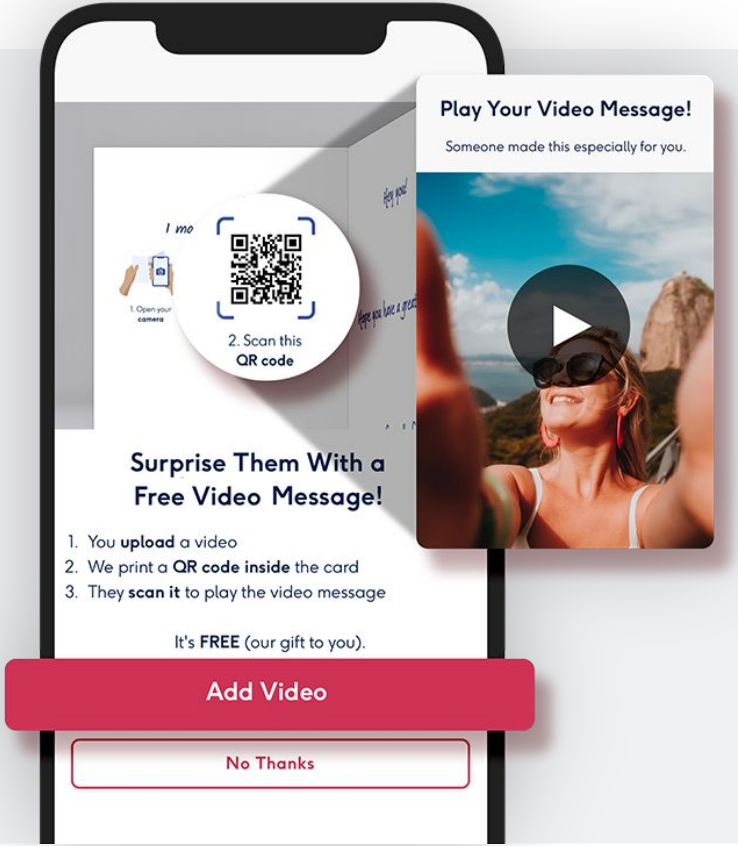
moonpig group plc

Full Year Results Presentation

Year ended
30 April 2023

29 June 2023



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Agenda

1. Overview – Nickyl Raithatha
2. Financial performance – Andy MacKinnon
3. Strategic update – Nickyl Raithatha

Resilient financial performance and strong cash generation

Resilience and high profitability	Strong cash generation and deleveraging
Revenue £320.1m, +5.2% YoY	**Operating cash flow**[1] £56.2m annual operating cash flow
Gross margin rate 56.1% +680bps YoY	**Pro forma net leverage** 1.97x April 2023[2] 2.45x October 2022[2]
Adjusted EBITDA[1] £84.2m, +12.4% YoY 26.3% adjusted margin	**Liquidity headroom** £102.4m[3]

1. Adjusted EBITDA and operating cash flow are Alternative Performance Measures. Refer to the details set out in the full year results announcement.
2. Net debt to pro forma Adjusted EBITDA was 1.97x at 30 April 2023, a reduction from 2.45x at 31 October 2022. Year on year increase from 1.12x in April 2022 reflective of Experiences acquisition.
3. Liquidity headroom comprised of £22.4m gross cash and £80.0m of unutilised committed senior facilities.

Focus on innovation and technology-driven growth

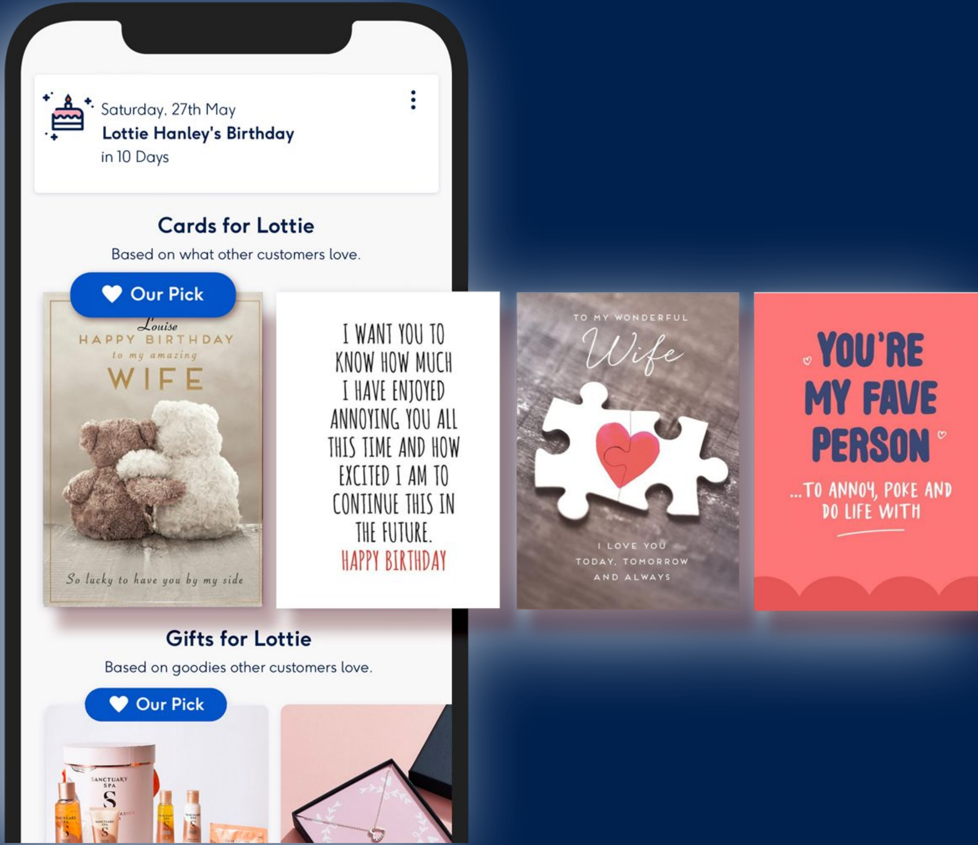
- **Continued investment** in our strategic pillars:
  - Moonpig and Greetz **unified technology platform**
  - New **in-house operational facilities** in the UK and NL
- Shift from replatforming **to a focus on innovation and growth** at Moonpig and Greetz
- **Acquisition of Experiences** (Red Letter Days and Buyagift)
  - **Rapid strategic progress**, with first stages of **technology re-platforming** expected to launch in H1 FY24
- Expect **FY24 revenue growth at a mid to high single digit percentage rate** with Adjusted EBITDA margin resilient

Adjusted EBITDA margin is an Alternative Performance Measure. It is calculated as profit before tax adding back interest, depreciation and amortisation and adjusting items divided by revenue. Refer to the details set out in the Results Announcement for the year ended 30 April 2023, issued on 29 June 2023.

Financial performance

Andy MacKinnon

Chief Financial Officer



Solid financial delivery in challenging conditions, reflecting the resilience and flexibility of our model

Solid revenue performance

£320.1m
Revenue

+5.2%
Year-on-year growth

Adjusted EBITDA In line with our expectations

£84.2m
Adjusted EBITDA

26.3%
Adjusted EBITDA margin[1]

+12.4%
Year-on-year

Rapid deleveraging and significant liquidity headroom

1.97x
Net leverage[1,2]

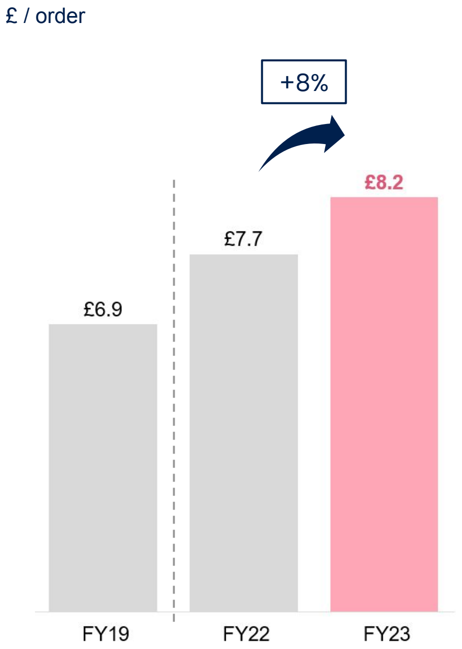
£167.7m
Net debt[1]

£102.4m
Liquidity headroom

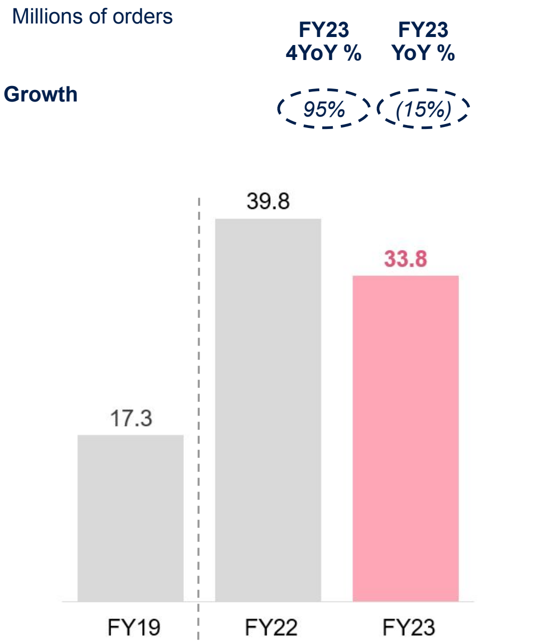
1. Adjusted EBITDA, net debt and net leverage are Alternative Performance Measures. Refer to the details set out in the full year results announcement for the year ended 30 April 2023.
2. Net leverage is defined as the ratio of net debt to last twelve months Adjusted EBITDA (stated pro forma to include a full year of Experiences Adjusted EBITDA). Refer to the details set out in the full year results announcement for the year ended 30 April 2023.

