 5 years £000	Due after 5 years £000	Total £000	Carrying amount at balance sheet date £000
Borrowings[1]	–	175,000	–	–	175,000	170,493
Interest on borrowings	12,533	24,804	–	–	37,337	27
Lease capital repayments	3,444	6,212	4,946	4,923	19,525	19,525
Lease future interest payments	776	1,089	532	379	2,776	–
Merchant accrual[3]	53,504	–	–	–	53,504	53,504
Trade and other financial liabilities[2]	47,567	3,806	–	–	51,273	51,373
Non-derivative financial liabilities	117,824	210,911	5,478	5,302	339,415	294,922
Interest rate swap	723	–	–	–	723	706
Interest rate caps	1,216	422	–	–	1,638	1,762
Derivative financial assets	1,923	422	–	–	2,361	2,468

1 For the purpose of these tables, borrowings are defined as gross borrowings excluding lease liabilities and fair value of derivative instruments.

2 Consists of trade and other payables that meet the definition of financial liabilities under IAS 32 (excluding merchant accrual, which is split our separately above).

3 The merchant accrual balance as at 30 April 2023 has been restated to exclude VAT in relation to this liability of £2,292,000.

IFRS 7 requires the contractual future interest cost of a financial liability to be included within the above table. As disclosed in Note 19 of these consolidated financial statements, borrowings are currently drawn under a revolving credit facility and repayments can be made at any time without penalty. As such there is no contractual future interest cost. Interest is payable on borrowings' drawn amounts at a floating reference rate plus margin. The reference rates are SONIA for loan in Sterling, EURIBOR for loans in Euro and SOFR for loans in US Dollars.

The merchant accrual contractual cash flows amount due within one year represents the undiscounted gross value. The contractual cash flows being due within one year is different from the forecast cash flow profile used to discount the liability under IFRS 9. Amounts are due when the customer redeems the voucher which is outside of the control of the Group, hence its classification as a current liability and its contractual cash flows being within one year. However, historical redemption periods show that actual redemptions differ from the contractual period and therefore on a forecast basis the cash flows span more than one year, as a result the liability is discounted.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the consolidated financial statements continued

22 Financial instruments continued

Financial risk management continued

iv) Market risk

Currency risk

Currency risk involves the potential for financial loss arising from changes in foreign exchange rates:

- Translation risk is exposure to changes in values of items in the financial statements caused by translating items into Sterling. This is the Group's principal currency exposure in view of its overseas operations.
- Transaction risk arises from changes in exchange rates from the time a foreign currency transaction is entered into until it is settled. This is relevant to the Group's operating activities outside the UK, which are generally conducted in local currency. Transaction risk is not considered significant, as the Group primarily transacts in Sterling and Euros and generates cash flows in each currency which are sufficient to cover operating costs.
- Other currency exposures comprise currency gains and losses recognised in the income statement, relating to other monetary assets and liabilities that are not denominated in the functional currency of the entity involved. At 30 April 2024 and 30 April 2023, these exposures were not material to the Group.

For the mitigation of currency risk, the Group has implemented strategies, including the use of flexible forward contracts to purchase Euros, US Dollars, and Australian Dollars in exchange for Sterling.

Interest rate risk

Interest rate risk involves the potential for financial loss arising from changes in market interest rates. The Group is exposed to interest rate risk arising from borrowings under the Revolving Credit Facility, which incurs interest at a floating reference rate plus a margin. The reference rates are SONIA for loans in Sterling, EURIBOR for loans in Euro and SOFR for loans in US Dollars. As at 30 April 2024 the Group had drawn down £113,000,000 and €8,500,000 of the available revolving credit facility. There was no foreign exchange impact on borrowings during the year as the Euro draw down occurred on the last day of the financial year.

