

5 December 2023

Moonpig Group plc (“Moonpig Group” or the “Group”)

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2023

Return to technology-driven revenue growth

Current trading in line with our expectations and guidance unchanged

Summary financial results

	Six months ended 31 October 2023	Six months ended 31 October 2022	Year-on-year growth %
Group revenue (£m)	152.1	142.8	6.5%
Gross profit (£m)	89.0	77.2	15.3%
Gross margin (%)	58.5%	54.1%	4.4%pts
Adjusted EBITDA (£m) ¹	41.4	34.6	19.9%
Adjusted EBITDA margin (%) ¹	27.2%	24.2%	3.0%pts
Reported profit before taxation (£m)	18.9	9.1	107.8%
Adjusted profit before taxation (£m) ¹	20.8	18.9	9.7%
Basic earnings per share (pence)	4.1	1.7	141.2%
Adjusted basic earnings per share (pence) ¹	4.6	4.3	7.0%

¹ Before Adjusting Items of £1.9m in H1 FY24 and £9.8m in H1 FY23. See Note 3 and Note 19.

Results summary

- Revenue growth of 6.5% year-on-year to £152.1m. Pro forma revenue growth (adjusted for acquisitions) was 2.1%.
- Adjusted EBITDA growth to £41.4m (H1 FY23: £34.6m) reflecting improved gross margin rate and disciplined cost control.
- Adjusted Profit before Taxation of £20.8m (H1 FY23: £18.9m) reflecting stronger trading offset in part by higher interest charges and the amortisation of technology platform investments.

Strategic and operational highlights

The Group delivered revenue growth in H1 FY24:

- Trading performance has been underpinned by Moonpig, which grew revenue year-on-year by 4.9% and has consistently delivered growth at a mid-single digit percentage rate in recent months.
- Greetz revenue decreased by 9.8% year-on-year during H1 FY24 with a continued trajectory of improvement in trading across the period.
- At Experiences, pro forma revenue increased by 4.5%, albeit with lower new voucher sales. There has been good delivery against our strategy for this segment.

We have driven revenue growth through continued focus on technology innovation, including new features to drive order frequency:

- Encouraging traction with Moonpig Plus subscriptions, which are driving consistently higher customer order frequency.
- Greetz Plus subscriptions scheduled for roll-out during the second half of this financial year.
- Nearly 4 million customers used our innovative card creativity features, including video and audio messages, stickers for the inside of cards, emojis, flexible photographs, moveable text boxes and AI-driven customised messages.

We continue to improve how we leverage AI to personalise recommendations to customers:

- Significant upgrade to our AI capabilities, which now incorporate customer-level data alongside data from card personalisation into our gift recommendation algorithms.
- New features that make it easier for customers to attach a gift, such as “perfect pairings” for cards and gifts frequently bought together, suggested add-ons and a redesign of the product details page for gifts and flowers.
- A tailored online journey for every user, including personalised homepage banners and personalised promotions.

We are investing in technology at Experiences and upgrading how we cross-sell gift experiences to Moonpig customers:

- Full re-platforming of Experiences, with new home pages and product detail pages already launched.
- New payment options for Red Letter Days and Buyagift.
- Faster experimentation, including the introduction of upsell recommendations.
- An upgraded Moonpig user journey for gift experiences and launch of instant delivery of a digital gift with an e-card.

Our business is resilient, profitable and cash generative:

- Continued focus on profitability, with gross margin rate strengthened by 4.4%pts year-on-year. This includes the benefits of insourcing UK fulfilment at our Tamworth facility.
- Resilience is rooted in the stability of the greeting cards market and in our loyal customer cohorts, with 91% of Moonpig and Greetz revenue from existing customers (H1 FY23: 90%).
- Strong operating cash conversion on an annual basis, with cash inflows seasonally weighted into the second half of the year. Net debt maintained at £166.9m as at 31 October 2023 (30 April 2023: £167.7m, 31 October 2022: £208.8m).
- Net debt to pro forma Adjusted EBITDA decreased to 1.83x as at 31 October 2023 (1.97x as at 30 April 2023, 2.45x as at 31 October 2022).
- Significant liquidity and covenant headroom, with debt facilities committed until December 2025.

Outlook

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

Nicky! Raithatha, CEO, commented

"We are pleased to report year-on-year growth in both revenue and profit despite the challenging macro-economic environment, marking the Group's return to revenue growth. Our focus on technology is driving this growth, underpinned by our resilient, profitable and cash generative business model, leveraging our unique use of data to drive customer loyalty.

We continue to innovate to attract and retain our loyal customers. During the period nearly 4 million customers used our innovative card creativity features such as audio and video messages, AI-generated text suggestions, stickers, flexible photos and digital gifting solutions. As the clear online leader in greetings cards, we remain well positioned to benefit from the long-term structural market shift to online."

Investor and analyst meeting

The full year results presentation will be available on the Investor Relations section of Moonpig Group's corporate website (www.moonpig.group/investors) shortly after 7:00am on 5 December 2023.

Nicky! Raithatha (CEO) and Andy MacKinnon (CFO) will host a Q&A for analysts and investors via webcast at 9:30am. Please note that the presentation will not be repeated during the webcast.

Analysts wishing to register for the event should email investors@moonpig.com.

Investors wishing to listen to the Q&A should register via the following link:

<https://www.lsegissuerservices.com/spark/MoonpigGroup/events/fba22c69-8df2-4cb2-9703-f06922f8268f>

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About Moonpig Group

Moonpig Group plc (the "Group") is a leading online greeting cards and gifting platform, comprising the Moonpig, Red Letter Days and Buyagift brands in the UK and the Greetz brand in the Netherlands. The Group's leading customer proposition includes an extensive range of cards, a curated range of gifts, personalisation features and next day delivery offering.

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

<https://www.moonpig.group/>.

Forward Looking Statements

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

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

Business review

Overview

The first half of FY24 has been a period of strong strategic delivery, with activity focused in the following key areas:

- Innovation on the Moonpig and Greetz technology platform to drive revenue growth. Our product, data and technology teams have significantly increased the velocity of delivery for customer-facing growth initiatives. These include Moonpig Plus subscriptions, card creativity features (such as audio and video messages, group cards, digital delivery of gift experiences) and AI technologies that leverage data on previous customer purchase behaviour to enhance gifting recommendation algorithms.
- Continued execution of the transformation project at Experiences, including phased migration to a new technology platform and the launch of a new visual identity for both brands to support differentiated market positioning.
- Developing our pipeline of initiatives intended to drive medium-term growth, including testing of our prototype Moonpig at Work solution for SME business to employee gifting.

Moonpig Group has maintained its investment in technology, marketing and operations through the economic cycle due to the resilience, profitability and cash generation of our business:

- Our focus on customer lifetime value equips us with resilience in more challenging conditions. Our approach at Moonpig and Greetz is focused on acquiring loyal customer cohorts that drive recurring revenue and 91% of revenue at these brands was generated from existing customers (H1 FY23: 90%). The long-term "sticky" nature of these customer cohorts is supported by our data and technology platform, which allows us to personalise the user experience. More generally, the greeting cards market has a long track record of recession-resilience.
- We have further increased profitability, raising our Adjusted EBITDA margin rate to 27.2% (H1 FY23: 24.2%) through a combination of gross margin rate improvement and disciplined control of indirect costs. Our low-inventory strategy means that profit margins are not exposed to significant stock-related risks.
- We are cash generative with significant liquidity and covenant headroom. In line with prior year, the seasonality of our business means that we expect cash inflows to arise in the second half of the year. The ratio of net debt to pro forma Adjusted EBITDA decreased from 1.97x as at 30 April 2023 to 1.83x as at 31 October 2023, driven by earnings growth.

Leveraging data and technology

Last year, we completed a multi-year project to unite Moonpig and Greetz onto a single technology platform. This freed the majority of our technology teams to focus on innovation and experimentation, driving an acceleration of the pace at which we deploy new features.

We have delivered features to encourage existing customers to place orders more frequently:

- We launched our subscription scheme Moonpig Plus, which has been encouraging in terms of both the sign-ups that we have seen and the frequency uplifts that it has driven from these customers. We intend to roll-out Greetz Plus in the second half of this financial year.
- Nearly 4 million customers used our innovative card creativity features including video and audio messages, stickers for the inside of cards, emojis, flexible photographs, moveable text boxes and AI-driven customised messages.

We are building new functionality to promote the collaborative use of Moonpig and Greetz:

- Introduced further functionality for group cards. We are seeing an average of 10 messages per card, providing multiple opportunities to convert collaborators into new customers.
- We have launched an invite-only beta version of our new corporate offering, Moonpig at Work. This is initially targeted at SME gifting to employees around events such as birthdays, work anniversaries and Christmas. As we continue to test and iterate this product based on customer feedback, we will expand the service to our waitlist in the coming months.

We continue to improve how we leverage AI to personalise recommendations to customers:

- Significant improvement to our gifting recommendation capabilities, which now use customer-level data in addition to the data from personalisation of greeting cards that our algorithms already leverage.
- New features that make it easier for customers to attach a gift, such as a "perfect pairings" carousel for cards and gifts frequently purchased together, suggested add-ons and a redesign of the product details page for gifts and flowers.
- A tailored online journey for every user, including personalised homepage banners and personalised promotions.

We are investing in technology at Experiences, and upgrading how we cross-sell gift experiences to Moonpig customers:

- Full re-platforming of Experiences, with new home pages and product detail pages already launched.
- New payment options for Red Letter Days and Buyagift.
- Faster experimentation, including the introduction of upsell recommendations.
- An upgraded Moonpig user journey for gift experiences and launch of instant delivery of a digital gift with an e-card.

Building our brands

Our brands are powerful assets, which have been built over several decades, with high levels of consumer awareness and strong association with the attributes of convenience, service and range.

As we increasingly differentiate our card offering through new technology features, we are broadening the focus of brand marketing activity at Moonpig and Greetz to emphasise the fact that we offer a better card than the online and offline competition. Our marketing showcases specific product features, to raise awareness of differentiated card creativity options such as video and audio messages, stickers and photo upload as well as new propositions such as group cards and Moonpig Plus. We will deliver this through leveraging website real estate, social media and display marketing. This has commenced in the Netherlands with our recent "With Greetz you give more than a card" campaign.

Our strategy remains focused on delivering revenue growth through our existing customer base and the share of revenue from existing customers increased year-on-year to 91% (H1 FY23: 90%). We maintained our disciplined approach to new customer acquisition, ensuring that payback periods stay within our framework. We continue to acquire high-quality, loyal customer cohorts that deliver lifetime value rather than pursuing short-term, transactional revenue.

At Experiences, we have continued the process of differentiating the Red Letter Days and Buyagift brands, so that the former emphasises iconic experiences and a more curated range, whilst the latter is more value-led. A new, fresh visual identity has been rolled-out at each brand. We have also increased marketing investment during the key pre-Christmas trading period, supplementing the optimisation of performance marketing with new brand marketing activity focused around online video and social media to build awareness and purchase consideration.