Strong AOV growth at Moonpig and Greetz, driven by cards

Moonpig and Greetz Average Order Value



Moonpig and Greetz Total Orders

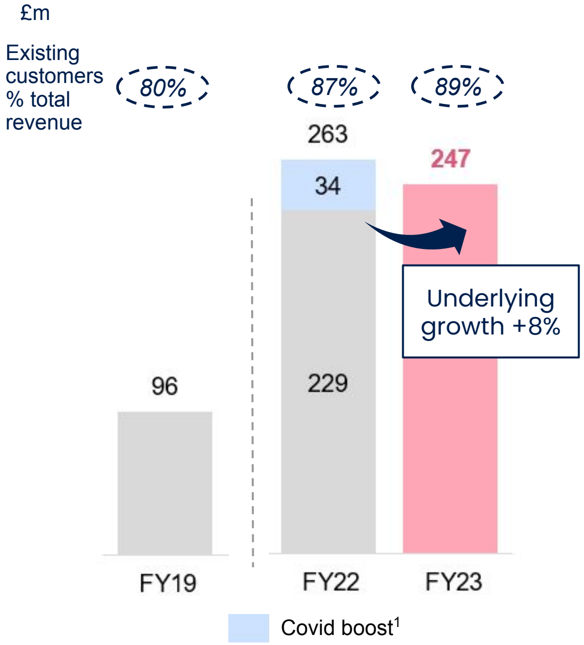


- AOV grew by 8% year-on-year:
  - Card price changes
  - More targeted use of promotional discounts
  - **Upsell**, e.g. gift bundling
  - Offset in part by **lower average prices for gifting**
- Total orders decreased by 15% year-on-year, primarily reflecting the impact on prior year from lockdown:
  - **Prior year Covid boost**[1] (13%pts)
  - **Challenging economic environment** from October 2022 onwards
  - Some impact from **industrial action at Royal Mail**

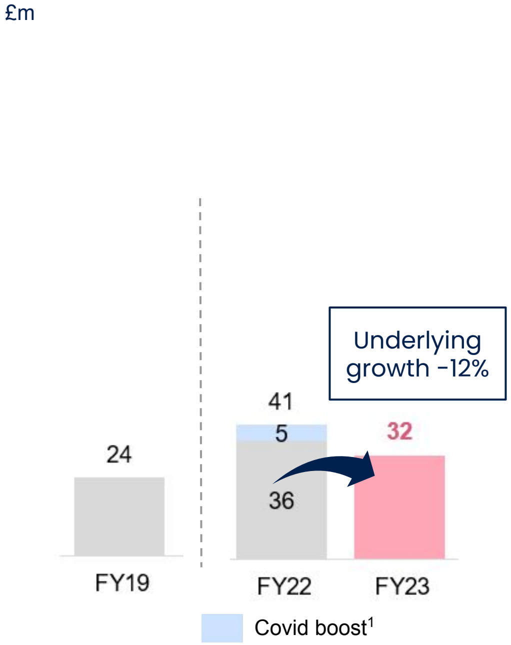
1. The covid boost to revenue in FY22 related to order frequency. Quantification of Covid boost is a management belief statement.

Underlying growth of +8% in revenue from the existing customer base at Moonpig and Greetz

Moonpig and Greetz
Revenue from Existing Customers



Moonpig and Greetz
Revenue from New Customers



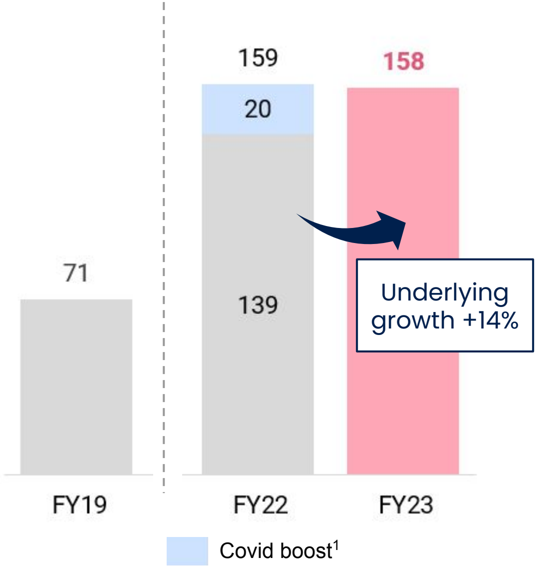
- **Existing customers represented 89% of total revenue** at Moonpig and Greetz
- Our medium term revenue growth target is **underpinned by revenue from a large and loyal existing customer base**
- **New customer revenue was 33% ahead of pre-pandemic levels** achieved through continued, disciplined marketing activity
- **Continued investment in our brands**, with a stronger focus of activity around peak trading periods

1. Revenue in FY22 comprised £265m underlying and £39m Covid boost reflecting temporary elevation in customer purchase frequency (refer to Trading Update announcement dated 5 April 2022). Underlying revenue and covid boost are management belief statements.

FY23 revenue reflects the resilience of our cards-first business model

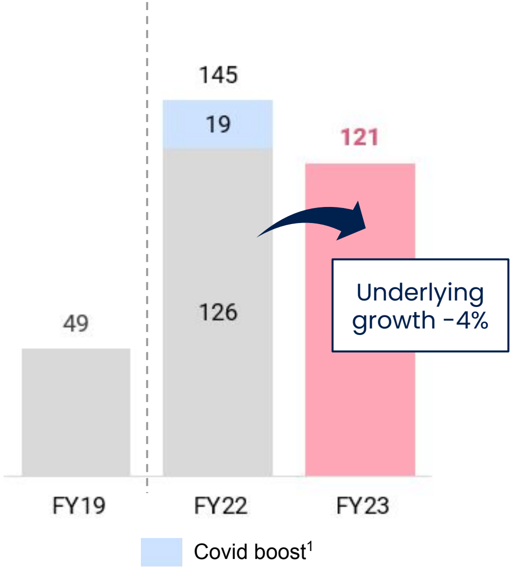
Cards revenue growing on an underlying basis driven by AOV

Moonpig and Greetz - Cards revenue
£m



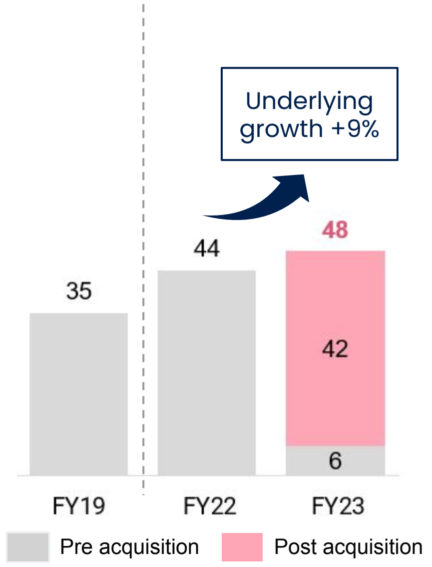
Gifting at Moonpig and Greetz impacted by trading down to lower price points

Moonpig and Greetz - Gifting revenue
£m



Experiences grew, with the rate of growth slowing to 4% YoY in H2

Experiences revenue
£m



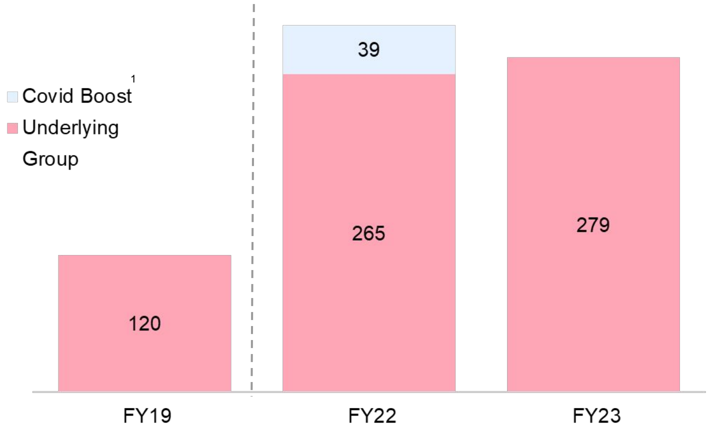
1. Revenue in FY22 comprised £265m underlying and £39m Covid boost reflecting temporary elevation in customer purchase frequency (refer to Trading Update announcement dated 5 April 2022). Full year underlying revenue in Moonpig and Greetz for FY23 was £279m. Underlying revenue and covid boost are management belief statements.

