Chief Executive Officer's review

We have a market-leading technology platform driving long-term, sustained growth.

Overview

FY25 marked another year of successful delivery for Moonpig Group, as we reinforced our position as the category-defining platform for greeting cards and gifting. We are the clear market leader in online cards in both the UK and the Netherlands, holding a 70% share of the UK online single cards market and around 65% in the Netherlands through Greetz (source: OC&C, October 2024). These positions reflect the compounding advantages of our platform, built on a powerful combination of brand strength, scale and proprietary data. Our position was further reinforced by extending our strategic asset of occasion reminders to more than 101 million and deepening our powerful network effect through reaching recipients with over 50 million personalised cards and gifts.

We operate in a structurally high-growth and underpenetrated market. The online card market is still in its infancy, with only 6% penetration by volume and 15% by value in the UK. We are driving and capturing this long-term secular shift from offline to online through innovation in technology and data. In FY25, we continued to extend our UK market leadership. At Greetz, the technology platform is increasingly delivering operational and commercial benefits and we exited the year on an encouraging trajectory. Across our markets, our cards-first strategy and innovations in online experience position us to lead and accelerate the ongoing channel shift.

Our platform leverages data, technology and AI to build customer loyalty and grow customer cohort value over time. Nearly nine tenths of Moonpig and Greetz revenue comes from existing customers, with technology playing a central role in driving repeat behaviour. In FY25, we continued to expand the reach and impact of both our reminders ecosystem and the Plus subscription membership programme and launched new AI-powered tools to further differentiate our offering from the offline market. Together, these capabilities have strengthened customer growth and loyalty, which are key contributors to our revenue growth.

We continue to demonstrate the strength of our asset-light, growth-compounding business model, which enables us to scale efficiently while maintaining high margins. Growth is driven by three compounding levers: more active customers, higher purchase frequency, and rising average order value – particularly through gift attachment. Our Adjusted EBITDA margin of 27.6% in FY25 reflects high gross margins and low reliance on paid acquisition. With low inventory, negative working capital and modest capex we are structurally asset light. This model supports disciplined reinvestment in technology, marketing and fulfilment automation, while generating Free Cash Flow of £66.1m in FY25. For the year ahead, we expect this to enable significant capital returns to shareholders whilst maintaining year-end net leverage at approximately 1.0x.

We continued to pursue our strategy of self-funded international expansion in Ireland, Australia and the US with combined revenue from these markets growing by 36.1% to £11.8m. Each market follows a structured path from discovery to product-market fit and, if successful, ultimately to profitable growth. Ireland has reached profitability in its second full financial year of operation and, while still small, continues to grow steadily – validating our phased approach. In Australia and the US, which are at an earlier stage of development, we are applying Group capabilities while localising when essential. Our small, agile teams in both markets are focused on rapid iteration, testing and optimisation, aiming to establish sustainable and profitable unit economics over time. Early signs are encouraging and support our long-term conviction in the opportunity that these markets represent.

We enter FY26 with strong operational momentum and a clear focus on strategic priorities. At Moonpig and Greetz we will continue to scale the active customer base, to drive frequency by leveraging reminders, Plus subscriptions and innovative technology features, and to build on recent strong momentum in gift attach rate. The Experiences segment continues to face a challenging market environment, with a proposition more exposed to cyclical pressures than the rest of the Group. The transformation of Experiences will continue, with encouraging progress underway in expanding the product proposition and enhancing the customer experience. Our platform, underpinned by resilient customer behaviour, leading technology and disciplined execution, positions us to continue delivering sustained growth and shareholder value.

Leveraging data and technology

We harness technology and data to drive growth in two principal ways. First, we continuously improve our user experience through high-frequency experimentation. Each month, we run numerous controlled tests, presenting feature variants to segmented customer groups. These experiments measure impact on KPIs such as conversion and order value, with successful variants deployed and used to guide future prioritisation. Second, we apply AI to our proprietary customer data to deliver a more personalised journey. By combining this data with advanced algorithms, we tailor the experience so customers are more likely to find the perfect card and gift every time, driving improvements in order frequency and average order value over time.

Moonpig and Greetz have shared a unified website platform since late 2022. In FY25, we extended this integration by migrating Greetz to the same CRM system as Moonpig, providing our marketing team with a common platform for email and app notifications so they can more easily share best practices. We also moved Greetz onto the same payment platform as Moonpig enabling automatic subscription billing renewals for Greetz Plus. The two brands now share common technology across all areas outside fulfilment, with new features available for deployment in both the UK and the Netherlands. At the same time, we are increasingly tailoring aspects of the user experience to local market needs – for example, Greetz now features a redesigned delivery scheduler that accounts for Dutch customers' greater price sensitivity, in contrast to UK customers' stronger preference for speed of delivery.