To mitigate this risk, the Group has implemented hedging strategies. The Group's interest rate hedging arrangements now comprise a SONIA interest rate cap with a cap strike rate of 3.00% on £70m notional until 30 November 2024 and a SONIA interest rate cap, put in place during the current financial year, of 5.00% on £50m notional from 28 November 2024 until 1 June 2025, reducing thereafter to £35m notional until expiry on 30 November 2025. This follows the expiry of a SONIA interest rate swap (at a rate of 2.4725% on £90m notional) on 30 November 2023.

The Group has elected to adopt the hedge accounting requirements of IFRS 9 Financial Instruments. The Group enters hedge relationships where the critical terms of the hedging instrument and the hedged item match, therefore, for the prospective assessment of effectiveness a qualitative assessment is performed. Hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effective tests are performed at each year end to determine the continuing effectiveness of the relationship.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the interest rate, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting changes in cash flows of the hedging item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- The effect of the counterparty and Group's own credit risk on the fair value of the cap and swap, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- Changes in the timing of the hedged item.

The derivative financial assets are all net settled; therefore, the maximum exposure to interest rate risk at the reporting date is the fair value of the derivative assets which are included in the consolidated balance sheet:

Derivative financial assets	2024 £000	2023 £000
Derivatives designated as hedging instruments		
Interest rate swaps – cash flow hedges	–	706
Interest rate caps – cash flow hedges	1,002	1,762
Total derivatives financial assets	**1,002**	2,468

	2024 £000	2023 £000
Current and non-current:		
Current	838	711
Non-current	164	1,757
Total derivatives financial assets	**1,002**	2,468

22 Financial instruments continued

Financial risk management continued

Interest rate risk continued

Cash flow interest rate swap and cap

There was no ineffective portion recognised in finance expense that arose from cash flow hedges during the year (2023: £nil).

At 30 April 2024, the main floating rates were SONIA. Gains and losses recognised in the cash flow hedging reserve in equity on interest rate swap and cap contracts as at 30 April 2024 will be released to the consolidated statement of comprehensive income as the related interest expense is recognised.

The effects of the cash flow interest rate swap and cap hedging relationships are as follows at 30 April:

	Interest rate swap		Interest rate cap 3%		Interest rate cap 5%[1]	
	2024	2023	2024	2023	2024	2023
Carrying amount of derivatives (£000)	–	706	838	1,762	164	–
Changes in fair value of the designated hedged item (£000)	84	842	630	1,175	1	–
Notional amount (£000)	–	55,000	70,000	70,000	42,500	–
Hedge ratio	–	1:1	1:1	1:1	1:1	–
Maturity date	–	30/11/2023	30/11/2024	30/11/2024	30/11/2025	–

1 The Group put in place an interest rate cap during the year of 5.00% on £50m notional from 29 November 2024 until 1 June 2025, reducing thereafter to £35m notional until expiry on 28 November 2025.

Interest rate movements on deposits, lease liabilities, trade payables, trade receivables and other financial instruments do not present a material exposure to the Group's balance sheet.

The table below details changes in derivative assets arising from financing activities, including both cash and non-cash changes.

	Derivative assets £000
1 May 2022	–
Cash outflow/(inflow)	612
Non-cash movement	1,856
30 April 2023	2,468
Cash outflow/(inflow)	(2,072)
Non-cash movement	606
30 April 2024	1,002

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 2024 £000	Equity (losses)/gains 2024 £000	Income (losses)/gains 2023 £000	Equity (losses)/gains 2023 £000
10% strengthening of Sterling versus the Euro	(340)	(1,312)	(390)	(814)
10% weakening of Sterling versus the Euro	416	1,604	477	995

Notes to the consolidated financial statements continued

22 Financial instruments continued

Financial risk management continued

Market risk sensitivity analysis *continued*

The following table shows the illustrative effect on the consolidated income statement from a 3% change in market interest rates on the Group's interest expense. Refer to borrowings in Note 19.