Underlying revenue growth at Moonpig and Greetz of +5% year-on-year

Moonpig & Greetz Revenue

£m

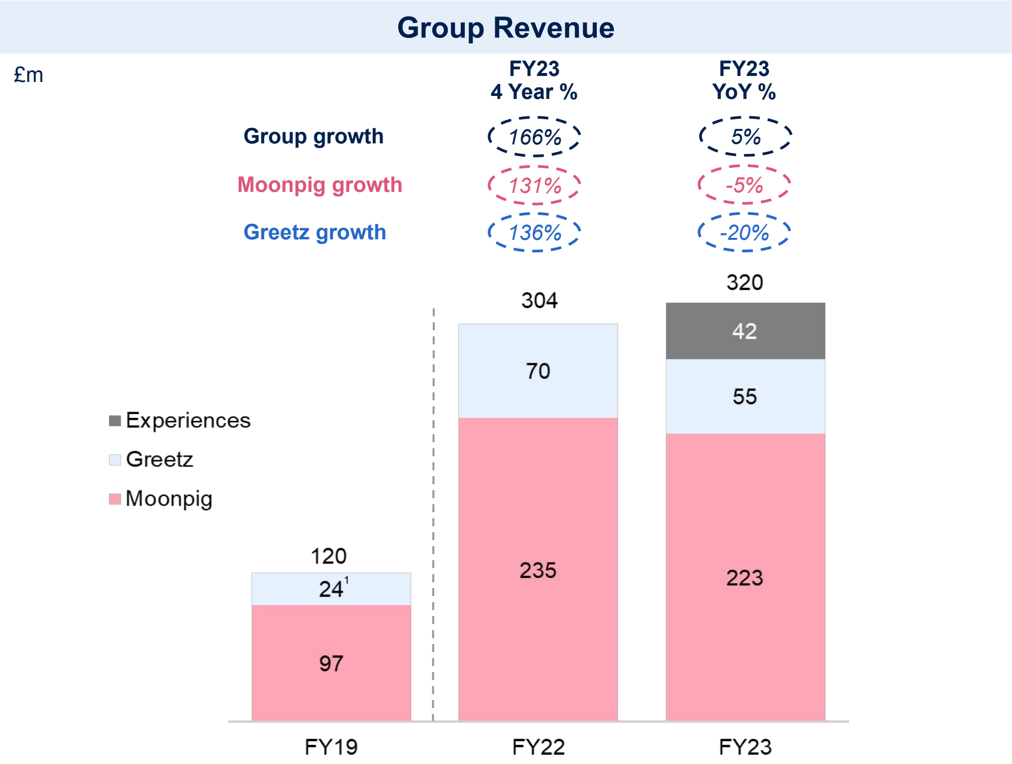
	FY23 4 Year %	FY23 YoY %
Growth - reported	132%	(8.5)%
Growth - excl Covid Boost	132%	5.1%



- **Underlying revenue growth at Moonpig and Greetz**, after adjusting for prior year Covid boost impact
- Greatest **resilience in cards and existing customers**, reflecting
  - Investment in **technology and data** across multiple years
  - **Loyalty of card-first customer cohorts**
  - **Resilience to recession** of the single greeting card market

1. Revenue in FY22 comprised £265m underlying and £39m Covid boost reflecting temporary elevation in customer purchase frequency. Underlying revenue and covid boost are management belief statements.

Group revenue including Experiences increased by +5% to £320m



- Revenue **stronger at Moonpig than at Greetz**:
  - **More severe lockdown restrictions in the Netherlands** in Winter FY22
  - **Sustained technology investment at Moonpig** across the last four years. Greetz has now been migrated to our unified technology platform
- Revenue growth at **Experiences and Greetz was softer in H2** than H1 reflecting the economic downturn

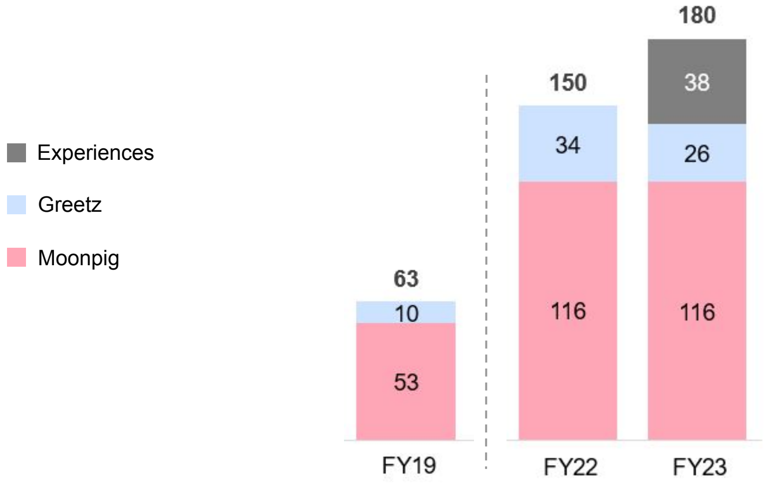
1. Greetz was acquired in August 2018 and is included from acquisition. Pro-forma Greetz revenue for the full FY19 was £35m and therefore 4 year growth % like for like increase would be 60% for Greetz.

Increased gross margin rate reflects improvements at Moonpig and the acquisition of Experiences

Moonpig Group Gross Profit

£m, % of total revenue

	FY19	FY22	FY23
Group gross margin	52.6%	49.3%	56.1%
Moonpig gross margin	55.2%	49.5%	51.8%
Greetz gross margin	42.0%	48.9%	46.8%
Experiences gross margin[1]			92.0%



- **Gross margin rate improvements** at Moonpig:
  - Commercial negotiations to **strengthen intake margin**
  - **Card pricing** changes
  - Insourced gift fulfillment to our **Tamworth** facility from November 2022
  - Technology-powered **personalisation of promotions**
- **Greetz gross margin normalised** following a period of low promotional intensity in FY22
- The high Experiences gross margin rate reflects its agency commission business model[1]
- Across the Group, we continue to see **no significant impact from input cost inflation** on gross margin rate

1. At Experiences, the cost of goods sold primarily comprises packaging and delivery costs for instances where the customer chooses to have a physical gift box delivered, rather than selecting digital fulfilment.

Delivered Adjusted EBITDA of £84.2m and Adjusted EBITDA margin rate of 26.3%

Moonpig Group Adjusted EBITDA

£m, % of total revenue

	FY19	FY22	FY23
Group margin rate	18.9%	24.6%	26.3%
Moonpig margin rate	23.2%	25.2%	26.8%
Greetz margin rate	1.5%	22.7%	20.3%
Experiences margin rate			31.4%

- Total Adjusted EBITDA **increased by 12.4% year-on-year**
- Moonpig Adjusted EBITDA Margin rate reflects the flexibility inherent in our business model:
  - Ability to **shift emphasis between categories** and events
  - **Ability to change the gifting range** and mix at short notice
  - Dynamic approach to **pricing**
  - Flexible **cost base**
- The movement in Adjusted EBITDA Margin rate at Greetz reflects lower gross margin rate and operating leverage impact of lower sales post-Covid
- Experiences Adjusted EBITDA margin rate **in line with expectations**

Note: Adjusted EBITDA is an Alternative Performance Measure. It is calculated as profit before tax, interest, depreciation, amortisation and adjusting items. Refer to the details set out in the full year results Announcement for the year ended 30 April 2023, issued on 29 June 2023.

Delivered Adjusted PBT of £48.0m notwithstanding the challenging economic context and higher interest rate environment

Adjusted EBITDA to Adjusted PBT

£m	FY23	FY22	YoY
Adjusted EBITDA[1]	**84.2**	**74.9**	**9.3**
Amortisation - PPA[2]	**(7.5)**	(4.2)	(3.3)
Amortisation - Internally Generated Assets	**(8.2)**	(5.5)	(2.7)
Depreciation	**(6.9)**	(4.7)	(2.2)
Interest	**(13.6)**	(9.0)	(4.6)
Adjusted PBT[1]	**48.0**	**51.5**	**(3.5)**
Adjusted Basic EPS[1] (pence)	***11.1p***	***12.3p***	***(1.2p)***

- Higher amortisation on acquired intangibles (not excluded from Adjusted EBITDA) reflecting the **acquisition of the Experiences business**
- An increase in the other amortisation charge due to the decision taken last financial year to **expand the size of the technology team**
- An increase in the depreciation charge due to expenditure incurred on fitting out **new operational facilities**
- Higher finance costs:
  - **Debt financing** for the acquisition of Experiences
  - Higher **interest rates**
  - **Interest rate hedging** fees

1. Adjusted EBITDA, Adjusted PBT and Adjusted Basic EPS are Alternative Performance Measures. Refer to the details set out in the full year results Announcement for the year ended 30 April 2023, issued on 29 June 2023 and the reconciliation to IFRS measured in the appendix to this presentation.
2. PPA {Purchase Price Allocation) amortisation relates to intangible assets arising on business combination.