Evolving our range

In the current trading environment, Moonpig and Greetz have prioritised the delivery of improvements in gross margin rate and operational process efficiency ahead of range expansion. This has enabled an increase in Group gross margin rate to 58.5% (H1 FY23: 54.1%), the reduction in gross inventories to £12.4m (31 October 2022: £14.8m) and an extension in the Greetz cut-off time for same-day dispatch to 11pm for all cards, gifts and flowers.

During the second half of FY23, we created a single global team responsible for all designs on greeting cards and personalised gifts such as mugs and balloons. This team manages in-house and licensed designs and it remains focused on a programme of negotiation with global licensors to bring internationally recognised properties to Greetz that already feature on Moonpig.

At Moonpig, we have extended our existing partnership with Virgin Wines so that it also covers personalised bottles of still and sparkling wine. We are working with a small number of potential new branded gifting partners ahead of planned launch in the second half of the year.

At Experiences, we have focused on acquiring premium partners such as Champneys Health Spa and W Hotels to support differentiation, alongside new partnerships with popular brands across the UK. Work is also ongoing on a partnership that will materially expand our premium restaurant proposition upon launch.

Maintaining high ethical, environmental and sustainability standards

We continue to execute against our ESG strategy, which commits the Group to eight long-term goals focused on the environment, its people and its communities.

A key area of focus is customer net promoter score, which continues to be impacted by Royal Mail not meeting its regulatory performance targets for the delivery of First Class mail. We are taking steps to mitigate this, including the introduction of earlier communication with customers who have set occasion reminders to encourage advance ordering. We also plan to leverage postcode-level data to provide dynamic guidance to UK customers on the predicted delivery date for their order.

We have commenced a programme of engagement with suppliers to secure SBTi-aligned commitments to set greenhouse gas emissions reduction targets. Our immediate target is to secure commitments from suppliers representing 18.0% of our Scope 3 emissions by 30 April 2024 (April 2023: 9.7%), with a medium-term goal of achieving 67.0% coverage by April 2030.

We are making progress on employee engagement and expect to report a year-on-year improvement in employee engagement score at the full year, albeit there is continued impact from the need for disciplined control of costs during an economic downturn.

We are passionate about diversity in the technology sector and were delighted to welcome the Group's first female Chief Product and Technology Officer to our Executive Committee in August this year. One of our sustainability goals is to maintain the proportion of new hires into technology security, engineering, product and analytics roles at around 45% women. In a period of reduced recruitment activity, this ratio decreased to 38% in H1 FY24 (H1 FY23: 46%). We remain committed to hiring on a diverse basis for these roles.

Financial review

Overview

The Group delivered consolidated revenue growth at 6.5% in H1 FY24, which equates to pro forma growth of 2.1% against a prior year comparative including six months of trading at Experiences. Trading performance has been underpinned by revenue at the Moonpig brand, which grew year-on-year by 4.9% and has consistently delivered growth at a mid-single digit percentage rate in recent months.

Our growth is being delivered through technology innovation. Our product, data and technology workforce is now primarily focused on customer-facing growth initiatives, delivering features that will drive low-cost new customer acquisition (such as group cards, which encourage message contributors to register with Moonpig), customer purchase frequency (including Moonpig Plus subscriptions and card creativity features such as audio and video messages) and gift attachment (such as digital gift experiences and improved gifting recommendation algorithms that leverage data on customers previous purchase behaviour).

Our business model is resilient and profitable, which means that we remain well-positioned to navigate the continued challenging market environment. Our resilience is rooted in the loyalty of our customer cohorts and the recession-resilient characteristics of the greeting card market. We have further increased profitability, raising our Adjusted EBITDA margin rate to 27.2% (H1 FY23: 24.2%) through a combination of gross margin rate improvement and disciplined control of indirect costs. Our low-inventory strategy means that profit margins are not exposed to significant stock-related risks.

We are cash generative with significant liquidity and covenant headroom. In line with prior year, the seasonality of our business means that we expect cash inflows to arise in the second half of the year. The ratio of net debt to pro forma Adjusted EBITDA decreased from 1.97x as at 30 April 2023 to 1.83x as at 31 October 2023, driven by earnings growth.

Financial performance – Group

	Six months ended 31 October 2023	Six months ended 31 October 2022	H1 FY24 Year-on-year growth %
Revenue (£m)	152.1	142.8	6.5%
Gross profit (£m)	89.0	77.2	15.3%
Gross margin (%)	58.5%	54.1%	4.4%pts
Adjusted EBITDA (£m) ¹	41.4	34.6	19.9%
Adjusted EBITDA margin (%) ¹	27.2%	24.2%	3.0%pts
Reported profit before taxation (£m)	18.9	9.1	107.8%
Adjusted profit before taxation (£m) ¹	20.8	18.9	9.7%
Earnings per share – basic (pence)	4.1	1.7	141.2%
Earnings per share – diluted (pence)	4.0	1.7	135.3%
Net debt (£m) ²	(166.9)	(208.8)	20.1%

¹ Before adjusting items of £1.9m in H1 FY24 and £9.8m in H1 FY23. See Adjusting Items at Note 3 and definition of Alternative Performance Measures at Note 19.

² Net debt is defined as total borrowings, inclusive of lease liabilities, less cash and cash equivalents.

The Group delivered revenue of £152.1m in the first half of FY24, representing year-on-year growth of 6.5% on a consolidated basis. This reflects the inclusion of a full six months of Experiences revenue in H1 FY24, which would have contributed an additional £6.3m of prior year revenue if owned throughout H1 FY23. Pro forma revenue growth was 2.1%, underpinned by the Moonpig brand.

Gross margin rate strengthened by 4.4%pts year-on-year reflecting the benefits from insourcing fulfilment at Tamworth, the impact of changes to card prices and shipping prices for gifts and the mix impact of a full six months of trading at Experiences. Combined with disciplined control of indirect costs, this enabled the Group to deliver an increase in Adjusted EBITDA margin to 27.2% (H1 FY23: 24.2%).

Adjusted PBT was £20.8m (H1 FY23: £18.9m), reflecting higher Adjusted EBITDA offset in part by higher depreciation resulting from FY23 capital expenditure on new operational facilities at Tamworth and Almere, higher amortisation (reflecting increased technology investment and a full period charge for the amortisation of acquired intangible assets arising on business combination with Experiences) and increased finance costs on the unhedged element of our bank borrowings resulting from higher interest rates.

Net debt is a non-GAAP measure and is defined as total borrowings, inclusive of lease liabilities, less cash and cash equivalents. Group net debt as of 31 October 2023 was £166.9m (30 April 2023: £167.7m; 31 October 2022: £208.8m), resulting in a ratio of net debt to Adjusted EBITDA of 1.83x (30 April 2023: net debt to pro forma Adjusted EBITDA 1.97x; 31 October 2022: net debt to pro forma Adjusted EBITDA of 2.45x). Net debt excluding lease liabilities was £149.0m (30 April 2023: £148.1m; 31 October 2022: £188.9m).

Revenue

	Six months ended 31 October 2023	Six months ended 31 October 2022	H1 FY24 Year-on-year growth %
Moonpig and Greetz orders (m)	16.0	16.9	(5.1)%
Moonpig and Greetz AOV (£ per order)	8.3	7.8	7.1%
Moonpig and Greetz revenue (£m)	133.4	131.1	1.7%
Moonpig revenue (£m)	108.0	103.0	4.9%
Greetz revenue (£m)	25.3	28.1	(9.8)%
Moonpig and Greetz revenue (£m)	133.4	131.1	1.7%
Experiences revenue (£m)	18.8	11.7	60.6%
Group revenue (£m)	152.1	142.8	6.5%

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

Moonpig increased revenue year-on-year by 4.9% and has consistently delivered growth at a mid-single digit percentage rate in recent months. Growth in H1 FY24 includes the impact of a £0.20 increase in the price of a standard-sized greeting card that was implemented from 1 November 2022 in the UK and which therefore will not contribute to growth in the second half of the year.

The 9.8% decrease in Greetz revenue has been driven by the economic downturn. We have acted to address this and have delivered a trajectory of improvement in trading across the half year. We have made structural changes which enable greater collaboration, maximising the opportunity for Greetz to take advantage of Group capabilities in areas such as marketing and card design. We are rapidly rolling-out new technology features such as video and audio messages for Dutch customers and our brand marketing is focused around the differentiated features that Greetz cards now offer. We are driving initiatives to promote customer frequency including reminder setting and have driven growth in app share of Greetz orders to 26.5% in October 2023 (October 2022: 17.6%). We intend to roll-out Greetz Plus subscription membership in the second half of this financial year.

Combined Moonpig and Greetz revenue increased by 1.7% year-on-year, with orders 5.1% lower than prior year. Average Order Value (AOV) increased by 7.1%, in part reflecting prior year card price increases and the pass-through of Royal Mail stamp price increases in the UK. There has also been a moderate year-on-year increase in the proportion of orders for which customers attach a gift.

Revenue at Experiences totalled £18.8m, an increase of 4.5% compared to prior year revenue of £18.0m (stated pro forma as if the business had been owned throughout the period). The year-on-year movement in pro forma revenue would have been a mid single digit percentage reduction without temporarily higher breakage relating to gift boxes (primarily distributed through high street retail partners) and vouchers that were sold during Covid with extended expiry dates; this is not expected to recur in future years.

Gifting mix of revenue

	Six months ended 31 October 2023	Six months ended 31 October 2022	H1 FY24 Year-on-year growth %
Moonpig and Greetz cards revenue (£m)	79.0	74.7	5.7%
Moonpig and Greetz attached gifting revenue (£m)	50.4	51.3	(1.9)%
Moonpig and Greetz standalone gifting revenue (£m)	4.0	5.0	(20.9)%
Moonpig and Greetz revenue (£m)	133.4	131.1	1.7%
Experiences gifting revenue (£m)	18.8	11.7	60.6%
Group revenue (£m)	152.1	142.8	6.5%
Moonpig / Greetz total gifting revenue (£m)	54.4	56.4	(3.6)%
Moonpig / Greetz gifting revenue mix (%)	40.8%	43.0%	(2.2)%pts
Group gifting mix of revenue (%)	48.1%	47.7%	0.4)%pts

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

The Group's gifting mix of revenue increased slightly to 48.1% (H1 FY23: 47.7%) reflecting the consolidation of Experiences revenue throughout H1 FY24. For Moonpig and Greetz, gifting mix of revenue decreased by 2.2)%pts, driven by the impact of price rises on greeting card revenue.

Attached gifting revenue decreased year-on-year by 1.9%, whereas orders decreased by 5.1%, reflecting a reduction in promotional discounting and a modest increase in the proportion of customers choosing to attach a gift.

Standalone gifting, which is not a strategic focus and is more susceptible to the impact of economic downturn, decreased by 20.9% year-on-year.