	2024 £000	2023 £000
3% increase in market interest rates	**(2,913)**	(6,350)
3% decrease in market interest rates	**3,592**	6,350

Capital risk management

Capital risk is the risk that the Group will not be able to sustain its operations in the long term due to an inability to secure sufficient capital or maintain an adequate return on capital investment. This encompasses financing risk (the risk that the Group cannot raise necessary funds to continue its operations or finance expansion activities) and cost of capital risk (associated with fluctuations in the cost of capital, which may influence investment decisions and affect long-term strategic planning).

The Group's capital management objectives are focused on maintaining investor confidence and supporting the sustainable development of the business. Future actions to manage capital may include dividends, return capital through share buybacks, issue new shares or take other steps to increase share capital and reduce or increase debt facilities.

23 Commitments and contingencies

a) Commitments

The Group entered a financial commitment in respect of floristry supplies of £212,000 (2023: £59,000) and rental commitments of £17,000 (2023: £12,000) which are due within one year.

b) Contingencies

Group companies have given a guarantee in respect of the external bank borrowings of the Group which amounted to £180,000,000 at 30 April 2024. This comprises of the RCF of £180,000,000, as at 30 April 2024 the Group had drawn down £113,000,000 and €8,500,000 of the available revolving credit facility.

24 Related party transactions

Transactions with related parties

The Group has earned other income from subletting space at its head office to an entity formerly under common control and was considered a related party during the year.

	2024 £000	2023 £000
Other income from related parties formerly under common control	**1,349**	1,319

The relevant entity concerning the transaction above was no longer considered a related party as at 30 April 2024 following Exponent Private Equity ceasing to be a Significant Shareholder. Balances in relation to this entity have been included within other payables or other receivables where relevant. Therefore, as at the balance sheet date, the Group had the following balances with entities formerly under common control:

	2024 £000	2023 £000
Trade and other receivables from other related parties formerly under common control	**–**	150
Trade and other payables with other related parties formerly under common control	**–**	(638)

There is no expected credit loss provision recognised in relation to the above receivables as the probability of default and any corresponding expected credit loss are immaterial to the Group.

24 Related party transactions continued

Compensation of key management personnel of Moonpig Group plc

The amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel. Key management personnel are defined as the Directors as they are the members of the Group with the authority and responsibility for planning, directing and controlling the activities of the Group.

Further detail in respect of the Directors remuneration can be found within the Directors' remuneration report within the Annual Report and Accounts for the year ended 30 April 2024.

	2024 £000	2023 £000
Short-term employee benefits	2,513	1,655
Post-employment pension and medical benefits	53	54
Share-based payment schemes	101	7,435
Total compensation relating to key management personnel	**2,667**	9,144

25 Related undertakings

A full list of subsidiary undertakings as defined by Companies Act 2006 as at 30 April 2024 is disclosed below. Titan Midco Limited is held directly by the Company and all other subsidiary undertakings are held indirectly.

The equity shares held are in the form of ordinary shares or common stock. The effective percentage of equity shares held in subsidiary undertakings is 100% in all cases.

Subsidiary undertakings	Number	Country of incorporation	Principal activity
Cards Holdco Limited[1]	12170467	England and Wales	Trading company, management services
Moonpig.com Limited[1]	03852652	England and Wales	Trading company
Experience More Limited[1]	03883868	England and Wales	Trading company
Titan Midco Limited[1]	13014525	England and Wales	Holding company
Horizon Bidco B.V.[2]	72238402	Netherlands	Holding company
Greetz B.V.[2]	34312893	Netherlands	Trading company
Full Colour B.V.[2]	34350020	Netherlands	Trading company

1 Registered office address is Herbal House, 10 Back Hill, London, EC1R 5EN, United Kingdom.

2 Registered office address is Herikerbergweg 1-35, 1101 CN Amsterdam, Noord-Holland.

All subsidiaries have a year-end of 30 April.