Strong operating cash conversion of 111% in H2 FY23

Adjusted EBITDA to Operating Cash Conversion

£m	FY23	FY22	H2 FY23	H2 FY22
Adjusted EBITDA[1]	**84.2**	**74.9**	**49.6**	**39.9**
Intangible capital expenditure	**(12.9)**	(8.3)	(6.3)	(4.6)
Tangible capital expenditure	**(9.7)**	(1.4)	(2.1)	(1.0)
Add back: Impact of Share-based payments	**1.9**	0.7	1.0	0.7
(Increase) / decrease in inventories	**(0.8)**	4.8	0.3	1.9
Increase / (decrease) in receivables	**5.3**	(0.3)	3.5	(1.7)
Increase / (decrease) in payables[2]	**(11.8)**	(10.8)	9.1	11.0
Operating Cash Flow[2]	**56.2**	**59.6**	**55.1**	**46.2**
Operating Cash Conversion[3]	**67%**	**80%**	**111%**	**116%**

- Full year **Operating Cash Flow of £56.2m**
- **Strong operating cash flow of 111% in H2 FY23:**
  - **Seasonal weighting towards the second half** of each year
  - Operating cash conversion in H1 FY23 was below trend due to **one-off tangible capex on new operational facilities**
- We **expect higher operating cash conversion in future years**, reflecting lower tangible capex

1. Adjusted EBITDA is an Alternative Performance Measure. It is calculated as profit before tax, interest, depreciation, amortisation and adjusting items. Refer to the details set out in the full year results Announcement for the year ended 30 April 2023, issued on 29 June 2023.
2. Operating cash flow excludes the settlement of legacy incentive obligations of £13.5m to Experiences management on behalf of the vendor. Refer to the full year results announcement for further details.
3. Operating Cash Conversion = Operating Cash Flow / Adjusted EBITDA.

Significant balance sheet liquidity with continued rapid deleveraging

Net Leverage

£m	April 2023	Oct 2022
Senior borrowings[1]	(170.5)	(229.9)
Gross cash	22.4	41.0
Senior debt less gross cash	**(148.1)**	**(188.9)**
Lease liabilities (IFRS 16)	(19.5)	(19.8)
Net debt	**167.7**	**208.8**
LTM Adjusted EBITDA[2]	84.2	74.4
Pro forma LTM Adjusted EBITDA[2,3]	85.1	85.1
Net debt to LTM Adjusted EBITDA[2]	**1.99x**	**2.80x**
Net debt to pro forma LTM Adjusted EBITDA[2,3]	**1.97x**	**2.45x**

- **Net debt to pro forma Adjusted EBITDA was 1.97x** at 30 April 2023, in line with expectations. We expect continued deleveraging in FY24
- **Capital allocation priorities remain unchanged.** Our short-term priority is continued deleveraging
- Senior facilities of £255m **committed until December 2025**[1]
- **Significant liquidity headroom** of £102.4m[4] at 30 April 2023
- **Significant covenant headroom.** Net debt to Adjusted EBITDA covenant threshold of 4.0x at 30 April 2023 and 3.50x thereafter, tested half-yearly
- **Floating rate interest hedged** until 30 November 2024 for broadly three quarters of current expected senior debt (net of cash)

1. Senior borrowings are stated net of unamortised fees. The senior facilities agreement runs until 8 January 2026, with the facilities committed until 8 December 2025.
2. Adjusted EBITDA is an Alternative Performance Measure, defined as profit before tax, interest, depreciation, amortisation and adjusting items. Net debt is an Alternative Performance Measure, defined as total borrowings less cash and cash equivalents. Refer to the details set out in the full year results announcement for the year ended 30 April 2023.
3. For the purposes of calculating leverage, Adjusted EBITDA is stated pro forma to include twelve months of Experiences segment Adjusted EBITDA, including Adjusted EBITDA arising prior to consolidation.
4. Liquidity headroom comprised of £22.4m gross cash and £80.0m of unutilised committed senior facilities.

Current trading and FY24 guidance

FY24 guidance

- Trading since the start of the year has been in line with our expectations.
- In the context of the current macroeconomic environment, we expect pro forma revenue to grow at a low single digit percentage rate in the first half of FY24, underpinned by the Moonpig brand, which has been in growth since March.
- For the full financial year, we expect consolidated revenue growth at a mid to high single digit percentage rate, with all of our brands returning to growth in the second half.
- Adjusted EBITDA margin is expected to remain resilient.

Strategic Update

Nickyl Raithatha
Chief Executive Officer

The environment remains challenging, however we have clear resilience

Clear online leaders in core, stable markets	**Card-first strategy which leverages the counter-cyclicality of the cards market**	Across Moonpig and Greetz, more than 19 out of every 20 orders contain a greeting card
	Clear online market leadership in cards for each of our core markets	Online card market share of 70% in the UK[2] and 67% in the Netherlands[2]
Data driven customer retention flywheel	**High retention, with over two decades of loyal customer cohorts[1]**	89% of Moonpig and Greetz revenue derived from existing customers; 84m reminders set[3]
	Customer loyalty supported by proprietary data and evolution of product	Implemented data driven gift bundling and cross-sell at basket stage to drive gift attachment
Profitable and cash generative business model	**No significant impact of cost inflation on gross margin rate**	Consolidated gross margin rate raised to 56.1%, representing a year-on-year increase of 680 basis pts
	Strong operating cash flow to drive further deleveraging	Net leverage: 1.97x April 2023[4] (2.45x October 2022)

1. Moonpig and Greetz.
2. OC&C estimates.
3. Moonpig and Greetz only April 2023.
4. Net debt to pro forma LTM Adjusted EBITDA was 1.97x at 30 April 2023, a reduction from 2.45x at 31 October 2022. Year on year increase from 1.12x in April 2022 reflective of Experiences acquisition.

Our resilient, flexible model has enabled us to maintain profitability

Ability to shift emphasis between categories and events

- Short term prioritisation of resources towards higher-margin cards
- Focusing of marketing investment ahead of peak trading events

Ability to change the gifting range and mix at short notice

- Strengthened our range of gifts at price points £15 and below
- Launched letterbox gifts at Greetz, added new designs to Moonpig’s balloon and personalised mug ranges

Dynamic approach to pricing

- Card pricing optimisation
- Personalised promotions engine targeted discounts more precisely

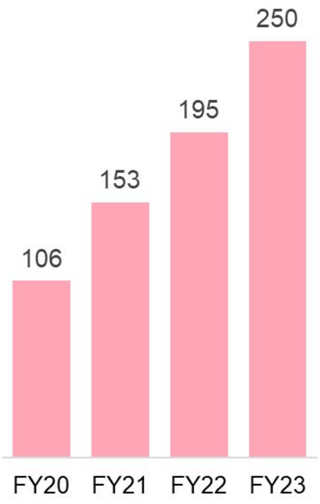
Flexible cost base

- Flexed marketing activity to maintain payback thresholds
- Disciplined approach to indirect cost management

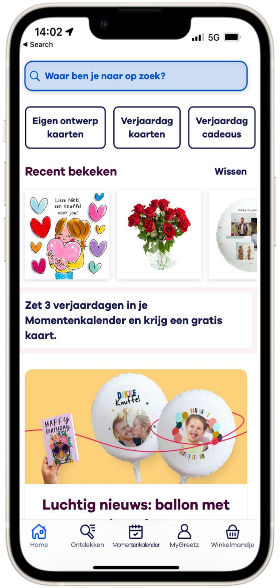
A milestone year of delivery, completing the foundations for growth

Technology team scaled to 250 FTEs and refocused towards growth initiatives

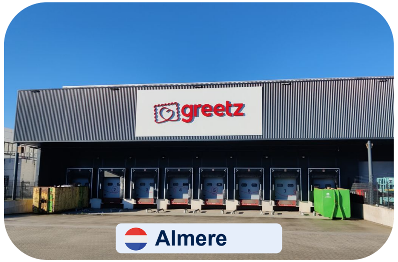
Technology staff employed[1]
at end of financial year