Gross margin rate

	Six months ended 31 October 2023	Six months ended 31 October 2022	H1 FY24 Year-on-year growth %
Moonpig gross margin (%)	55.5%	51.9%	3.6%pts
Greetz gross margin (%)	46.8%	45.7%	1.1%pts
Moonpig and Greetz gross margin (%)	53.8%	50.6%	3.2%pts
Experiences gross margin (%)	91.8%	93.7%	(1.9)%pts
Group gross margin (%)	58.5%	54.1%	4.4%pts

Management has maintained its focus on margin rate improvement, increasing the gross margin rate across Moonpig and Greetz to 53.8% (H1 FY23: 50.6%). This reflects benefit from opening new operational facilities at Tamworth, the impact of greeting card price changes and changes to shipping prices for gifts. We have maintained intake margin on gifts at both segments.

Experiences gross margin decreased to 91.8% (H1 FY23: 93.7%), which reflects provisions against gift box inventory in view of the roll-out of a new visual identity for the Red Letter Days and Buyagift brands. The relatively high gross margin rate reflects the nature of revenue recognised at this segment, which comprises agency commission earned from partners for the distribution of experiences, rather than gross transactional value. Cost of goods at the Experiences segment relates primarily to packaging and distribution for those orders where the consumer elects to pay for a physical gift box rather than digital delivery.

Adjusted EBITDA margin

	Six months ended 31 October 2023	Six months ended 31 October 2022	H1 FY24 Year-on-year growth %
Moonpig Adjusted EBITDA margin %	30.3%	25.3%	5.0%pts
Greetz Adjusted EBITDA margin %	16.8%	16.4%	0.4%pts
Moonpig and Greetz Adjusted EBITDA margin %	27.7%	23.4%	4.3%pts
Experiences Adjusted EBITDA margin %	23.6%	33.0%	(9.4)%pts
Group Adjusted EBITDA margin %	27.2%	24.2%	3.0%pts

Adjusted EBITDA margin rate at Moonpig increased by 5.0%pts, reflecting pass-through of the higher gross margin rate. At Greetz, Adjusted EBITDA margin rate increased by 0.4%pts, which is lower than the rise in gross margin rate and reflects the operational leverage impact of lower revenue. Across both businesses, we have applied disciplined management of indirect costs.

Experiences Adjusted EBITDA margin rate was 23.6%, which compares to a pro forma Adjusted EBITDA margin rate of 27.5% for H1 FY23, stated as if the business had been owned throughout the half year. The year-on-year movement reflects provisions against gift box inventory and limited, planned investment in staff costs to raise capability. The reported prior year Adjusted EBITDA margin rate of 33.0% relates to only part of the year and is therefore impacted by the seasonality of trading, which is typically lower in the pre-acquisition months that were excluded from consolidation.

Given the external environment we have managed costs cautiously, deferring investments into the second half of the year to maintain flexibility. Expectations for absolute full year Adjusted EBITDA remain unchanged.

Alternative Performance Measures

The Group has identified certain Alternative Performance Measures ("APMs") that it believes provide additional useful information on the performance of the Group. These APMs are not defined within IFRS and are not intended to substitute or be considered as superior to IFRS measures. Furthermore, these APMs may not necessarily be comparable to similarly titled measures used by other companies. The Group's Directors and management use these APMs in conjunction with IFRS measures when budgeting, planning and reviewing business performance. Executive management bonus targets include an Adjusted EBITDA measure and long-term incentive plans include an Adjusted Basic Pre-Tax Earnings Per Share ("EPS") measure.

	Six months ended 31 October 2023			Six months ended 31 October 2022		
	Adjusted Measures ¹	Adjusting Items ¹	IFRS Measures	Adjusted Measures ¹	Adjusting Items ¹	IFRS Measures
Pre-IPO share-based payment charges (£m)	-	(0.6)	-	-	(3.5)	-
Pre-IPO bonus awards (£m)	-	(1.2)	-	-	(1.9)	-
M&A related transaction costs (£m)	-	-	-	-	(4.4)	-
EBITDA margin (%)	27.2%	-	26.0%	24.2%	-	17.3%
EBITDA (£m)	41.4	(1.9)	39.6	34.6	(9.8)	24.7
Depreciation and amortisation (£m)	(12.6)	-	(12.6)	(9.8)	-	(9.8)
EBIT margin (%)	19.0%	-	17.8%	17.4%	-	10.4%
EBIT (£m)	28.9	(1.9)	27.0	24.8	(9.8)	14.9
Finance costs (£m)	(8.1)	-	(8.1)	(5.8)	-	(5.8)
PBT margin (%)	13.7%	-	12.4%	13.2%	-	6.4%
PBT (£m)	20.8	(1.9)	18.9	18.9	(9.8)	9.1
Taxation (£m)	(5.1)	0.3	(4.8)	(4.3)	1.0	(3.3)
PAT (£m)	15.6	(1.6)	14.1	14.6	(8.8)	5.8
Basic Earnings per Share (pence)	4.6p	(0.5p)	4.1p	4.3p	(2.6p)	1.7p

¹ See Adjusting Items at Note 3 and Alternative Performance Measures at Note 19.

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

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

- Adjusted PAT is profit after taxation and before Adjusting Items.
- Adjusted PBT is profit before taxation and Adjusting Items. Adjusted PBT margin is Adjusted PBT divided by total revenue.
- Adjusted EBIT is profit before taxation, interest and Adjusting Items. Adjusted EBIT margin is Adjusted EBIT divided by total revenue.
- Adjusted EBITDA is profit before taxation, interest, depreciation, amortisation and Adjusting Items. Adjusted EBITDA margin is Adjusted EBITDA divided by total revenue.

Adjusting Items comprise:

- Pre-IPO incentive scheme costs, consisting of £0.6m (H1 FY23: £3.5m) share-based payment charges and £1.2m (H1 FY23: £1.9m) cash bonus awards. These relate to one-off compensation arrangements granted prior to IPO and set out in the Prospectus. The Group treats these costs as Adjusting Items as they relate to one-off awards implemented whilst the Group was under private equity ownership and are not part of the Group's ongoing remuneration arrangements.
- M&A-related transaction costs of £nil (H1 FY23: £4.4m). The prior year costs comprise advisers' fees, stamp duty and other costs directly relating to the acquisition of Experiences. The Group treats these costs as Adjusting Items as they are not part of normal business operations.

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

	Six months ended 31 October 2023	Six months ended 31 October 2022
Amortisation of acquired intangible assets (£m)	4.2	3.1
Share-based payment charges relating to operation of post-IPO Remuneration Policy ¹ (£m)	2.0	1.3

¹ Share-based payment charges are stated inclusive of national insurance of £0.2m (H1 FY23: £0.1m).

Profit before taxation ("PBT")

Group PBT increased by 107.8%, from £9.1m in H1 FY23 to £18.9m in H1 FY24, as a lower charge for Adjusting Items was offset in part by higher depreciation and amortisation and higher finance costs.

Depreciation and amortisation increased to £12.6m (H1 FY23: £9.8m). The year-on-year movement is predominantly driven by a £1.6m increase in the amortisation of internally generated intangible assets due to the decision taken in FY22 to increase investment in our technology and £1.1m relating to a full six months' charge for the amortisation of acquired intangible assets arising on business combination with Experiences. There has been no change in the Group's accounting policies or practices relating to the capitalisation of costs as internally generated intangible assets. We continue to amortise internally generated intangible assets over a relatively short useful life of three years.

Finance costs increased from £5.8m in H1 FY23 to £8.1m in H1 FY24:

- Interest on bank borrowings increased from £5.0m in H1 FY23 to £6.5m in H1 FY24. The impact of a higher reference rate on the unhedged element of the Group's interest rate exposure was offset in part by lower draw-down of the Group's revolving credit facilities, which were unutilised as at 31 October 2023.
- Amortisation of fees increased from £0.9m in H1 FY23 to £1.1m in H1 FY24, reflecting a full six-month amortisation charge for: (i) arrangement fees for the additional revolving credit facility put in place in July 2022; and (ii) up-front fees for the interest rate cap put in place in August 2022.
- Interest on lease liabilities remained flat year on year at £0.4m.
- There was a £0.6m movement in the monetary foreign exchange impact of Euro-denominated intercompany loan balances. The Group recognised a £0.1m loss (H1 FY23: £0.4m gain), with the corresponding intercompany gain recognised in Other Comprehensive Income in accordance with IAS 21.

The taxation charge of £4.8m (H1 FY23: £3.3m) represents an effective taxation rate of 25.5% (H1 FY23: 35.9%). This exceeded the prevailing rate of corporation tax of 25% in the UK primarily because of the impact of the Group's legacy share schemes. Expressed as a percentage of Adjusted Profit Before Taxation, the effective tax rate was 23.2% (H1 FY23: 22.8%).

Earnings Per Share ("EPS")

Basic EPS for H1 FY24 was 4.1p (H1 FY23: 1.7p) and Adjusted Basic EPS, which is stated before Adjusting Items was 4.6p (H1 FY23: 4.3p). After accounting for the effect of employee share arrangements, diluted earnings per share was 4.0p (H1 FY23: 1.7p).

The calculation of basic EPS is based on the weighted average number of ordinary shares outstanding during the period of 342,890,896 (H1 FY23: 339,036,292). Throughout H1 FY23, the total issued share capital was 342,111,621, however 3,075,329 shares issued to employees prior to the IPO remained subject to recall within a two-year period, until January 2023, if employment conditions were not met. These shares are included in the number of ordinary shares outstanding for H1 FY24 but are excluded for H1 FY23 in accordance with paragraph 24 of IAS 33 on the basis that they were contingently returnable throughout that period.

During H1 FY24, 1,165,744 shares were issued to employees following vesting of the first tranche of the pre-IPO awards.

Cash flow

Cash generated from/(used in) operating activities was £21.3m (H1 FY23: (£4.2m)):

There was a cash inflow in the period of £3.4m (H1 FY23: £1.1m outflow), due to lower inventories driven by improved operational efficiency. Inventory at 31 October 2023 was £8.9m (H1 FY23: £12.6m).

There was a trade and other payables working capital outflow in the period of £24.1m (H1 FY23: £30.8m).

- The outflow at Moonpig and Greetz was in line with the previous period at £10.3m (H1 F23: £10.2m outflow), reflecting the seasonality of the working capital cycle.
- The outflow at Experiences was £13.8m (H1 FY23: £20.6m). The year-on-year reduction in outflow reflects the one-off settlement in H1 FY23 of £13.2m of legacy incentive obligations associated with the acquisition of Experiences, which were fully provided for in the opening balance sheet.

The merchant accrual as at 31 October 2023 was £36.8m (H1 FY23: £49.3m). A payables balance is recognised when a gift experience is sold to a consumer to reflect the expected future liability to the merchant; this balance is settled through the remittance of cash to the merchant following redemption of the voucher by the recipient. The year-on-year reduction in merchant accrual balance reflects the unwind of the impact of a higher extension rate seen through Covid.