Titan Midco Limited is exempt from the Companies Act 2006 requirements relating to the audit of their individual financial statements by virtue of Section 479A of the Companies Act as this Company has guaranteed its subsidiary companies under Section 479C of the Companies Act.

In accordance with article 408 of the Dutch Civil Code, Horizon Bidco B.V. issued a declaration of joint and several liability in respect of its consolidated participants. The declaration covered and resulted in the standalone Horizon Bidco B.V. entity being exempt from an audit. Additionally, Full Colour B.V. is exempt from an audit under the Dutch Civil Code by virtue of its size.

26 Events after the balance sheet date

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

Company balance sheet

As at 30 April 2024

	Note	2024 £000	2023 £000
Fixed assets[1]			
Investments	4	**845,468**	845,468
		845,468	845,468
Current assets			
Debtors: amounts falling due within one year	5	**57,963**	53,428
Cash and cash equivalents		**280**	447
		58,243	53,875
Total assets		**903,711**	899,343
Current liabilities			
Creditors: amounts falling due within one year	6	**7.881**	5,567
		7,881	5,567
Non-current liabilities			
Creditors: amounts falling due after more than one year	6	**914**	4,219
		914	4,219
Total liabilities		**8,795**	9,786
Equity			
Share capital	7	**34,331**	34,211
Share premium	7	**278,083**	278,083
Retained earnings	7	**540,450**	535,232
Share-based payment reserve	7	**42,052**	42,031
Total equity		**894,916**	889,557
Total equity and liabilities		**903,711**	899,343

1 The Company balance sheet has been re-presented using balance sheets format 2 per the Companies Act 2006. This has meant that the previously titled non-current assets has been re-presented as fixed assets.

The accompanying notes are an integral part of the Parent Company financial statements.

As permitted by Section 408 of the Companies Act 2006, the profit and loss of the Company has not been presented in these financial statements. The profit for the financial year dealt with in the financial statements of the Company was £1,180,000 (2023: £598,000).

The financial statements on pages 168 to 173 were approved by the Board of Directors of Moonpig Group plc (registered number 13096622) on 26 June 2024 and were signed on its behalf by:

Nickyl Raithatha
Chief Executive Officer
26 June 2024

Andy MacKinnon
Chief Financial Officer
26 June 2024

Company statement of changes in equity

For the year ended 30 April 2024

	Note	Share capital £000	Share premium £000	Retained earnings £000	Share-based payment reserve £000	Total equity £000
Balance at 1 May 2022		34,211	278,083	534,634	34,761	881,689
Profit for the year		–	–	598	–	598
Total comprehensive income for the year		–	–	598	–	598
Share-based payments	7	–	–	–	7,270	7,270
As at 30 April 2023		**34,211**	**278,083**	**535,232**	**42,031**	**889,557**
Profit for the year		**–**	**–**	**1,180**	**–**	**1,180**
Total comprehensive income for the year		**–**	**–**	**1,180**	**–**	**1,180**
Share-based payments	7	**–**	**–**	**–**	**4,179**	**4,179**
Issue of ordinary shares		**120**	**–**	**–**	**–**	**120**
Share options exercised		**–**	**–**	**4,038**	**(4,158)**	**(120)**
As at 30 April 2024		**34,331**	**278,083**	**540,450**	**42,052**	**894,916**

The accompanying notes are an integral part of the Parent Company financial statements.

Notes to the Company financial statements

1 General information

Basis of preparation

Moonpig Group plc (the "Company" or "Parent Company") is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in England, the United Kingdom under the Companies Act 2006 (the "Act"), as applicable to companies using FRS 101. The Company was incorporated on 23 December 2020 and adopted Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") from that date. The Company's registered address is Herbal House, 10 Back Hill, London, EC1R 5EN.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken, including those relating to:

- A cash flow statement and related notes.
- Comparative year reconciliations.
- Disclosures in respect of transactions with wholly owned subsidiaries.
- Disclosures in respect of capital management.
- The effects of new but not yet effective IFRSs.
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the Group include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the disclosures under IFRS 2 related to Group-settled share-based payments.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities.