Completed the migration to a unified technology platform



Opened two new, major operational facilities



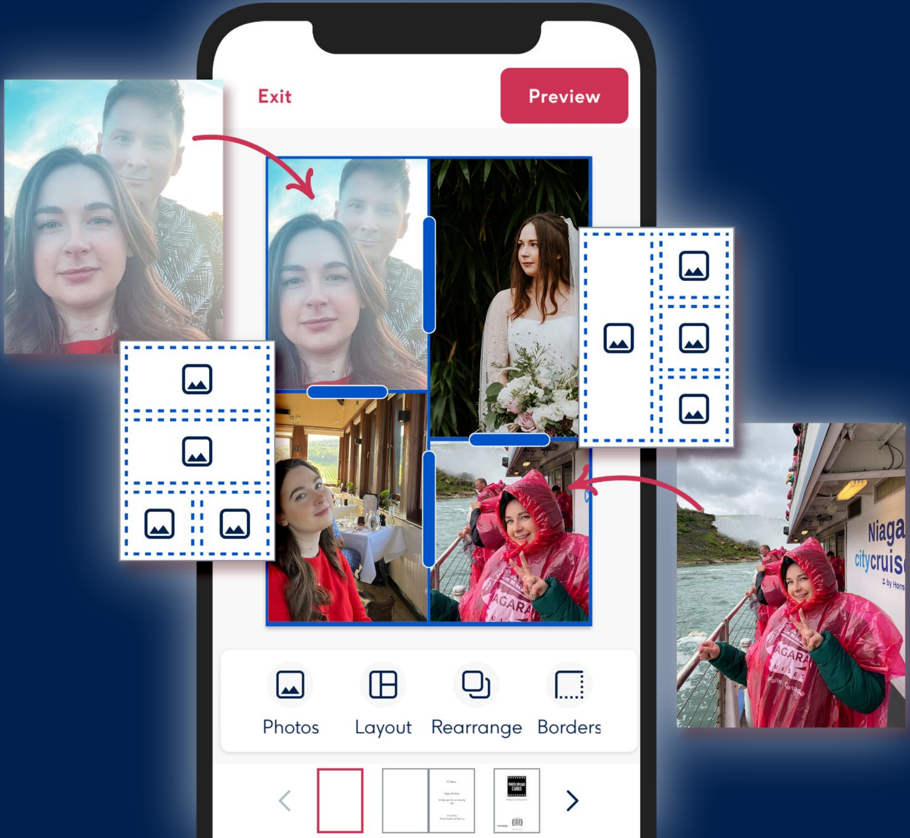
Strategic progress at Experiences

New leadership team and business reoriented to become technology- and data-first

Operational restructuring: fulfilment relocation, CS outsourcing and head office consolidation

Rapid **technology replatforming**, plan for first stages to be deployed in H1 FY24

1 Technical roles for these purposes comprise those in technology security, engineering, product and analytics. Excludes outsourced software developer services.



Moonpig and Greetz

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

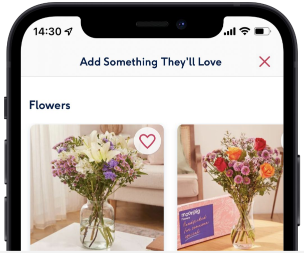
Card-first

Profitable customer acquisition with high loyalty

- ✔ 54[1] million card buyers in UK & NL
- ✔ Secular shift to online, with UK online penetration at 15%[2]
- ✔ Cards Division has distinct and increasing market leadership position, supporting profitable customer acquisition
- ✔ High frequency, recurring purchase occasions
- ✔ Loyal customers with 89% of revenue from existing customers

Gift Attach

The most relevant gifting platform with minimal acquisition cost



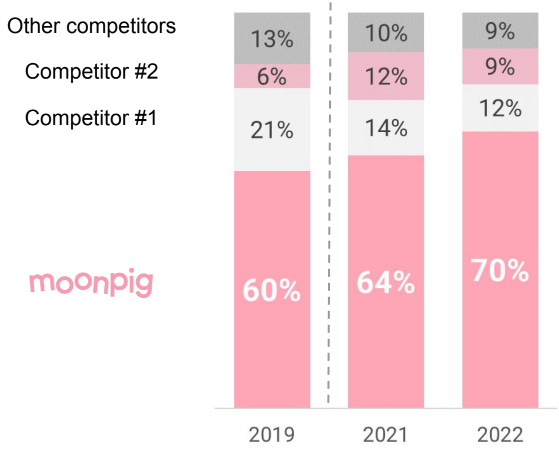
- ✔ >70%[3] cards given with a gift
- ✔ Card-first journey enables highly relevant gift recommendations
- ✔ Purchase intent high post card creation
- ✔ Zero marketing costs, supporting high margins
- ✔ Sidesteps expensive online competition for gifts/flowers

Note: 1. OC&C Estimates in 2019. 2. OC&C Estimates 2023, referring to the online penetration within the UK single greetings cards market in 2022. 3. OC&C Estimates; UK Singles Card Purchases in 2019.

Continued capture of UK market share across the last four years

Market share of UK major online specialists

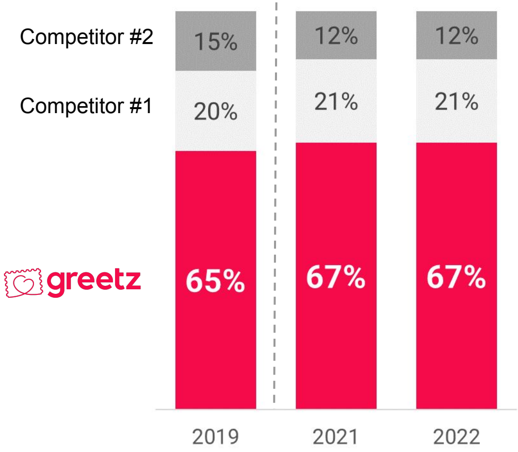
% of total 2019, 2021 & 2022[1]



5.8x nearest competitor

Market share of Netherlands top three online operators

% of total 2019, 2021 & 2022[1]



3.2x nearest competitor

1. OC&C estimates. Market share figures for 2021 have been restated based on competitor disclosure since OC&C's prior estimates. Select competitors have disclosed revenue information relating to both 2021 and 2022 that was not previously in the public domain.

Moonpig and Greetz have three compounding growth drivers

Monetising the base

Driving the shift to online

Gift Attach

72% of occasions where a gift is purchased alongside a card[1]

Share of Wallet

23 total cards per year[2]

Customer Acquisition

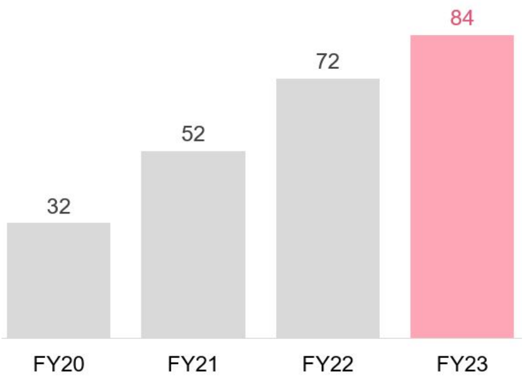
53.8m total card customers in our markets[3]

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

Best-in-class technology and data drive customer loyalty and retention

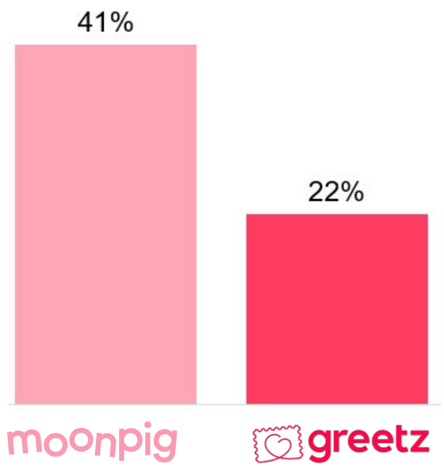
Our growing reminders database allows contact with customers at points of maximum purchase intent

Reminders set at each period end
Millions

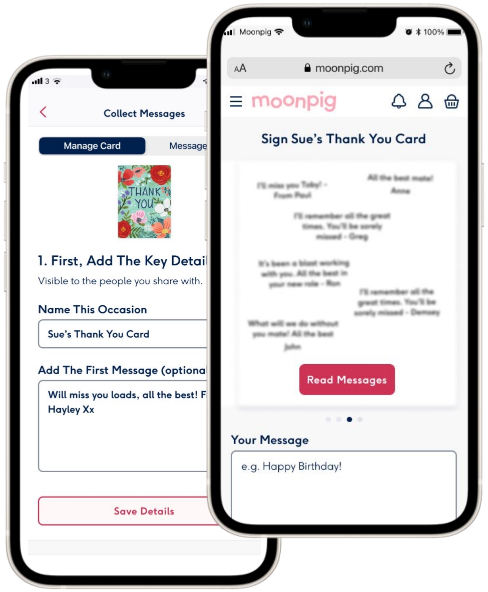


We focused on raising app penetration at Greetz, following launch of new native iOS and Android apps