Capital expenditure decreased year-on-year to £7.8m (H1 FY23: £14.2m) reflecting one-off expenditure on plant and equipment in the prior year to fit out new operational facilities in Tamworth, UK and Almere in the Netherlands.

Adjusted Operating Cash Conversion

The Group is cash generative on an annual basis, with cash inflows strongly weighted into the second half of each financial year. The Group generated an operating cash inflow of £15.1m in H1 FY24, compared to £1.1m in H1 FY23. Adjusted Operating Cash Conversion increased from 3% in H1 FY23 to 36% in H1 FY24, reflecting non-recurrence of prior year capital expenditure on new operational facilities at Tamworth in the UK and Almere in the Netherlands.

	Six months ended 31 October 2023 £m	Six months ended 31 October 2022 £m
Profit before taxation	18.9	9.1
Add back: Finance costs	8.1	5.8
Add back: Adjusting Items (excluding share-based payments)	1.2	6.3
Add back: Adjusting Items - Share-based payments	0.6	3.5
Add back: Depreciation and amortisation	12.6	9.8
Adjusted EBITDA	41.4	34.6
Less: Capital expenditure (fixed and intangible assets)	(7.8)	(14.2)
Adjust: Impact of share-based payments ¹	2.0	0.9
Add back: Decrease / (increase) in inventories ²	3.4	(1.1)
Add back: Decrease in trade and other receivables ²	0.2	1.8
Add back: (Decrease) in trade and other payables ²	(24.1)	(20.9)
Operating cash flow³	15.1	1.1
Adjusted Operating Cash Conversion	36%	3%
Add back: Capital expenditure	7.8	14.2
Add back: (Decrease) / increase in debtors and creditors with undertakings formerly under common control	-	0.3
Less: Adjusting Items (excluding share-based payments)	(1.2)	(6.3)
Less: Research and development tax credit	(0.4)	(0.3)
Cash generated from underlying operating activities	21.3	9.0
Settlement of M&A related employee bonuses at Experiences ³	-	(13.2)
Cash generated from / (used in) operating activities	21.3	(4.2)

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

² Working capital movements for the six months ended 31 October 2022 have been adjusted for the opening balances arising upon acquisition of Experiences.

³ Operating cash flow excludes settlement of legacy incentive obligations in H1 FY23 associated with the acquisition, which were fully provided for in the opening balance sheet.

Operating cash flow and Adjusted Operating Cash Conversion are non-GAAP measures. Adjusted Operating Cash Conversion is defined as operating cash flow divided by Adjusted EBITDA, expressed as a ratio. Adjusted Operating Cash Conversion informs management and investors about the cash operating cycle of the business and how efficiently operating profit is converted into cash.

Capital structure

Net debt decreased during the period, from £167.7m at 30 April 2023 to £166.9m as at 31 October 2023. Net leverage improved to 1.83x (30 April 2023: 1.97x) through growth in earnings. Net debt is a non-GAAP measure and is defined as total borrowings, inclusive of lease liabilities, less cash and cash equivalents.

	As at 31 October 2023 £m	As at 31 October 2022 £m	As at 30 April 2023 £m
Borrowings ¹	(171.4)	(229.9)	(170.5)
Cash and cash equivalents	22.4	41.0	22.4
Borrowings less cash and cash equivalents	(149.0)	(188.9)	(148.1)
Lease liabilities	(18.0)	(19.8)	(19.5)
Net debt	(166.9)	(208.8)	(167.7)
Last twelve months Adjusted EBITDA	91.1	74.4	84.2
Net debt to last twelve months' Adjusted EBITDA	1.83:1	2.80 :1	1.99:1
Last twelve months pro forma Adjusted EBITDA ²	91.1	85.1	85.1
Net debt to last twelve months pro forma Adjusted EBITDA ²	1.83:1	2.45:1	1.97:1
Committed debt facilities (£m)	255.0	255.0	255.0

¹ Borrowings are stated net of capitalised loan arrangement fees and hedging instrument fees of £3.7m as at 31 October 2023 (31 Oct 2022: £5.2m, 30 April 2023: £4.6m).
² Pro forma Adjusted EBITDA is stated inclusive of a full year of profit from acquired businesses.

The Group maintains considerable liquidity headroom, with bank facilities of £255.0m. These facilities consist of a term loan of £175.0m with a bullet repayment profile and Revolving Credit Facilities of £80.0m. The facilities agreement runs until January 2026 with the facilities committed until December 2025.

The Group has significant covenant headroom. Bank facilities are subject to a single covenant of net debt to last twelve months' pro forma Adjusted EBITDA which is tested six-monthly.

The Group's interest rate hedging arrangements now comprise an interest rate cap in place with a cap strike rate of 3.0000% on £70m notional until 30 November 2024. This follows the expiry of an interest rate swap (a rate of 2.4725% on £90m notional) on 30 November 2023.

The Group's short term capital allocation priority remains deleveraging. We do not intend to pay a dividend as we continue to invest in growth. We will continue to evaluate dividend policy over time.

Outlook

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

Technical guidance

Adjusting Items	<p>We anticipate that Adjusting Items will include a charge of approximately £4m in FY24 relating to the pre-IPO Award. There will be no charge in future years as the final tranche of the award vests on 30 April 2024, subject to continued employment.</p> <p>The pre-IPO Award comprises a combination of cash and shares. The first tranche was paid in Q1 FY24 and the second tranche will be paid in Q1 FY25, resulting in an expected cash outflow of approximately £5m (excluding national insurance) and the issue of up to 1.4m shares.</p>
Capital expenditure	<p>We expect total tangible and intangible capital expenditure to revert to the pre-Covid trend level of around 5% of revenue in FY24 and we plan to maintain this ratio going forward. Within this, we expect that tangible capital expenditure will remain below £2m per year.</p>
Depreciation and amortisation	<p>For FY24, we expect a total charge for depreciation and amortisation of between £27m and £29m:</p> <ul style="list-style-type: none"> • The combined charge for depreciation of purchased tangible fixed assets and amortisation of internally generated intangible fixed assets is expected to increase to between £16m and £18m in FY24, reflecting the fit-out of operational facilities in FY23 and ongoing increased technology investment. • We anticipate a charge of around £3m per annum for the depreciation of IFRS 16 right-of-use assets, reflecting the full-year impact of depreciation related to new leases for Tamworth and Almere. • We expect the amortisation of intangible fixed assets arising on business combination to be approximately £8m per annum (comprising approximately £6m relating to Experiences and approximately £2m relating to Greetz).
Net finance costs	<p>We expect net finance costs in FY24 to be in the region of £15m. This includes approximately £2m relating to the amortisation of fees and £1m of interest on lease liabilities. We have assumed no monetary gain or loss on Euro-denominated intercompany loan balances.</p>
Taxation	<p>We expect the Group's effective tax rate to be approximately 26% of PBT in FY24, reducing to 25% in FY25 and thereafter. The expected effective rate for FY24 is higher than the prevailing tax rate in the UK and in the Netherlands due to the impact of the Group's legacy share schemes.</p>

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

On behalf of the Board

Nicky Raithatha
Chief Executive Officer
4 December 2023

Andy MacKinnon
Chief Financial Officer
4 December 2023

Condensed Consolidated Interim Financial Statements
Condensed Consolidated Income Statement
For the six-month period ended 31 October 2023

	Note	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Revenue	2	152,136	142,793
Cost of sales		(63,096)	(65,552)
Gross profit		89,040	77,241
Selling and administrative expenses		(62,678)	(62,959)
Other income		664	661
Operating profit		27,026	14,943
Finance costs	4	(8,131)	(5,849)
Profit before taxation		18,895	9,094
Taxation	5	(4,812)	(3,268)
Profit after taxation		14,083	5,826
Profit attributable to:			
Equity holders of the Company		14,083	5,826
Earnings per share (pence)			
Basic	6	4.1	1.7
Diluted	6	4.0	1.7

All activities relate to continuing operations.

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

Condensed Consolidated Statement of Comprehensive Income
For the six-month period ended 31 October 2023

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Profit for the period	14,083	5,826
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	12	(179)
<i>Cash flow hedge:</i>		
Fair value changes in the period	491	2,354
Cost of hedging reserve	17	225
Fair value movements on cash flow hedges transferred to profit and loss	(1,285)	(148)
Total other comprehensive income	(765)	2,252
Total comprehensive income for the period	13,318	8,078

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

Condensed Consolidated Balance Sheet
As at 31 October 2023

	Note	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Non-current assets				
Intangible assets	7	207,999	212,893	210,455
Property, plant and equipment	8	29,769	33,139	32,311
Other non-current assets	10	2,140	2,178	2,153
Financial derivatives	15	1,600	3,253	1,757
		241,508	251,463	246,676
Current assets				
Inventories	9	8,948	12,601	12,333
Trade and other receivables	10	6,184	10,073	6,331
Current tax receivable		-	1,977	1,260
Financial derivatives	15	198	-	711
Cash and cash equivalents		22,443	40,972	22,394
		37,773	65,623	43,029
Total assets		279,281	317,086	289,705
Current liabilities				
Trade and other payables	11	88,927	98,241	110,119
Provisions for other liabilities and charges		2,011	1,486	1,617
Current tax payable		354	-	805
Contract liabilities		3,136	2,862	2,589
Lease liabilities	12	3,266	3,087	3,443
Borrowings	12	85	162	27
		97,779	105,838	118,600
Non-current liabilities				
Trade and other payables	11	1,006	7,331	4,858
Borrowings	12	171,332	229,751	170,493
Lease liabilities	12	14,691	16,735	16,082
Deferred tax liabilities		9,748	11,535	10,978
Provisions for other liabilities and charges		2,443	2,709	2,413
		199,220	268,061	204,824
Total liabilities		296,999	373,899	323,424
Equity				
Share capital	14	34,328	34,211	34,211
Share premium	14	278,083	278,083	278,083
Merger reserve		(993,026)	(993,026)	(993,026)
Retained earnings		621,896	583,068	603,849
Other reserves	14	41,001	40,851	43,164
Total equity		(17,718)	(56,813)	(33,719)
Total equity and liabilities		279,281	317,086	289,705

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

Condensed Consolidated Statement of Changes in Equity
For the six-month period ended 31 October 2023