The Company financial statements have been prepared in Sterling, which is the functional and presentational currency of the Company. All figures presented are rounded to the nearest thousand (£000), unless otherwise stated.

The Directors have used the going concern principle on the basis that the current profitable financial projections and facilities of the consolidated Group will continue in operation for a period not less than 12 months from the date of this report.

Amounts paid to the Company's auditors in respect of the statutory audit were £36,000 (2023: £35,000). The charge was borne by a subsidiary company and not recharged.

Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Carrying amount of investment in subsidiary

The areas of critical accounting judgements and estimates which have the greatest potential effects on the amounts recognised in the financial statements are the key assumptions in the impairment review on the investment recognised on the Company balance sheet. Annually, the investment balance is subject to an impairment review, the critical accounting judgements and estimates made in the value in use calculation of the investment's recoverable amount are:

- Pre-perpetuity period of six years (2023: seven years).
- Pre-perpetuity compound annual revenue growth rate of 10.3% (2023: 12.7%).
- Discount rate of 14.3% (2023: 14.0%).

Sensitivity analysis relating to these critical accounting judgements and estimates are set out in Note 4. In addition, the reasons why the Company considers that a six-year period is appropriate, and why it considers that the Company meets the reliability requirements of IAS 36, are also set out in Note 4.

2 Summary of significant accounting policies

Investment in subsidiary

The investment in subsidiary is held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of the investment may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying amount of the related investment.

The area of judgement which has the greatest potential effect on the amounts recognised in the financial statements is the impairment review on the investments recognised on the Company balance sheet. Annually, the investment balance is subject to an impairment review, as detailed below. Details of the assumptions used in the value in use calculation and sensitivities performed are explained in Note 4 of these Parent Company financial statements.

2 Summary of significant accounting policies continued

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Other accounting policies

For other accounting policies, please refer to the Group accounting policies on pages 136 to 141.

3 Directors' emoluments

The Company has no employees. Full details of the Directors' remuneration and interests are set out in the Directors' remuneration report on pages 102 to 117.

4 Investments

	2024 £000	2023 £000
At the beginning of the year	845,468	845,468
At the end of the year	**845,468**	845,468

The Company's share price increased during the year, however the carrying amount of the Company's investments was more than its market capitalisation on the reporting date. IAS 36 specifies this as an indicator that impairment may have arisen. Accordingly, the Company has assessed the recoverable amount of its investment in subsidiary. Recoverable amount is determined as the higher of the fair value less costs of disposal and value in use ("VIU") based on estimated future cash flows that are discounted to their present value.

Estimated future cash flows are based on the approved Group plan, including the FY25 budget, for the three years ending 30 April 2027. The estimated future cash flows are identical to those used for the Group's viability statement. They have been extended by a further three years before applying perpetuity using an estimated long-term growth rate. When estimating value in use, the Group does not include estimated future cash flows that are expected to arise from improving or enhancing the asset's performance.

The use of a pre-perpetuity projection period of more than five years is a critical accounting judgement. The Company considers that a six-year period is appropriate to reflect the fact that online penetration of the single greeting cards market is relatively low and there is headroom for continued growth for at least six years, potentially longer. The single greeting cards market is key to the Company's assessment of growth rate, as sales of gifting products are achieved through persuading card-first customers to attach a gift to their order. The Company also believes that a six-year pre-perpetuity growth period is appropriate to reflect the fact that penetration of the overall UK gift experiences market by the experience gifting aggregator segment remains low. OC&C estimates that gift experience aggregators represented only £0.3bn of the overall £6.5bn UK experience gifting market in 2023. The Company believes that there is headroom for continued growth for at least six years, potentially longer. The assumed year-on-year reduction in the pre-perpetuity period of one year is intended to reflect the effluxion of time.