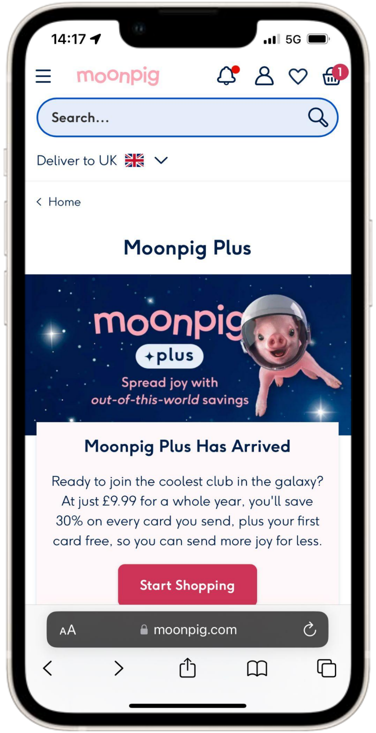
FY23 App penetration
% of Orders

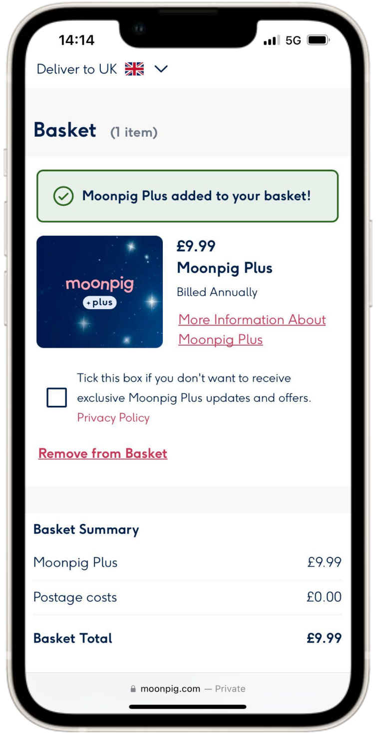


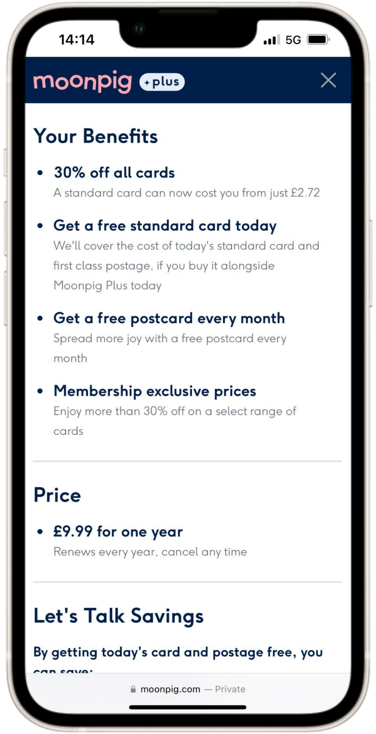
We are leveraging Moonpig group cards to convert message contributors into new customers



Moonpig Plus subscriptions launched to drive purchase frequency



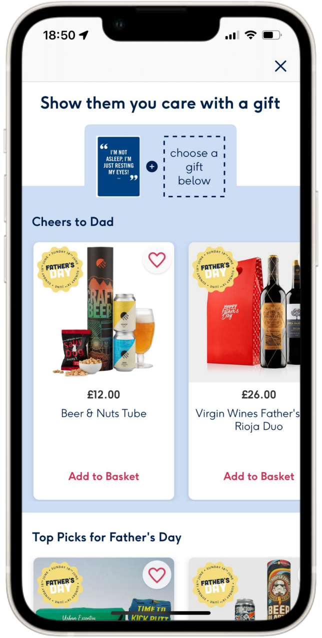




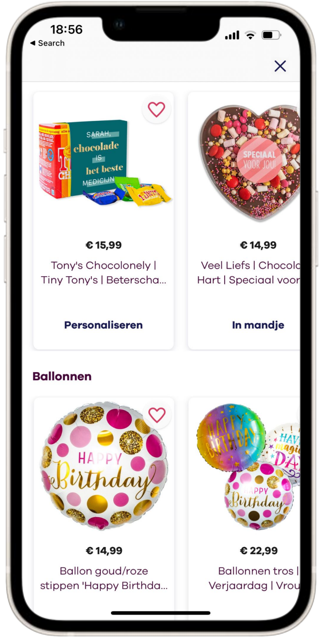
- **Moonpig Plus launched** in the UK on 31 May 2023
- Based on extensive testing across FY23 we expect it to **increase purchase frequency** and customer lifetime value
- **Low cost** annual subscription of £9.99
- We will continue to enhance the scheme with **new benefits and features**
- In FY24 the feature will remain **focused on the UK market**

New features to grow gift attach rate and basket size

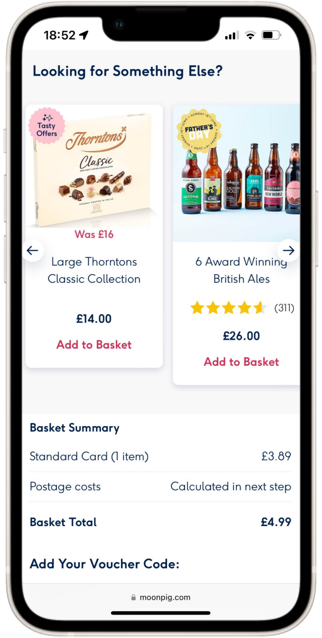
Moonpig suggested gift bundles



New recommendation algorithms tailored for Greetz customers

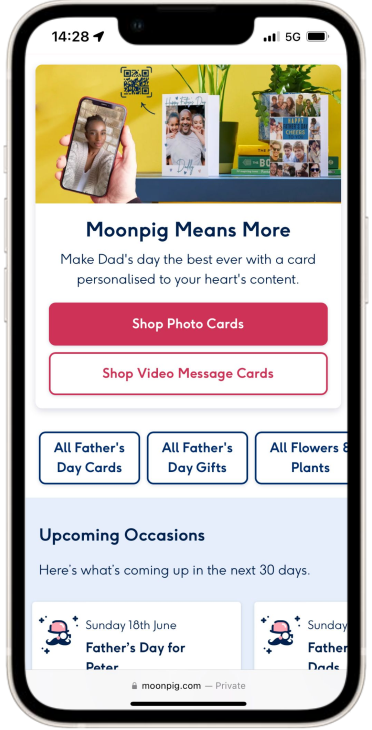


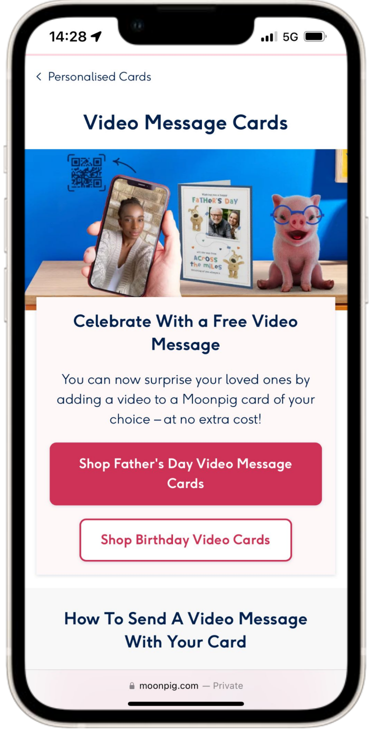
Gift cross-sell at the basket stage of the customer journey

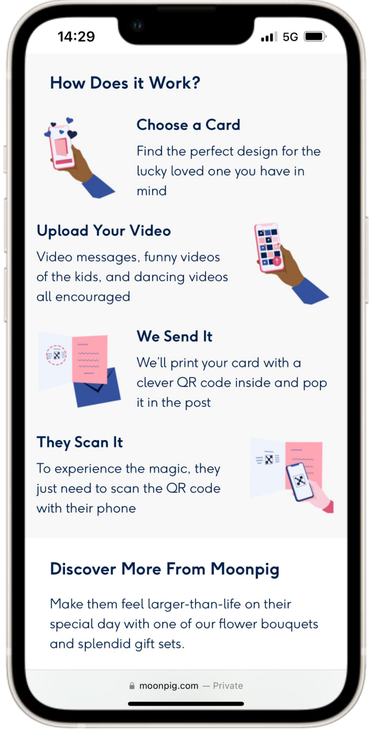


Greetz personalised balloons launched, ahead of roll-out in the UK in FY24

Roll-out of free personalised video messages across Moonpig's range



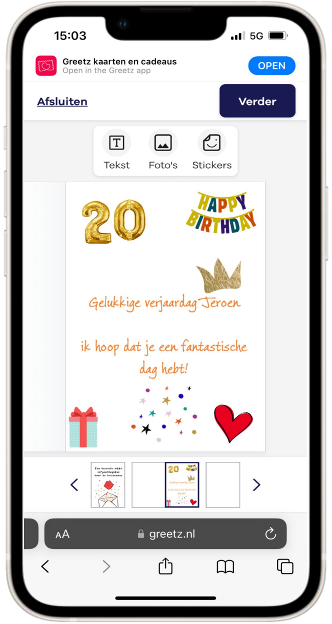




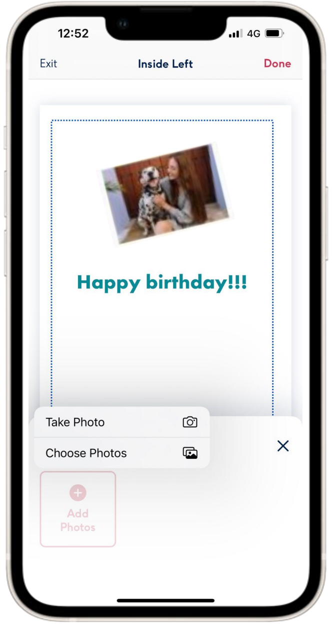
- **Free-to-use feature**, launched for 13,000 designs for Valentine's Day 2023
- Now available **across all card designs**, differentiating our cards from competitors
- Over **75,000 video messages sent** by Father's Day 2023
- Awareness building through **word-of-mouth**