	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 period		-	-	-	5,826	-	5,826
Foreign currency translation reserve reclassification		-	-	-	735	(735)	-
<i>Other comprehensive income:</i>							
Exchange differences on translation of foreign operations		-	-	-	-	(179)	(179)
<i>Cash flow hedges:</i>							
Fair value changes in the period		-	-	-	-	2,354	2,354
Cost of hedging reserve		-	-	-	-	225	225
Fair value movements on cash flow hedges transferred to profit and loss		-	-	-	-	(148)	(148)
Total comprehensive income for the period		-	-	-	6,561	1,517	8,078
Share-based payments	13	-	-	-	-	4,428	4,428
As at 31 October 2022		34,211	278,083	(993,026)	583,068	40,851	(56,813)
Profit for the period		-	-	-	20,781	-	20,781
<i>Other comprehensive income:</i>							
Exchange differences on translation of foreign operations		-	-	-	-	21	21
<i>Cash flow hedges:</i>							
Fair value changes in the period		-	-	-	-	(463)	(463)
Cost of hedging reserve		-	-	-	-	(99)	(99)
Fair value movements on cash flow hedges transferred to profit and loss		-	-	-	-	12	12
Total comprehensive income for the period		-	-	-	20,781	(529)	20,252
Share-based payments	13	-	-	-	-	2,842	2,842
As at 30 April 2023		34,211	278,083	(993,026)	603,849	43,164	(33,719)
Profit for the period		-	-	-	14,083	-	14,083
<i>Other comprehensive income:</i>							
Exchange differences on translation of foreign operations		-	-	-	-	12	12
<i>Cash flow hedges:</i>							
Fair value changes in the period		-	-	-	-	491	491
Cost of hedging reserve		-	-	-	-	17	17
Fair value movements on cash flow hedges transferred to profit and loss		-	-	-	-	(1,285)	(1,285)
Total comprehensive income for the period		-	-	-	14,083	(765)	13,318
Share-based payments	13	-	-	-	-	2,578	2,578
Deferred tax on share-based payments		-	-	-	-	105	105
Share options exercised	13	117	-	-	3,964	(4,081)	-
As at 31 October 2023		34,328	278,083	(993,026)	621,896	41,001	(17,718)

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

Condensed Consolidated Cash Flow Statement
For the six-month period ended 31 October 2023

	Note	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Cash flow from operating activities			
Profit before taxation		18,895	9,094
Adjustments for:			
Depreciation and amortisation	7,8	12,553	9,788
Finance costs	4	8,131	5,849
R&D tax credit		(366)	(300)
Share-based payment charges	13	2,578	4,428
<i>Changes in working capital:</i>			
Decrease/(increase) in inventories		3,385	(1,103)
Decrease/(increase) in trade and other receivables		192	(1,385)
(Decrease) in trade and other payables		(24,053)	(30,847)
Net (increase)/decrease in trade and other receivables and payables with undertakings formerly under common control		(31)	270
Cash generated from / (used in) operating activities		21,284	(4,206)
Income tax paid		(4,925)	(5,036)
Net cash generated from / (used in) operating activities		16,359	(9,242)
Cash flow from investing activities			
Capitalisation of intangible assets	7	(7,001)	(6,665)
Purchase of property, plant and equipment	8	(813)	(7,574)
Acquisition of subsidiary, net of cash acquired		-	(88,598)
Net cash (used in) investing activities		(7,814)	(102,837)
Cash flow from financing activities			
Proceeds from new borrowings	12	10,000	60,000
Payment of fees related to borrowings		-	(988)
Repayment of borrowings	12	(10,000)	
Payment of interest rate cap premium		-	(940)
Interest paid on borrowings	12	(7,737)	(4,879)
Interest received/(paid) on swap derivatives		1,331	(148)
Lease liabilities paid	12	(1,799)	(1,195)
Interest paid on leases	12	(412)	(423)
Net cash generated (used in) / generated from financing activities		(8,617)	51,427
Net cash flows (used in) operating, investing, and financing activities		(72)	(60,652)
Differences on exchange		121	(53)
Net increase / (decrease) in cash and cash equivalents in the period		49	(60,705)
Net cash and cash equivalents at beginning of the period		22,394	101,677
Net cash and cash equivalents at the end of the period		22,443	40,972

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

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

Moonpig Group plc (the "Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006, whose shares are traded on the London Stock Exchange. The Condensed Consolidated Interim Financial Statements of the Company as at and for the period ended 31 October 2023 comprise the Company and its interest in subsidiaries (together referred to as the "Group"). The Company is domiciled in the United Kingdom and its registered address is Herbal House, 10 Back Hill, London, EC1R 5EN, United Kingdom. The Company's LEI number is 213800VAYO5KCAXZHK83.

Basis of preparation

The annual financial statements of Moonpig Group plc will be prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The annual financial statements will also comply with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom. These Condensed Consolidated Interim Financial Statements for the six-month period ended 31 October 2023 have been prepared in accordance with UK adopted International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

These Condensed Consolidated Interim Financial Statements do not constitute statutory accounts as defined by the Companies Act 2006, Section 435. This report should be read in conjunction with the Group's Annual Report and Accounts as at and for the year ended 30 April 2023 ("last Annual Report and Accounts"), which were prepared in accordance with IFRSs as adopted by the United Kingdom. The last Annual Report and Accounts have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified.

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

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

The Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on 4 December 2023 and have been reviewed and not audited by PricewaterhouseCoopers LLP, the auditors, and its report is set out at the end of this document.

Consideration of climate change

In preparing the Condensed Consolidated Interim Financial Statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the Taskforce on Climate-related Financial Disclosures ("TCFD") within the Annual Report and Accounts for the year ended 30 April 2023. 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 of the Group.
- 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 Condensed Consolidated Interim Financial Statements and Annual Report and Accounts.

Going concern

These Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis. The Group ended the six-month period with a cash and cash equivalents balance of £22,443,000 (30 April 2023: £22,394,000). The Group has a facilities agreement comprising a term loan of £175,000,000 and RCF of £80,000,000, provided by a syndicate of banks. All facilities provided under the facilities agreement are committed until December 2025. Lease liabilities arising are also reported in borrowings. As at 31 October 2023 the RCF is undrawn (H1 FY23: £60,000,000 drawn down).

The term loan and amounts drawn under the RCF bear interest at a floating rate linked to SONIA, plus a margin.

On 1 August 2022, the Group executed two interest rate derivative agreements, with the intention of hedging its exposure to increases in SONIA for broadly three quarters of its current expected future bank debt (net of cash) until November 2024. The Group's interest rate hedging arrangements now comprise an interest rate cap with a cap strike rate of 3.0000% on £70m notional until 30 November 2024. This follows the expiry of an interest rate swap (a rate of 2.4725% on £90m notional) on 30 November 2023.

The Group's facilities agreement is subject to a Total Net Debt to last twelve months' pro forma Adjusted EBITDA covenant of 3.50x. It is tested on a semi-annual basis, based on Total Net Debt and last twelve months' pro forma Adjusted EBITDA as defined in the facilities agreement. The Group has complied with all covenants from entering that agreement until the date of these Condensed Consolidated Interim Financial Statements and is forecast to comply with these during the going concern assessment period.

1 General information (continued)

Going concern (continued)

The Directors have reviewed a downside scenario, which is considered to be severe but plausible and the resulting impact on the Group's performance and position. In this scenario, which models the possibility that a downturn in consumer demand could lead to a sustained adverse impact on trading in addition to the impact of a temporary closure in one of the Group's fulfilment sites, the Group continues to have sufficient resources to continue operating. Should more severe impacts occur, further mitigating actions would be available to the Group.

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

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 the Condensed Consolidated Interim Financial Statements.

Accounting policies

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the accounting policies set out on pages 147-153 of the Group's Annual Report and Accounts for the year ended 30 April 2023. During the period the Group launched a subscription membership service which is addressed by the additional revenue accounting policy set out below:

Revenue recognition

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.

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.

Taxation

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

Critical accounting judgements and estimates

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

The area of judgement which has the greatest potential effect on the amounts recognised in these Condensed Consolidated Interim Financial Statements is the capitalisation of internally generated assets, whilst the areas of estimates and assumption that have the greatest potential effect are the useful life of internally generated assets, the merchant accrual and the carrying amount of Experiences segment Goodwill. These are consistent with matters disclosed on pages 146 and 147 in the FY23 Annual Report and Accounts.

2 Segmental analysis

The chief operating decision maker ("CODM") reviews external revenue and Adjusted EBITDA to evaluate segment performance and allocate resources to the overall business.

"Adjusted EBITDA" is a non-GAAP measure. Adjustments are made to the statutory IFRS results to arrive at an underlying result which is in line with how the business is managed and measured on a day-to-day basis. Adjustments are made for items that are individually important to understand the financial performance. If included, these items could distort understanding of the performance for the period

2 Segmental analysis (continued)

and the comparability between periods. Management applies judgement in determining which items should be excluded from underlying performance. See Note 3 for details of these adjustments.

The three segments (Moonpig, Greetz and Experiences) are the reportable segments for the Group, with Moonpig and Experiences based in the UK and Greetz in the Netherlands. The three segments form the focus of the Group's internal reporting systems and are the basis used by the CODM for assessing performance and allocating resources. Finance costs are not allocated to the reportable segments, as this activity is managed centrally.

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

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

	Six months ended 31 October 2023	Six months ended 31 October 2022
	£000	£000
Moonpig	108,016	103,018
Greetz	25,343	28,085
Experiences	18,777	11,690
Total external revenue	152,136	142,793

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 website from which the customer order is placed:

	Six months ended 31 October 2023	Six months ended 31 October 2022
	£000	£000
UK	123,289	111,985
Netherlands	25,343	28,085
Rest of the world ¹	3,504	2,723
Total external revenue	152,136	142,793

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

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

	Six months ended 31 October 2023	Six months ended 31 October 2022
	£000	£000
Moonpig		
Non-current assets ¹	39,729	40,893
Capital expenditure ²	(408)	(5,563)
Intangible expenditure	(5,328)	(6,415)
Depreciation and amortisation	(6,907)	(4,883)
Greetz		
Non-current assets ¹	28,160	27,319
Capital expenditure ²	(378)	(7,353)
Intangible expenditure	-	-
Depreciation and amortisation	(1,831)	(2,115)
Experiences		
Non-current assets ¹	169,879	177,820
Capital expenditure	(27)	(15)
Intangible expenditure	(1,673)	(250)
Depreciation and amortisation	(3,815)	(2,790)
Group		
Non-current assets ¹	237,768	246,032
Capital expenditure ²	(813)	(12,931)
Intangible expenditure	(7,001)	(6,665)
Depreciation and amortisation	(12,553)	(9,788)

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

² Includes ROU assets capitalised in the period of £276,000 (31 October 2022: £5,325,000).

2 Segmental analysis (continued)

The Group's measure of segment profit and Adjusted EBITDA excludes the Adjusting Items set out at Note 3; refer to Alternative Performance Measures ("APMs") at Note 19 for calculation.

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Adjusted EBITDA		
Moonpig	32,745	26,090
Greetz	4,253	4,600
Experiences	4,438	3,861
Group Adjusted EBITDA	41,436	34,551
Depreciation and amortisation		
Moonpig	6,907	4,883
Greetz ¹	1,831	2,115
Experiences ²	3,815	2,790
Group depreciation and amortisation	12,553	9,788

¹ Includes amortisation arising on consolidation of intangibles forming part of the Greetz Cash Generating Unit ("CGU").

² Includes amortisation arising on consolidation of intangibles forming part of the Experiences CGU.