The Company considers that it meets the reliability requirements of IAS 36 as there is evidence of its ability, based on experience, to forecast cash flows accurately over a period of longer than five years. The online segment of the single cards market has an established track record of growth across two decades, driven by offline-to-online demand migration. Combined with the stable and predictable behaviour of the Company's customer base, this has meant a consistent historical profile of revenue growth over time. The Company has also demonstrated its ability to forecast cash flows over the longer term and has a positive track record of forecasting accuracy.

The potential impact of climate change on estimated future cash flows is not considered significant, as set out at Note 11 to the Group consolidated financial statements.

The Company has identified the following key assumptions as having the most significant impact on the VIU calculation:

	Key assumptions	
	2024 £m	2023 £m
Pre-tax discount rate (%)[1]	14.3%	14.0%
Revenue compound annual growth rate (%)[2]	10.3%	12.7%
Pre-perpetuity period (years)	6	7

1 The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the cash generating units. The pre-tax discount rates used to calculate value in use are derived from the Group's post-tax weighted average cost of capital. The decline in the discount rate from the previous year is due to reducing the equity premium and betas used in the calculation.

2 The compound annual growth rate represents the average yearly growth rate over the pre-perpetuity period.

The Company has performed sensitivity analysis to assess the impact of a plausible change in each key assumption in the VIU. The relevant scenario, in relation to a revenue decrease, is consistent with the more severe downside scenario (Plausible Scenario 2) prepared in connection with the viability statement at page 67.

Notes to the Company financial statements continued

4 Investments continued

The Company has separately modelled the impact of a 1%pts increase in the discount rate, a 2.7% decrease in the compound annual revenue growth rate and a reduction in the pre-perpetuity period from six to five years. The Company has also modelled a scenario in which all three of these changes arise concurrently. The below table summarises the results of these sensitivities:

	Sensitivity analysis	
	2024 £m	2023[3] £m
Original headroom	129.8	139.2
Headroom using a discount rate increased by 1%pts	12.8	17.5
Headroom using a 2.7%pts decrease in the forecast revenue CAGR[1,2] (2023: 15% decrease in forecast revenue)	(71.6)	(12.0)
Headroom using a pre-perpetuity period reduced by one year	1.5	73.0
Headroom combining all three sensitivity scenarios detailed above	(266.7)	(166.9)

1 The revenue compound annual growth rate represents the average yearly growth rate over the pre-perpetuity period.

2 The 2.7%pts revenue CAGR decrease is inclusive of the 5.4%pts revenue CAGR decreases modelled as part of the Experiences and Greetz goodwill calculations (refer to Note 11) and a 10% reduction in the forecast revenue in the Moonpig segment.

3 The FY23 sensitivity scenario with respect to a decrease in forecast revenue has been restated to correctly reflect the Adjusted EBITDA margin of the Group per the Board approved three year plan.

Further modelling was undertaken to assess the point at which headroom would be reduced to £nil for each of the individual sensitivities. For the carrying amount and recoverable amount to be equal, the pre-tax discount rate would need to increase by 1.5%pts from 14.3% to 15.8%, the revenue CAGR would need to decrease by 1.6%pts to 8.7% (assuming no action was taken to reduce indirect costs from the forecasted level) and the pre-perpetuity period would need to reduce from six to four years (each sensitivity applied individually).

No impairment to the carrying amount of the investment has been recorded in the current year, reflecting the fact that the carrying amount remains higher than the recoverable amount. However, in view of the outcome of the sensitivity analysis, the Directors have identified that each of the three key assumptions are a major source of estimation uncertainty that has a significant risk of resulting in an adjustment to the carrying amount within the year ending 30 April 2025 under paragraph 125 of IAS 1. We have therefore provided the disclosure above of quantification of all key assumptions in the value in use estimate and the impact of a change in each key assumption.