New features to enrich the content inside our greeting cards

Stickers

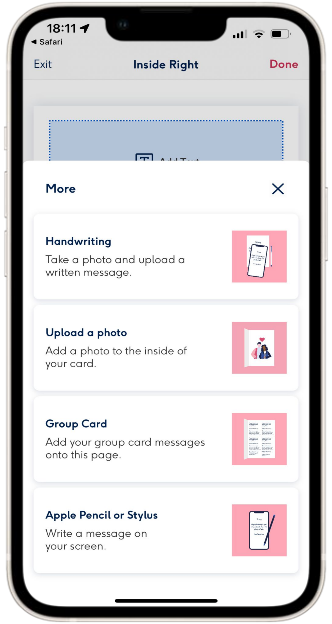


Flexible Photos



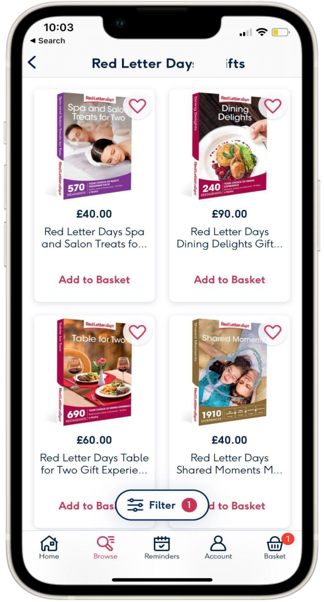
Flexible text editor (Greetz)

Surfacing our handwriting options



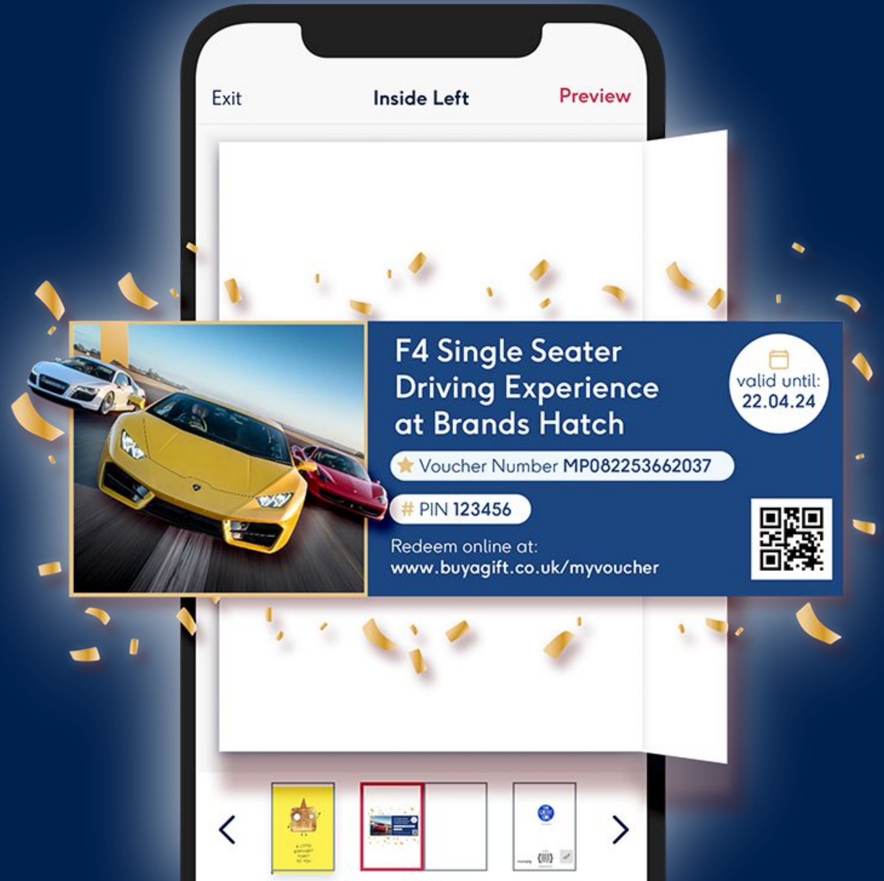
Journey towards revenue synergy - launch of experience gifts in a card

Moonpig is already Experiences' largest online retail partner



Launched digital gifting through a code printed inside a Moonpig card

- Moonpig has taken its first step towards realising the potential for digital gifting with the launch of gifting through a code in the card
- Future roadmap:
  - Improving the visibility of gift experiences within the card-first customer journey
  - Making gift experiences easier to browse and research
  - Leveraging data to make highly-relevant recommendations of gift experiences

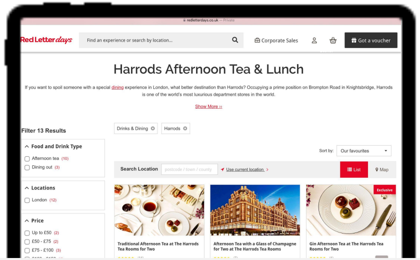


Experiences

The strategy for Experiences is to create a growth flywheel by focusing on the conversion of recipients into new customers

Customers

Quality and breadth of range underpinned by convenient shopping experience

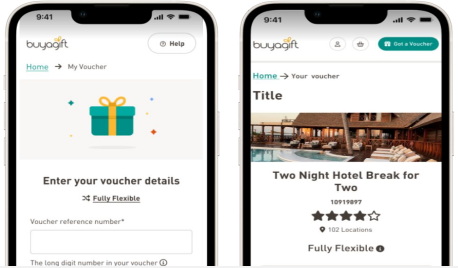


- ✔ Red Letter Days and Buyagift are established, market leading brands with high levels of customer satisfaction
- ✔ Extensive range with over 4,800 nationwide experiences to choose from covering multiple price points
- ✔ Peace of mind that recipients have flexibility to choose a different experience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

Recipient-to-new customer conversion

Recipients

Simple redemption journey, flexibility and broad choice enhances recipient experience



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

Investment in leadership, technology and operations at Experiences

Renewed leadership and human capital

- New Managing Director (former CPO of Moonpig)
- Refreshed leadership team
- Investment in talent at all levels of the business
- A technology-first organisation
- Technology function expanded from 39 to 45[1] roles, organised into six teams

Operational efficiencies and enhanced fulfilment

- Relocation to the Group's Farringdon head office
- Customer service outsourced to enable agent numbers to be flexed at periods of peak demand
- B2C fulfilment transferred to Tamworth, unlocking 7 day per week dispatch
- Leveraging Moonpig's postal relationships to unlock 9pm same-day dispatch

Range expansion, with "hero" partners

- Expanding our premium range with partners such as Harrods and Harvey Nichols
- Onboarding new and exciting brands such as Côte, Macdonald Hotels and the Gordon Ramsay Academy

Investment in marketing capability

- Focus on online performance marketing optimisation
- Begun the process of differentiating our two gift experience brands
- Red Letter Days will emphasise iconic experiences and a more curated range, whilst Buyagift will be more value-led

1 As at 30 April 2023, versus completion of the acquisition of Experiences on 13 July 2022. Includes contractors.

Investing to transform the Experiences technology platform

Redesigning the entire shopping journey

- New content management system and on-site search planned for launch ahead of Christmas 2023
- New website page designs ready for launch in H1 FY24
- Expected to drive conversion rate and improve SEO visibility

Enhancing the buying experience

- New, better-optimised checkout page launched
- Plan to launch credit instalment payment options to drive conversion rate and AOV
- Development is ongoing to enable e-vouchers to be sent direct to the gift recipient

Enhancing the redemption experience

- Direct voucher redemption extended to more products including city cruises
- Redesign of the recipient user journey ongoing
- Strategic focus area to drive recipient-into-customer conversion and upsell revenue