The following table shows Adjusted EBITDA that reconciles to the consolidated results of the Group.

	Note	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Adjusted EBITDA	19	41,436	34,551
Depreciation and amortisation	7,8	(12,553)	(9,788)
Adjusting items	3	(1,857)	(9,820)
Operating profit		27,026	14,943
Finance costs	4	(8,131)	(5,849)
Profit before taxation		18,895	9,094
Taxation	5	(4,812)	(3,268)
Profit for the period		14,083	5,826

3 Adjusting Items

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Pre-IPO bonus awards	(1,245)	(1,899)
Pre-IPO share-based payment charges	(612)	(3,530)
M&A related transaction costs	-	(4,391)
Total adjustments made to operating profit	(1,857)	(9,820)

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.

Cash paid in relation to adjusting items in the period totalled £4,917,000 (H1 FY23: £5,419,000).

4 Net Finance costs

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Interest payable on leases	(412)	(423)
Bank interest payable	(6,464)	(4,965)
Amortisation of capitalised borrowing costs	(839)	(790)
Amortisation of interest rate cap premium	(235)	(117)
Interest on discounting of financial liability	(44)	-
Net foreign exchange (loss) / gain on financing activities	(137)	446
Net finance costs	(8,131)	(5,849)

5 Taxation

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Total current tax	6,278	3,897
Total deferred tax	(1,466)	(629)
Total tax charge in the income statement	4,812	3,268
Effective tax rate %	25.5%	35.9%

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 2023 Tax Plan, the general corporate income tax rate will remain 25.8% for the year 2023 whereby the first €200K profit is taxed at 19%.

6 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. For the purposes of this calculation, the weighted average number of ordinary shares in issue during the period was 342,890,896 (H1 FY23: 339,036,292). 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 31 October 2022 as well as the issue of 1,165,744 shares in order 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 (see Note 13 for further details):

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Shares in issue		
As at 1 May	342,111,621	342,111,621
Issue of shares during the period	1,165,744	-
As at 31 October	343,277,365	342,111,621

	31 October 2023 Number of shares	31 October 2022 Number of shares
Weighted average number of shares in issue	342,890,896	342,111,621
Less: weighted average number of shares held subject to potential repurchase	-	(3,075,329)
Weighted average number of shares for calculating basic earnings per share	342,890,896	339,036,292

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 13 of these Condensed Consolidated Interim Financial Statements.

6 Earnings per share (continued)

Adjusted earnings per share

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

	31 October 2023	31 October 2022
	Number of shares	Number of shares
Weighted average number of shares for calculated basic earnings per share	342,890,896	339,036,292
Weighted average number of dilutive shares	10,876,799	10,052,323
Total number of shares for calculated diluted earnings per share	353,767,695	349,088,615

	Six months ended	Six months ended
	31 October 2023	31 October 2022
	£000	£000
Basic earnings attributable to equity holders of the Company	14,083	5,826
Adjusting Items (see Note 3)	1,857	9,820
Tax on Adjusting Items	(312)	(1,018)
Adjusted earnings attributable to equity holders of the Company before Adjusting Items	15,628	14,628

	Six months ended	Six months ended
	31 October 2023	31 October 2022
	£000	£000
Basic earnings per ordinary share (pence)	4.1	1.7
Diluted earnings per ordinary share (pence)	4.0	1.7
Basic earnings per ordinary share before Adjusting Items (pence)	4.6	4.3
Diluted earnings per ordinary share before Adjusting Items (pence)	4.4	4.2

7 Intangible assets

	Goodwill	Trademark	Technology and development costs	Customer relationships	Software	Total
	£000	£000	£000	£000	£000	£000
Net Book Value at 1 May 2022	6,236	5,401	14,565	7,749	77	34,028
Additions	-	-	6,657	-	8	6,665
Additions from acquisition of subsidiary	135,489	7,686	1,177	33,831	-	178,183
Amortisation charge for the period	-	(709)	(3,431)	(2,348)	(43)	(6,531)
Foreign exchange	130	177	-	241	-	548
NBV at 31 October 2022	141,855	12,555	18,968	39,473	42	212,893
Additions	-	-	6,092	-	192	6,284
Additions from acquisition of subsidiary	1,778	-	-	(1,698)	-	80
Amortisation charge for the period	-	(785)	(4,965)	(3,327)	(104)	(9,181)
Foreign exchange	178	62	-	137	2	379
NBV at 30 April 2023	143,811	11,832	20,095	34,585	132	210,455
Additions	-	-	7,001	-	-	7,001
Amortisation charge for the period	-	(816)	(5,000)	(3,328)	(110)	(9,254)
Foreign exchange	(51)	(69)	-	(61)	(22)	(203)
NBV 31 October 2023	143,760	10,947	22,096	31,196	-	207,999

7 Intangible assets (continued)

(a) Goodwill

Goodwill of £6,493,000 (31 October 2022: £6,366,000) relates to the acquisition of Greetz in 2018, recognised within the Greetz CGU.

Goodwill of £137,267,000 (31 October 2022: £135,489,000) relates to the acquisition of the Experiences segment and is allocated to the Experiences CGU. The movement relates to an additional adjustment upon finalisation of the purchase price allocation, which was completed in the second half of FY23.

The Group performed its annual impairment test at 30 April 2023; the results of this, the sensitivity analysis and narrative disclosure are set out on pages 163-164 of the Group's Annual Report and Accounts for the year ended 30 April 2023.

No impairment to the carrying amount of Experiences goodwill was recorded for the year ended 30 April 2023, reflecting the fact that carrying amount was lower than the recoverable amount. However, in view of the outcome of the sensitivity analysis performed, the Directors did identify the compound annual revenue growth rate as a matter of major source of estimation uncertainty.

For the period ended 31 October 2023, the Group has concluded that there are no indicators of impairment over the carrying amount of the goodwill allocated to the Experiences CGU. However, noting that as at 30 April 2023 the calculation was sensitive to changes in the compound annual revenue growth rate, the Group has included the sensitivity analysis with respect to this assumption within these Condensed Consolidated Interim Financial Statements. The calculation performed as at 30 April 2023 concluded that the headroom would decrease to £2.7m if there was a 15% decrease in forecasted revenue.

The Group considers the recoverability of goodwill on an ongoing basis and will continue to monitor the CGUs for any indicators of impairment in subsequent reporting periods. This disclosure is provided in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with the Group's Annual Report and Accounts for the year ending 30 April 2023.

(b) Trademark

£4,259,000 (31 October 2022: £5,098,000) of the asset balance are trademarks relating to the acquisition of Greetz with finite lives. The remaining useful economic life at 31 October 2023 of the trademarks is 4 years 10 months (31 October 2022: 5 years 10 months).

£6,688,000 (31 October 2022: £7,457,000) of trademark assets relate to the brands valued on the acquisition of the Experiences segment. The remaining useful economic life at 31 October 2023 on these trademarks is 8 years 9 months (31 October 2022: 9 years 9 months).

(c) Technology and development costs

Technology and development costs of £21,431,000 (31 October 2022: £17,909,000) relate to internally developed assets. The costs of these assets include capitalised expenses of employees working full time on software development projects and third-party consulting firms.

Technology and development costs of £665,000 (31 October 2022: £1,059,000) relate to the acquisition of the Experiences segment and are allocated to the Experiences CGU. The remaining useful economic life at 31 October 2023 is 1 year 9 months (31 October 2022: 2 years 9 months.)

(d) Customer relationships

£6,645,000 (31 October 2022: £7,484,000) of the asset balance relates to the valuation of existing customer relationships held by Greetz on acquisition. The remaining useful economic life at 31 October 2023 on these customer relationships is 6 years 10 months (31 October 2022: 7 years 10 months).

£24,551,000 (31 October 2022: £31,989,000) of customer relationship assets relates to those valued on the acquisition of the Experiences segment. The remaining useful economic life at 31 October 2023 on these customer relationships ranges between 5 years 9 months and 2 years 9 months (31 October 2022: 6 years 9 months and 11 months).

(e) Software

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

8 Property, plant and equipment

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Leasehold Improvements £000	Computer equipment £000	Right-of- use assets plant and machinery £000	Right-of- Use assets land and buildings £000	Total £000
NBV at 1 May 2022	1,854	2,574	288	2,070	890	206	13,359	21,241
Additions	-	2,203	5	4,960	406	24	5,333	12,931
Acquired additions	-	-	692	-	143	371	933	2,139
Disposals	-	-	6	(6)	-	-	-	-
Transfers	-	-	(81)	205	(124)	-	-	-
Depreciation charge for the period	(78)	(666)	(147)	(285)	(294)	(185)	(1,602)	(3,257)
Foreign exchange	-	31	-	9	13	5	27	85
NBV at 31 October 2022	1,776	4,142	763	6,953	1,034	421	18,050	33,139
Additions	-	-	263	1,719	181	941	219	3,323
Disposals	-	(57)	-	-	(20)	15	(43)	(105)
Transfers	-	(880)	880	-	-	-	-	-
Depreciation charge for the period	(78)	(313)	(621)	(523)	(337)	(206)	(1,606)	(3,684)
Impairment	-	-	-	-	-	-	(428)	(428)
Foreign exchange	-	12	11	23	7	(3)	16	66
NBV at 30 April 2023	1,698	2,904	1,296	8,172	865	1,168	16,208	32,311
Additions	-	219	10	222	87	-	275	813
Depreciation charge for the period	(78)	(571)	(292)	(548)	(288)	(220)	(1,302)	(3,299)
Foreign exchange	-	(2)	(7)	(16)	(4)	(2)	(25)	(56)
NBV at 31 October 2023	1,620	2,550	1,007	7,830	660	946	15,156	29,769

9 Inventories

	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Raw materials and consumables	1,882	2,434	2,128
Finished goods	10,509	12,318	13,425
Total inventory	12,391	14,752	15,553
Less: Provision for write-off of:			
Raw materials and consumables	(583)	(10)	(153)
Finished goods	(2,860)	(2,141)	(3,067)
Net inventory	8,948	12,601	12,333

The cost of inventories recognised as an expense and included in cost of sales during the period amounted to £20,060,000 (H1 FY23: £21,595,000).