The Directors specifically considered the fact that the Company's market capitalisation at the reporting date was lower than the carrying amount of its investments in subsidiaries. They concluded that no impairment is required because of this, basing their conclusion on the value in use calculation. The Directors consider that listed companies' share prices are not directly correlated with the recoverable amount of their investments in subsidiaries.

Subsidiary undertakings are disclosed within Note 25 of the Group financial statements.

5 Debtors

	2024 £000	2023 £000
Current:		
Amounts owed by Group companies	57,922	53,393
Other receivables	13	15
Prepayments	28	20
Debtors	57,963	53,428

Within the amount owed by Group companies is a loan receivable subject to interest and repayable on demand. At 30 April 2024, the amount bears interest at a rate of 8.24% (2023: 5.00%). IFRS 9 expected credit losses have been assessed as immaterial in relation to both balances.

6 Creditors

	2024 £000	2023 £000
Current:		
Amounts owed to Group companies	1,435	–
Other payables	5,340	4,361
Other taxation and social security	1,047	1,157
Accruals	59	49
Creditors	7,881	5,567

	2024 £000	2023 £000
Non-Current:		
Other payables	–	2,967
Other taxation and social security	914	1,252
Creditors	914	4,219

The increase in the current other payables and taxation and social security balances relate to the vested tranche of the cash component of the pre-IPO awards that will be paid out (along with the national insurance cost) within one year.

The year-on-year decrease in non-current other payables reflects the reclassification (to current liabilities) of the accrual for the second and final tranche of the pre-IPO cash bonus award, which vested on 30 April 2024 and was paid shortly thereafter.

7 Share capital and reserves

Called-up share capital

Ordinary share capital represents the number of shares in issue at their nominal value. Ordinary shares in the Company are issued, allotted and fully paid-up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Shareholding as at 30 April 2024:

	2024 Number of shares	2024 £000	2023 Number of shares	2023 £000
Allotted, called-up and fully paid ordinary shares of £0.10 each	343,310,015	34,331	342,111,621	34,211

Share premium

Share premium represents the amount over the par value which was received by the Company upon the sale of the ordinary shares. Upon the date of listing the par value of the shares was £0.10 but the initial offering price was £3.50. Share premium is stated net of direct costs of £736,000 (2023: £736,000) relating to the issue of the shares.

Share-based payment reserve

The share-based payment reserve represents the corresponding increase to reserves in relation to the share-based schemes in operation.

8 Related party transactions

Under FRS 101 “Related party disclosures” the Company is exempt from disclosing related party transactions with entities which it wholly owns. There are no other related party transactions.

9 Events after the balance sheet date

Refer to Note 25 of the Group financial statements.

Alternative Performance Measures

Adjusted EBITDA

Adjusted EBITDA is a measure of the Group's operating performance and debt servicing ability. It is calculated as operating profit adding back depreciation and amortisation and Adjusting Items (Note 6 of the Group financial statements).

Depreciation and amortisation can fluctuate, is a non-cash adjustment and is not linked to the ongoing trade of the Group.

Adjusting Items are excluded as management believe their nature distorts trends in the Group's underlying earnings. This is because they are often one-off in nature or not related to underlying trade.

A reconciliation of operating profit to Adjusted EBITDA is as follows:

	2024 £000	2023 £000
Operating profit	**66,284**	48,461
Depreciation and amortisation	**17,444**	15,196
Adjusting Items	**11,802**	20,542
Adjusted EBITDA	**95,530**	84,199

Adjusted EBIT

Adjusted EBIT is operating profit and before Adjusting Items.

	2024 £000	2023 £000
Operating profit	**66,284**	48,461
Adjusting Items[1]	**11,802**	20,542
Adjusted EBIT[1]	**78,086**	69,003

Adjusted PBT

Adjusted PBT is profit before taxation and before Adjusting Items.