Building a data-first business

- New data analytics team hired
- Procurement of a new data platform technology provider ongoing
- Building analytics capabilities to support the trading, marketing and technology teams

Replacing platform foundations

- Phase 1 finance system migration to SAP completed
- New technology platform scheduled for launch in H1 FY24
- New tooling for CS agents to be rolled out in H1 FY25

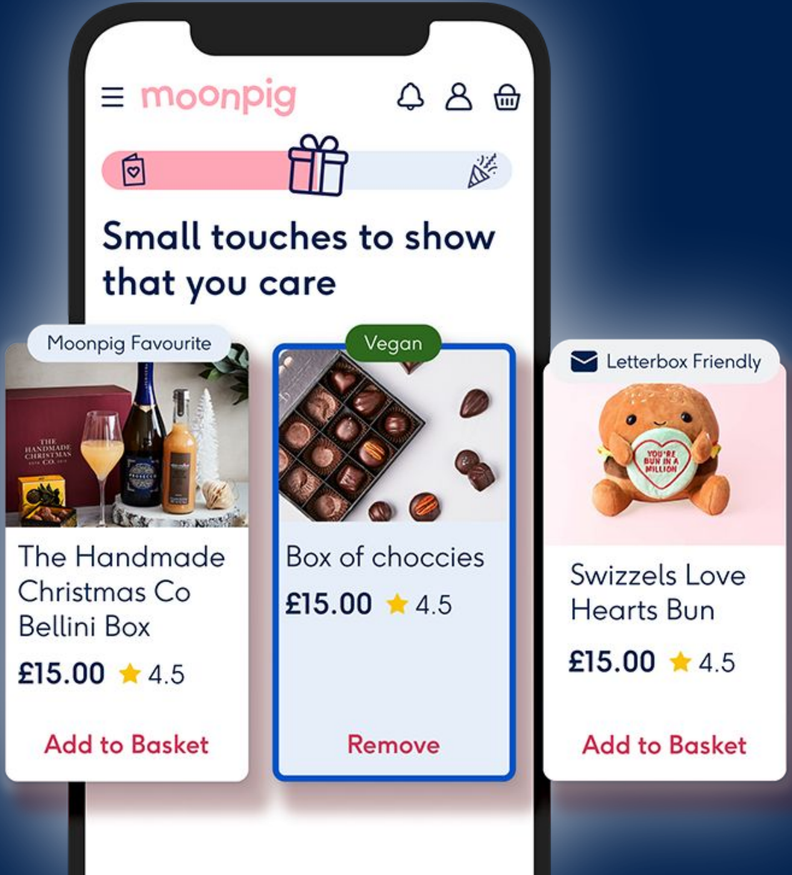
Resilience, profitability and an expected return to growth in FY24

moonpig group plc

1. Delivered Adjusted EBITDA in line with expectations
2. Strong operating cash flow and continued deleveraging
3. Resilience and flexibility of our model highlighted against a backdrop of challenging conditions
4. Milestone year of strategic delivery
5. Expect FY24 revenue growth at a mid to high single digit percentage rate with Adjusted EBITDA margin resilient

Adjusted EBITDA and Adjusted EBITDA margin are Alternative Performance Measures. Adjusted EBITDA is profit before taxation, interest, depreciation, amortisation and Adjusting Items. Adjusted EBITDA margin is Adjusted EBITDA divided by total revenue. Refer to the details set out in the Results Announcement for the year ended 30 April 2023, issued on 29 June 2023.

moonpig group plc


moonpig
Small touches to show that you care
Moonpig Favourite
The Handmade Christmas Co Bellini Box
£15.00 4.5
Add to Basket
Vegan
Box of choccies
£15.00 4.5
Remove
Letterbox Friendly
Swizzels Love Hearts Bun
£15.00 4.5
Add to Basket

Appendix

Technical guidance (1/2)

Adjusting items

- Expected cost of Pre-IPO Legacy Incentives is between £3m and £4m in FY24 and nil thereafter. FY24 costs previously estimated at around £3m, however there has been a re-phasing of costs from FY23 into FY24 due to the scheme's operation. As set out in the prospectus, if a participant leaves employment, their awards may be reallocated to another employee (excluding Executive Directors).
- The Pre-IPO award is subject to FY23 revenue and Adjusted EBITDA performance conditions. The Group exceeded maximum performance on both measures, including on an organic basis without the post-acquisition revenue and profit from Experiences.
- The Pre-IPO Awards consist of two tranches that have either vested or will vest on 30 April 2023 and 30 April 2024. Payments are made after respective vesting dates, resulting in expected cash outflows of approximately £4m in Q1 FY24 and £5m in Q1 FY25 (excluding employer's national insurance).

Items not classified as Adjusting Items

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

£m	FY23	FY22
Amortisation of acquired intangible assets	7.5	1.8
Share-based payment charges relating to the operation of post-IPO Remuneration Policy (inclusive of NI of £0.3m (FY22: £0.2m)	2.5	1.4

Capital expenditure

- Tangible and intangible capital expenditure expected to revert to the pre-Covid trend level of around 5% of revenue in FY24 and going forward.
- Tangible expenditure is expected to remain below £2m per year. The higher level of spend in FY23 was driven by one-off investment in fitting out two new operational facilities on ten-year lease terms and currently we have no plans for additional leasehold facilities.
- In FY22, a strategic decision was made to increase investment in technology, which led to a year-on-year increase in internally generated intangible capex in FY23. We believe this investment will serve as a sustained driver of medium-term revenue growth. Assuming we continue to see benefits from this investment, we plan to increase our investment in this area to maintain total capex at approximately 5% of revenue.

Technical guidance (2/2)

Depreciation and Amortisation ("D&A")	• For FY24, we expect a total charge for amortisation and depreciation of between £27m and £29m. • The combined charge for depreciation of purchased tangible 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 approximately £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 (compromising approximately £6m relating to Experiences and approximately £2m related to Greetz).
Net Finance costs	• We expect net finance costs in FY24 to be in the region of £15m. This assumes that the Group's £175m Term Loan will remain fully drawn throughout the period. • Senior interest payments are expected to be around £12m, reflecting higher average SONIA rates, as a portion of the Group's borrowings are unhedged, partially offset by lower facility utilisation in FY24 resulting from the full repayment of all amounts drawn under the Additional RCF as at 30 April 2023. • Amortisation of fees is expected to be £2m and deemed interest on lease liabilities of approximately £1m. We have assumed no monetary gain or loss on Euro-denominated intercompany loan balances. • The Group has in place an interest rate swap at a rate of 2.4725% with a floor strike rate of 0% on £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. This is intended to hedge floating rate exposure to SONIA interest for broadly three quarters of expected senior debt (less cash) for the duration of the hedge.
Taxation	• We expect the Group's effective tax rate to be approximately 26% in FY24 and 25% in FY25 and thereafter. . • The expected effective rate for FY24 is higher than the prevailing tax rate in the UK and the Netherlands due to the impact of the Group's legacy share schemes.
Operating cash conversion	• We expect an improved operating cash conversion rate in FY24 driven by lower capex, partially offset by cash outflow relating to the vesting of the first tranche of the pre-IPO incentives. Net working capital is expected to increase in line with revenue on an annual basis. • Operating cash conversion is expected to remain strongly weighted towards the second half of each financial year, as most peak trading occasions occur during this period, including Christmas, Valentine's Day and UK Mother's Day. In addition, operating cash flow at Experiences is stronger in H2, reflecting the seasonal importance of Christmas trading to its business.

Adjusting Items

Reconciliation of Adjusted Measures to IFRS Measures

£m	FY23 Adjusted Measures	FY23 Adjusting Items	FY23 IFRS Measures	FY22 Adjusted Measures	FY22 Adjusting Items	FY22 IFRS Measures
Pre-IPO share based payment charges		(5.4)			(7.0)	
Pre-IPO bonus awards		(3.3)			(3.6)	
M&A-related transaction costs		(4.4)			(0.9)	
EBITDA	**84.2**	**(13.1)**	**71.1**	**74.9**	**(11.6)**	**63.3**
Depreciation and amortisation	(22.7)	-	(22.7)	(14.4)	-	(14.4)
EBIT	**61.5**	**(13.1)**	**48.5**	**60.5**	**(11.6)**	**48.9**
Finance costs	(13.6)	-	(13.6)	(9.0)	-	(9.0)
PBT	**48.0**	**(13.1)**	**34.9**	**51.5**	**(11.6)**	**40.0**
Tax	(10.1)	1.8	(8.3)	(9.9)	1.4	(8.5)
PAT	**37.9**	**(11.3)**	**26.6**	**41.7**	**(10.3)**	**31.4**
Basic Earnings per Share (EPS)	***11.1p***	***(3.3p)***	***7.8p***	***12.3p***	***(3.0p)***	***9.3p***