10 Trade and other receivables

	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Current:			
Trade receivables	1,107	1,742	1,901
Less: provision for impairment of receivables	(301)	(408)	(470)
Trade receivables - net	806	1,334	1,431
Other receivables	867	4,354	2,117
Other receivables with entities formerly under common control	181	150	151
Prepayments	4,330	4,235	2,632
Total current trade and other receivables	6,184	10,073	6,331
	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Non-current other receivables			
Other receivables	2,140	2,178	2,153
Total non-current trade and other receivables	2,140	2,178	2,153

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

11 Trade and other payables

	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Current			
Trade payables	14,369	23,150	26,726
Other payables	4,728	418	4,569
Other taxation and social security	9,134	6,325	6,756
Accruals	23,878	19,079	16,272
Merchant accrual	36,818	49,269	55,796
Total current trade and other payables	88,927	98,241	110,119
	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Non-current			
Other payables	-	6,005	3,168
Other taxation and social security	368	688	1,052
Other payables to entities formerly under common control	638	638	638
Total non-current trade and other payables	1,006	7,331	4,858

12 Borrowings

	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Current			
Lease liabilities	3,266	3,087	3,443
Borrowings	85	162	27
Non-current			
Lease liabilities	14,691	16,735	16,082
Borrowings	171,332	229,751	170,493
Total borrowings and lease liabilities	189,374	249,735	190,045

12 Borrowings (continued)

The Group's sources of borrowing for liquidity purposes include its facilities agreement, which was executed on 7 January 2021 and amended on 22 June 2022. This facility comprises a Term Loan of £175,000,000 and RCF of £80,000,000, provided by a syndicate of banks. All facilities provided under this agreement are committed until December 2025. Lease liabilities arising are also reported in borrowings. As at 31 October 2023 the RCF is undrawn (31 October 2022: £60,000,000 drawn down).

Interest on all amounts drawn under the facilities agreement is calculated at a floating reference rate, SONIA, plus a margin.

On 1 August 2022, the Group executed two interest rate derivative agreements, comprising an interest rate swap at a rate of 2.4725% with a floor strike rate of 0% on £90m notional until 1 December 2022 and £55m notional until 30 November 2023 and an interest rate cap with a cap strike rate of 3.0000% on £70m notional until 30 November 2024.

The Group's facilities agreement is subject to a Total Net Debt to last twelve months' pro forma Adjusted EBITDA (stated pro forma to include a full year's profit from acquired businesses) covenant of 3.50x, tested semi-annually, with Total Net Debt and Adjusted EBITDA as defined in the facilities agreement.

Borrowings are repayable as follows:

	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Within one year	85	162	27
Within one and two years	-	-	-
Within two and three years	171,332	-	170,493
Within three and four years	-	229,751	-
Within four and five years	-	-	-
Beyond five years	-	-	-
Total borrowings¹	171,417	229,913	170,520

¹ Total borrowings include £85,000 (H1 FY23: £162,000) in respect of accrued unpaid interest and are shown net of capitalised borrowing costs of £3,668,000 (H1 FY23: £5,249,000).

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	55,121	(1,618)	53,503
Foreign exchange	-	31	31
Interest and other ¹	4,629	6,089	10,718
31 October 2022	229,913	19,822	249,735
Cash flow	(67,265)	(1,886)	(69,151)
Foreign exchange	-	67	67
Interest and other ¹	7,872	1,522	9,394
30 April 2023	170,520	19,525	190,045
Cash flow	(7,737)	(2,211)	(9,948)
Foreign exchange	-	(64)	(64)
Interest and other ¹	8,634	707	9,341
31 October 2023	171,417	17,957	189,374

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

13 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 (as defined in the last Annual Report and Accounts) in relation to legacy compensation agreements for certain employees, senior management and Directors. Such shares have been converted into separate shares in Moonpig Group plc and other companies formerly under common control. These were accounted for in accordance with IFRS 2 and disclosed in the Prospectus, which can be found at www.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.

13 Share-based payments (continued)

Legacy schemes (continued)

In respect of these shares there were non-cash charges of £nil in H1 FY24 (H1 FY23: £1,643,000). 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 will vest on 30 April 2024 and 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. 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.

Pre-IPO awards	Number of shares
Outstanding at the beginning of the period	2,619,716
Granted	-
Exercised	(1,165,744)
Forfeited	(7,143)
Outstanding at the end of the period	1,446,829
Exercisable at the end of the period	-

Long-Term Incentive Plan (“LTIP”)

Awards were granted on 1 February 2021 and will vest on 30 June 2024. Half of the share awards vesting is subject to a relative Total 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, with Executive Directors to 30 April 2026. 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, with the Executive Directors to 4 July 2028. 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

13 Share-based payments (continued)

LTIP awards	Number of shares
Outstanding at the beginning of the period	3,064,998
Granted	6,991,966
Exercised	-
Forfeited	(492,570)
Outstanding at the end of the period	9,564,394
Exercisable at the end of the period	-

Deferred Share Bonus Plan (“DSBP”)

The Group has bonus arrangements in place for Executive Directors and certain key management personnel within the Group whereby a proportion of the annual bonus is subject to deferral over a period of three years with vesting subject to continued service only. 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 419,492 (31 October 2022: 392,289), with an expected vesting profile as follows:

	FY24	FY25	FY26	FY27	Total
Share options granted on 6 August 2021	1,853	88,744	-	-	90,597
Share options granted on 5 July 2022	8,550	-	273,181	-	281,731
Share options granted on 4 July 2023	2,286	-	-	44,878	47,164

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

	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	Number of shares
Outstanding at the beginning of the period	392,289
Granted	47,164
Exercised	-
Forfeited	(19,961)
Outstanding at the end of the period	419,492
Exercisable at the end of the period	-

13 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 August 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	Number of shares
Outstanding at the beginning of the period	783,819
Granted	842,522
Exercised	-
Cancelled	(461,453)
Forfeited	-
Outstanding at the end of the period	1,164,888
Exercisable at the end of the period	-

The fair value of awards under the Pre-IPO and DSBP awards are equal to the share price on the date of award as there is no price to be paid and employees are entitled to dividend equivalents. For awards with a market condition, volatility is calculated over the period commensurate with the remainder of the performance period immediately prior to the date of grant. For all other conditions, volatility is calculated over the period commensurate with the expected term. As the Company had only recently listed, a proxy volatility equal to the median volatility of the FTSE 250 (excluding Investment Trusts) over the respective periods has been used. Consideration has also been made to the trend of volatility to return to its mean, by disregarding extraordinary periods of volatility.

13 Share-based payments (continued)

Share-based payments expenses recognised in the income statement:

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000	Year ended 30 April 2023 £000
Legacy schemes	-	1,643	2,251
Pre-IPO awards	612	1,887	3,168
LTIP	1,517	833	1,876
SAYE	261	258	351
DSBP	186	160	273
Share-based payments expense¹	2,576	4,781	7,919

¹ The £2,576,000 (H1 FY23: £4,781,000) stated above is presented inclusive of employer's national insurance, a net £2,000 credit in the period. This is made up of contributions of £321,000 (H1 FY23: £353,000) offset by a release of £323,000 in relation to the vesting of Tranche 1 of the pre-IPO awards.

14 Share capital and reserves

The Group considers its capital to comprise its ordinary share capital, share premium, merger reserve, retained earnings, share-based payments reserve, hedging reserve and foreign exchange translation reserve. Quantitative detail is shown in the Condensed Consolidated Statement of Changes in Equity. The Directors' objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders 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 31 October 2023 is:

	Number of shares	£000
Allotted, called-up and fully paid ordinary shares of £0.10 each	343,277,365	34,328

As at 31 October 2023, ordinary share capital represents 343,277,365 (31 October 2022: 342,111,621) ordinary shares with a par value of £0.10 (31 October 2022: £0.10). The movement in share capital during the period relates to the issuance of shares upon vesting of the Group's pre-IPO incentive scheme. 1,165,744 shares were issued at nominal value of £0.10, with the issuance being paid up by the Group through distributable reserves, specifically the share-based payment reserve.

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 (31 October 2022: £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, hedging reserve and the foreign currency translation reserve.

Share-based payment reserve

The share-based payment reserve is built up of charges in relation to equity-settled share-based payment arrangements which have been recognised within the Condensed Consolidated Income Statement.

Hedging reserve

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

14 Share capital and 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 period	-	-	2,354	2,354
Cost of hedging reserve	-	-	225	225
Fair value movements on cash flow hedges transferred to profit and loss	-	-	(148)	(148)
Exchange differences on translation of foreign operations	-	(179)	-	(179)
Share-based payment charge (excluding National Insurance)	4,428	-	-	4,428
At 31 October 2022	39,369	(949)	2,431	40,851
Other comprehensive income:				
Foreign currency translation reserve reclassification	-	-	-	-
Cash flow hedges:				
Fair value changes in the period	-	-	(463)	(463)
Cost of hedging reserve	-	-	(99)	(99)
Fair value movements on cash flow hedges transferred to profit and loss	-	-	12	12
Exchange differences on translation of foreign operations	-	21	-	21
Share-based payment charge (excluding National Insurance)	2,842	-	-	2,842
At 30 April 2023	42,211	(928)	1,881	43,164
Other comprehensive income:				
Cash flow hedges:				
Fair value changes in the period	-	-	491	491
Cost of hedging reserve	-	-	17	17
Fair value movements on cash flow hedges transferred to profit and loss	-	-	(1,285)	(1,285)
Exchange differences on translation of foreign operations	-	12	-	12
Share-based payment charge (excluding National Insurance)	2,578	-	-	2,578
Deferred tax on share-based payments	105	-	-	105
Share options exercised	(4,081)	-	-	(4,081)
At 31 October 2023	40,813	(916)	1,104	41,001

15 Financial instruments and related disclosures

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

	Note	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Financial assets				
Financial assets at amortised cost:				
Trade and other receivables ¹	10	3,994	8,017	5,852
Cash		22,443	40,972	22,394
Financial assets measured at fair value				
Financial derivatives ³		1,798	3,253	2,468
		28,235	52,242	30,714
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables ²	11	80,431	98,559	107,169
Lease liabilities	12	17,957	19,822	19,525
Borrowings	12	171,417	229,913	170,520
		269,805	348,294	297,214

1 Excluding prepayments.

2 Excluding other taxation and social security.

3 Financial derivatives include an interest rate cap and swap and a foreign exchange derivative.

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

On 3 May 2023 the Group executed a foreign currency forward contract agreement on a notional amount of EUR10,000,000 for the period until 30 April 2024. The Group does not apply hedge accounting to this derivative, any gains or losses in relation to the fair value of the derivative are recorded in the profit and loss account.

Financial assets and liabilities held at amortised cost are initially recognised at their fair value and then subsequently measured at amortised costs using the effective interest method. The effective interest rate is the rate that discounts the future cash flows expected to be paid over the life of the liability or received over the life of the asset. Any interest expense / income arising on the unwind of the liability is recognised within finance costs.

To the extent that financial instruments are not carried at fair value in the Condensed Consolidated Balance Sheet, the carrying values approximate the fair values at 31 October 2023, 30 April 2023 and 31 October 2022, except for borrowings where the fair value of bank loans is £175,000,000 (FY23: £175,000,000; H1 FY23: £235,000,000). There have been no changes to classifications in the current or prior period.

16 Commitments and contingencies

a) Commitments

The Group entered a financial commitment in respect of floristry supplies of £nil (31 October 2022: £91,000) and rental commitments of £12,000 (31 October 2022: £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 £255,000,000 at 31 October 2023. This includes the Term Loan of £175,000,000 and the RCF of £80,000,000 of which £nil was drawn down at 31 October 2023 (31 October 2022: £60,000,000 drawn down).