We have focused on leveraging AI at every possible touchpoint to deliver the most personalised shopping experience for our customers. We now use the latest AI models to tag our cards, to better understand customer search queries, to scan the image of each card and to analyse customer sentiment by scanning the message in each card. Together, these deliver a self-improving experience where our customers are finding and creating more relevant and meaningful products with less effort than ever before.

We continued to launch innovative creative tools that set our proposition apart and encourage repeat use. In December, we launched "Your Personal Handwriting", enabling customers to upload and apply their handwriting as a custom font, while in February we introduced AI stickers, allowing users to generate bespoke images via natural language prompts – with over 4 million created to date. These features build on a creative suite that also includes audio and video messages, flexible photo layouts and digital gifts.

To streamline the login experience, we introduced social login using Apple and Google credentials, alongside account linking to provide existing customers who use social login with seamless access to their reminders. The "Magic Link" feature now allows automatic login from reminder emails, while password resets have been replaced by one-time login codes for ease of access.

We have also maintained a strong focus on customer satisfaction, enhancing both the delivery and service experience. This includes upgrades to the delivery scheduler interface, technology enablement for Moonpig Guaranteed Delivery, and the launch of tracked card delivery in Ireland. Additionally, we have expanded the use of AI-powered chatbots to handle a greater share of customer service queries, enabling efficient, high-satisfaction self-service.

Chief Executive Officer's review continued

At Experiences, the completion of re-platforming has enabled the development of a range of customer-facing features, with a focus on driving commercial performance through enhanced product discovery and easier location-based shopping:

- Site-wide navigation across Red Letter Days and Buyagift, alongside upgraded mobile filters, to improve usability and help customers find products more easily.
- Gift Finder tool, integrated into the homepage and navigation, to enable customers to narrow choices by location and category before viewing tailored experience listings.
- Redesigned product details page layout to reinforce trust by clearly presenting key highlights, voucher inclusions, and unique selling points such as "Fully Flexible", "Easy Extensions", and "Instant Delivery".
- Next Best Action feature to surface personalised product recommendations after each detail page visit, increasing relevance and upsell potential.
- Location-based shopping innovations to offer improved filters, interactive maps for multi-choice vouchers and custom landing pages for top-searched destinations.
- Occasion-specific UX for events like Father's Day to adapt homepage, landing and listing pages and maximise relevance and conversion during peak periods.

Building our brands

The strength of our brands is most clearly demonstrated by our ability to continuously acquire customers profitably and to keep them coming back year after year. We have made significant progress here in FY25, with the total active customer base at Moonpig and Greetz increasing by 4.3% to 12.0 million as at 30 April 2025 (30 April 2024: 11.5 million). This performance reflects the strength of our well-optimised marketing platform, which consistently delivers customer acquisition at scale within our 12-month payback threshold. It was further enhanced by technology developments such as social login, which improved the conversion of visitors into new customers. Moonpig saw consistently strong acquisition throughout the year, with Greetz new customers returning to year-on-year growth in H2 FY25.

Headline frequency remained unchanged year-on-year at 2.94 orders per active customer. This reflects the mix impact of strong new customer acquisition, as year one cohorts have lower frequency than our overall customer base. Frequency among established Moonpig customers was underpinned by continued development of our frequency levers:

- Our reminders ecosystem continues to scale, with our database of occasion reminders increasing to 101 million at 30 April 2025 (FY24: 90 million). Nearly 40% of Moonpig orders are placed within seven days of a customer receiving the relevant occasion reminder, underlining the importance of this proprietary channel in driving both frequency and retention.
- Subscriptions to Moonpig Plus and Greetz Plus grew to a combined 920,000 (April 2024: 540,000), with members' purchase frequency uplifted by more than 20% when they subscribe. These members are our most engaged customers, setting 2.5 times more occasion reminders than non-members who are active customers and they also exhibit materially higher gift attachment rates and app usage.
- We continued to drive customer usage of innovative creative features that differentiate our greeting card proposition and drive frequency. Total usage of card creative features rose to 15 million in FY25, up from 10 million in the prior year.

Reliable delivery is central to how our brand is perceived and we are evolving our delivery proposition at pace. In FY24, we introduced an affordable tracked next-day delivery service for cards at seasonal peak events. We have since built on this to launch Moonpig Guaranteed Delivery as an always-on option allowing customers to select a guaranteed delivery date at checkout. Adoption has been strong with the service accounting for over one third of card-only orders by April 2025.

We are also building brand awareness in new markets as the foundation for long-term growth. We continue to operate New Markets as a single profit pool, reinvesting profit growth to support scalable customer acquisition. Total revenue across these markets grew to £11.8m in FY25 (FY24: £8.7m), led by Australia (£4.9m) and Ireland (£4.8m). In FY26, we plan to prioritise Australia for incremental investment, aiming to reach healthy payback metrics in this key market.