	2024 £000	2023 £000
PBT	**46,400**	34,905
Adjusting items[1]	**11,802**	20,542
Adjusted PBT[1]	**58,202**	55,447

Adjusted PAT

Adjusted PAT is profit after taxation, before Adjusting Items and the tax impact of these adjustments.

Adjusted PAT is used to calculate the underlying basic earnings per share in Note 10 of the Group financial statements.

	2024 £000	2023 £000
PAT	**34,169**	26,607
Adjusting Items[1]	**11,802**	20,542
Tax impact of the above	**(2,385)**	(2,749)
Adjusted PAT[1]	**43,586**	44,400

1 The prior year Adjusting Items number has been restated to include the amortisation on acquired intangibles.

Net debt

Net debt is a measure used by the Group to reflect available headroom compared to the Group's secured debt facilities. The calculation is as follows:

	2024 £000	2023 £000
Borrowings	(118,365)	(170,520)
Cash and cash equivalents	9,644	22,394
Lease liabilities	(16,329)	(19,524)
Net debt	**(125,050)**	(167,650)

Ratio of net debt to Adjusted EBITDA

The ratio of net debt to last twelve months Adjusted EBITDA helps management to measure its ability to service debt obligations. The calculation is as follows:

	2024 £000	2023 £000
Net debt	(125,050)	(167,650)
Adjusted EBITDA	95,530	84,199
Net debt to Adjusted EBITDA	**1.31:1**	1.99:1

Operating cash conversion

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

	2024 £m	2023 £m
Profit before tax	**46.4**	34.9
Add back: Net finance costs	19.9	13.6
Add back: Adjusting Items (excluding share-based payments)[1]	10.7	15.1
Add back: Share-based payments	1.1	5.4
Add back: Depreciation and amortisation (excluding acquisition amortisation)[1]	17.4	15.2
Adjusted EBITDA	**95.5**	84.2
Less: Capital expenditure (fixed and intangible assets)	(13.7)	(22.6)
Adjust: Impact of share-based payments[2]	3.1	1.9
Add back: (Increase)/decrease in inventories[3]	5.2	(0.8)
Add back: Decrease/(increase) in trade and other receivables[3]	0.3	5.3
Add back: Decrease in trade and other payables[3]	(16.2)	(11.8)
Operating cash flow[4]	**74.2**	56.2
Operating cash conversion	**78%**	67%
Add back: Capital expenditure (fixed and intangible assets)	13.7	22.6
Add back: Loss on disposal and impairment of right-of-use asset	0.2	0.5
Add back: Decrease/(increase) in debtors with undertakings formerly under common control	–	0.3
Less: Adjusting Items (excluding share-based payments)	(2.4)	(7.7)
Less: Research and development tax credit	(0.4)	(0.4)
Cash generated from underlying operations	**85.3**	71.5
Settlement of M&A related employee bonuses at Experiences	–	(13.5)
Cash generated from operations	**85.3**	57.9

1 The prior year Adjusting Items (excluding share-based payments) and Depreciation and Amortisation numbers have been restated to reflect the classification of acquisition amortisation as an Adjusting Item.

2 Comprises: (1) the add-back of non-cash share-based payment charges of £2.6m (FY23: £2.2m) relating to operation of post-IPO Remuneration Policy, which are not classified as an Adjusting Item; offset by (2) the cash impact of employer's national insurance of £0.2m (FY23: £0.3m) arising on pre-IPO share-based payment charges, which are classified as an Adjusting Item (Refer to Note 6). In FY24 the charge was offset by a release of £0.7m in relation to a true up of NI at year end to reflect the share price at the vesting date of the pre-IPO share awards.

3 Working capital movements for the year ended 30 April 2023 have been adjusted for the opening balances arising upon acquisition of Experiences.

4 Operating cash flow excludes settlement of legacy incentive obligations in FY23 associated with the acquisition, which were fully provided for in the opening balance sheet.