17 Related party transactions

Transactions with related parties

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

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Other income from other related parties formerly under common control	664	661

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

	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Trade and other receivables from other related parties formerly under common control	181	150	150
Trade and other payables to other related parties formerly under common control	(638)	(638)	(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.

18 Events after the balance sheet date

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

19 Alternative Performance Measures

Adjusted EBITDA

Adjusted EBITDA is a measure of the Group's operating performance and debt servicing ability. It is calculated as operating profit adding back depreciation and amortisation and Adjusting Items (Note 3 of these Condensed Consolidated Interim Financial Statements).

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

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

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

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Operating profit	27,026	14,943
Depreciation and amortisation	12,553	9,788
Adjusting Items	1,857	9,820
Adjusted EBITDA	41,436	34,551

Adjusted EBIT

Adjusted EBIT is calculated as operating profit before Adjusting Items as follows:

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Operating profit	27,026	14,943
Adjusting items	1,857	9,820
Adjusted EBIT	28,883	24,763

Adjusted PBT

Adjusted PBT is the profit before taxation and before Adjusting Items.

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
PBT	18,895	9,094
Adjusting Items	1,857	9,820
Adjusted PBT	20,752	18,914

Adjusted PAT

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

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
PAT	14,083	5,826
Adjusting Items	1,857	9,820
Tax impact of the above	(312)	(1,018)
Adjusted PAT	15,628	14,628

19 Alternative Performance Measures (continued)

Net debt

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

	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Borrowings	(171,417)	(229,913)	(170,520)
Cash and cash equivalents	22,443	40,972	22,394
Lease liabilities	(17,957)	(19,822)	(19,524)
Net debt	(166,931)	(208,763)	(167,650)

Ratio of net debt to Adjusted EBITDA

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

	At 31 October 2023 £000	At 31 October 2022 £000	At 30 April 2023 £000
Net debt	(166,931)	(208,763)	(167,650)
Pro forma Adjusted EBITDA	91,083	85,142	85,127
Total Net debt to Last Twelve Months' pro forma Adjusted EBITDA	1.83:1	2.45:1	1.97:1

Adjusted Operating Cash Conversion

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

	Six months ended 31 October 2023 £000	Six months ended 31 October 2022 £000
Profit before taxation	18.9	9.1
Add back: Finance costs	8.1	5.8
Add back: Adjusting Items (excluding share-based payments)	1.2	6.3
Add back: Adjusting Items - Share-based payments	0.6	3.5
Add back: Depreciation and amortisation	12.6	9.8
Adjusted EBITDA	41.4	34.6
Less: Capital expenditure (fixed and intangible assets)	(7.8)	(14.2)
Adjust: Impact of share-based payments ¹	2.0	0.9
Add back: Decrease / (Increase) in inventories ²	3.4	(1.1)
Add back: Decrease in trade and other receivables ²	0.2	1.8
Add back: (Decrease) in trade and other payables ²	(24.1)	(20.9)
Operating cash flow³	15.1	1.1
Adjusted Operating Cash Conversion	36%	3%
Add back: Capital expenditure	7.8	14.2
Add back: (Decrease) / increase in debtors and creditors with undertakings formerly under common control	-	0.3
Less: Adjusting items (excluding share-based payments)	(1.2)	(6.3)
Less: Research and development tax credit	(0.4)	(0.3)
Cash generated from underlying operating activities	21.3	9.0
Settlement of M&A related employee bonuses at Experiences³	-	(13.2)
Cash generated from / (used in) operating activities	21.3	(4.2)

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

² Working capital movements for the six months ended 31 October 2022 have been adjusted for the opening balances arising upon acquisition of Experiences.

³ Operating cash flow excludes settlement of legacy incentive obligations in H1 FY23 associated with the acquisition, which were fully provided for in the opening balance sheet.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks and uncertainties identified are detailed below. Additional risks and uncertainties for the Group, including those that are not currently known or are not considered material, may individually or cumulatively also have a material effect on the Group's business, results of operations and/or financial condition.

The Board has approved amendments of the Group's assessment of principal risks since the prior year. The risk in relation to leadership retention has been removed following approval of the 2023 Remuneration Policy at AGM. The risk in relation to input cost inflation has been removed as the Group has not seen significant input cost inflation; the Group continues to monitor this closely. Other risks have been amended as appropriate based on the output of risk management assessment.

Risk	Description	Management and mitigation
<p>1. Technology security and data protection</p>	<p>As a digital platform business, the Group requires its technology infrastructure to operate. Downtime of the Group's systems resulting from a technology security breach would cause an interruption to trading.</p> <p>Either a technology security breach or a failure to appropriately process and control the data that the Group's customers share (whether because of internal failures or a malicious attack by a third party), could result in reputational damage, loss of customers, loss of revenue and financial losses from litigation or regulatory action.</p>	<p>The Group has a disaster recovery and business continuity plan which is regularly reviewed and tested. The Group's platforms are cloud-based, hosted by leading technology firms.</p> <p>The Group's technology security team performs regular security testing of the key platform and applications and reviews internal processes and capabilities. The Group subscribes to bug bounty schemes that reward friendly hackers who uncover security vulnerabilities.</p> <p>Quarterly health checks are performed on critical security tools to ensure they are configured and operating appropriately.</p> <p>The Group works closely with suppliers to ensure that they only receive and store minimum data for the purposes required; security audits are performed to confirm suppliers operate at a high standard to protect and manage data.</p> <p>Annual GDPR training is mandatory for all employees.</p> <p>Since acquisition, significant work has been performed to bring Experiences within the Group's internal control framework, including in respect of technology security and data protection.</p>
<p>2. Consumer demand</p>	<p>The economic downturn has resulted in a more challenging trading environment in the last twelve months. Any further deterioration in the economic environment could impact demand and Group revenue.</p> <p>Whilst the single greeting cards market has been stable across a long-time horizon, it is possible that physical greeting cards could become less culturally relevant in the UK and the Netherlands. There is no evidence of this currently, either for consumers generally or for individual age cohorts.</p>	<p>The UK greeting card market has historically proven recession-resilient, demonstrating consistent growth through the 2008-2009 downturn (Source: OC&C, June 2022).</p> <p>Our approach at Moonpig and Greetz is focused on acquiring loyal customer cohorts that drive recurring revenue, which provides further resilience 91% of revenue at these brands in H1 FY24 was generated from existing customers (H1 FY23: 90%).</p> <p>Our business model is flexible, and we can respond rapidly to cyclical economic changes, for instance with respect to pricing, merchandise range and cost base.</p> <p>We continue to invest in the development of digital gifting solutions and would be able to prioritise this work if we saw indications of changing cultural attitudes to card giving.</p>
<p>3. Strategy</p>	<p>The Group's strategy is focused on investment in technology and data to drive growth across each of our businesses. There is a risk that this strategy does not deliver growth in revenue and profit to the extent expected.</p>	<p>The Group monitors return on investment for all technology development. The product, data and technology functions are managed on an agile basis, facilitating rapid redirection of resource towards those projects that most strongly contribute to revenue growth. Should our strategy not deliver growth in revenue to the extent expected, there is scope to flex investment accordingly.</p>

	<p>Our strategy for Experiences is to transform it from an ecommerce marketing operation into a technology and data-led platform. As with any business acquisition the delivery of plans carries a higher level of execution risk compared to segments that have been operated by the Group for some time.</p>	<p>The Experiences segment has been integrated into the Group's business review framework to ensure regular challenge and discussion of performance. Development work to deliver revenue synergies from the Experiences acquisition is ongoing, Moonpig offers a digital gifting experience on the inside of a card.</p>
<p>4. Changes to the universal postal service</p>	<p>Moonpig and Greetz use regulated monopoly postal services for the final leg of delivery for greeting cards sent by envelope post.</p> <p>Demand for single greeting cards could be impacted by changes to the frequency, reliability or affordability of postal delivery.</p> <p>The UK regulator with responsibility for the universal postal service (Ofcom) has announced its intention to consult on reducing the universal service obligation from six to five days of delivery per week.</p> <p>Royal Mail is consulting on plans to cease mail flights from Jersey and the Isle of Man, with a proposal that any future similar change in relation to Guernsey should not require consultation.</p>	<p>We maintain good relationships with postal service providers and there is regular, senior-level communication. We will engage fully in regulatory consultations.</p> <p>Our strategy is to grow attached gifting, which moves orders from envelope post to parcel courier delivery for which there are multiple providers.</p> <p>At Experiences, a significant proportion of orders are fulfilled digitally rather than physically. We are also innovating solutions for digital delivery at Moonpig and Greetz.</p> <p>Cessation of mail flights from Guernsey would not impact our ability to fulfil Moonpig greeting card orders.</p>
<p>5. Brand strength and reputation</p>	<p>The Group's continued success depends on the strength of its market-leading brands: Moonpig, Greetz, Red Letter Days and Buyagift.</p> <p>Any event that damages the Group's reputation or brands could adversely impact its business, results of operations, financial condition or prospects.</p>	<p>There is high consumer awareness of the Group's brands, which is maintained by ongoing investment in marketing. This is further strengthened by network effects from recipients receiving cards and gifts.</p> <p>Significant ongoing investment in technology, with innovations such as video and audio messages in greeting cards, help to differentiate our brand from its online and offline competitors.</p> <p>Investment in data protection and technology security helps to protect the Group from the adverse impact of a data breach or cyber-attack.</p>
<p>6. Disruption to operations</p>	<p>Any disruption to in-house or third-party facilities within the Group's production and fulfilment network could have an adverse effect on trading.</p> <p>In the UK, there was service disruption at Royal Mail from August to December 2022 due to industrial action. This could recur in future periods.</p> <p>The Group uses select third-party suppliers for certain solutions on its platforms and any disruptions, outages or delays in these would affect the availability of, prevent or inhibit the ability of customers to access or complete purchases on its platforms.</p>	<p>We operate flexible fulfilment technology with application programming interface ("API") based data architecture which allows the addition of third-party suppliers to the production and fulfilment network with relative speed.</p> <p>We continued to adopt a multi-site approach to ensure resilience for our UK and Dutch operations. The Group's new in-house facilities at Almere and Tamworth operate alongside our existing Guernsey site and continued use of outsourced partners. Flowers are fulfilled by a single supplier in both the UK and the Netherlands, however there is partial substitutability of demand between flowers and other gifting product categories.</p> <p>The Group carries out due diligence on all key suppliers at the onset of a relationship. This includes technology and data protection due diligence and checks on financial viability.</p>

Independent review report to Moonpig Group plc
Report on the Condensed Consolidated Interim Financial Statements

Our conclusion

We have reviewed Moonpig Group plc's Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the Half Year Results of Moonpig Group plc for the 6 month period ended 31 October 2023 (the "period").

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

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 31 October 2023;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended; and
- the explanatory notes to the interim financial statements.

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

Basis for conclusion

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

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

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

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results based on our review. Our

conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
4 December 2023