Evolving our range

One of our three growth levers is increasing average order value, with the primary driver being growth in gift attach rate. We pursue this in three ways: improving the user experience, enhancing our recommendation algorithms and expanding our gifting range. A key element of the third pillar is partnering with trusted consumer brands.

Trusted brands give customers confidence in the quality and appeal of our gifts. In FY25, we introduced new collaborations with Hotel Chocolat in premium chocolate, Next in beauty and homeware and The Fragrance Store in perfume. We also partnered with The Entertainer and Early Learning Centre to manage our entire children's toy proposition on a consignment basis, eliminating inventory risk. These partners contribute deep category merchandising expertise, enrich our curated range and lend their brand equity to our platform. Their introduction supported robust gift attach rate growth during the second half of the year. Looking ahead, we are actively engaging with several additional high-profile trusted brands, with further launches planned for FY26.

In New Markets, our objective is to increase customer lifetime value to support future scaling of marketing, and gifting range expansion is a key element of this. In Ireland, three years post-launch, we now offer over 160 gifts to support double-digit percentage attach rates and higher repeat purchase; we broadened our local range during the year with the launch of balloons. In Australia, we expanded during FY25 into new categories including chocolate and hampers. In the United States, we have launched an initial range of gifts including digital retail gift cards and personalised mugs. Alongside this, we have expanded our fulfilment infrastructure in both Australia and the US through new partnerships with third-party fulfilment centres in Sydney and Las Vegas.

Our global design platform is the driving force behind our card offering, a marketplace that connects us with designers worldwide. During FY25 we onboarded a range of cards from Scribbler and expanded our selection of cards for secondary card-giving occasions to support new customer acquisition campaigns. We also broadened our range of card designs for recipients outside the household to facilitate growth in direct-to-recipient deliveries which have a higher propensity for gift attachment. At Greetz, we strengthened our portfolio by licensing over 60 global and Dutch brands.

Control of in-house fulfilment has enabled investment to drive efficiency improvements. In September 2024, we insourced UK balloon fulfilment to improve gross margin. For FY26, we are investing in automated parcel sortation, which is an enabler for broadening our range of gift delivery options, together with specialist printers that will enable the insourcing of giant card fabrication.

At Experiences, we have maintained our focus on refreshing and expanding the proposition, with a strong pipeline and an expected acceleration in the rate of new product launches during H1 FY26. Expansion is concentrated on branded partners and categories with clear consumer demand. We have launched new live and immersive experiences including The Traitors Live Experience, Squid Game, The FRIENDS Experience, and Elvis Evolution. In subscription gifting, we have added brands such as Gousto and Glossybox, with further launches imminent across categories including wine, magazines and flowers. We are also growing our range of social and competitive experiences through partnerships such as Monopoly Lifesized. In pubs, bars and casual dining, we have added well-known brands including Slug & Lettuce and BrewDog.

Maintaining high ethical, environmental and sustainability standards

In FY25, we sharpened our focus by developing a revised sustainability strategy, shaped by our double materiality assessment of sustainability risk. The strategy defines four goals across three areas of maximum impact:

- Climate change – direct emissions: We have maintained our target to reduce absolute Scope 1 and 2 emissions by at least 50% by 2030 (a target that has been validated by the SBTi) and reduce operational emissions by at least 90% by 2050, with the remaining residual emissions to be offset.
- Climate change – value chain emissions: We have retained our existing goal to secure commitments from suppliers to adopt SBTi-aligned net zero targets covering 67% of our Scope 3 emissions by 30 April 2030 and reduce Scope 3 emissions intensity by 97% by 2050.
- Waste and circularity: We have set a goal to reduce overall waste and packaging generation in alignment with EPR guidance by improving the efficiency of material use and ensuring responsible end-of-life management. Work is ongoing with suppliers to collate data so that we can set a FY25 baseline for tracking this goal.
- Technology security and data privacy: We have set a goal to implement an information security management system that aligns with the NIST Cybersecurity Framework by 2030.

During the year, we increased the proportion of Scope 3 emissions covered by SBTi-aligned net zero supplier commitments to 28.8%, up year-on-year from 19.3% the previous year. We also reduced absolute location-based Scope 3 emissions by 5.0% year-on-year.

We eliminated single-use plastics from shipping packaging in our Dutch operations during FY25, having previously delivered the same in the UK. To maintain our "forest positive" stance, we funded the planting of 113 hectares or 151,000 trees, helping to restore biodiversity and sequester carbon. We also implemented a new UK warehouse management system which we expect to assist in packaging waste reduction in FY26.

The adoption of a formal goal for data and technology security was timely, given recent cyber-attacks targeting high-profile UK consumer businesses. In response, we have reviewed our internal processes and controls to ensure they remain resilient. We have invested significantly in technology security across many years and intend to maintain a robust security posture.

Nickyl Raithatha
Chief Executive Officer
25 June 2025