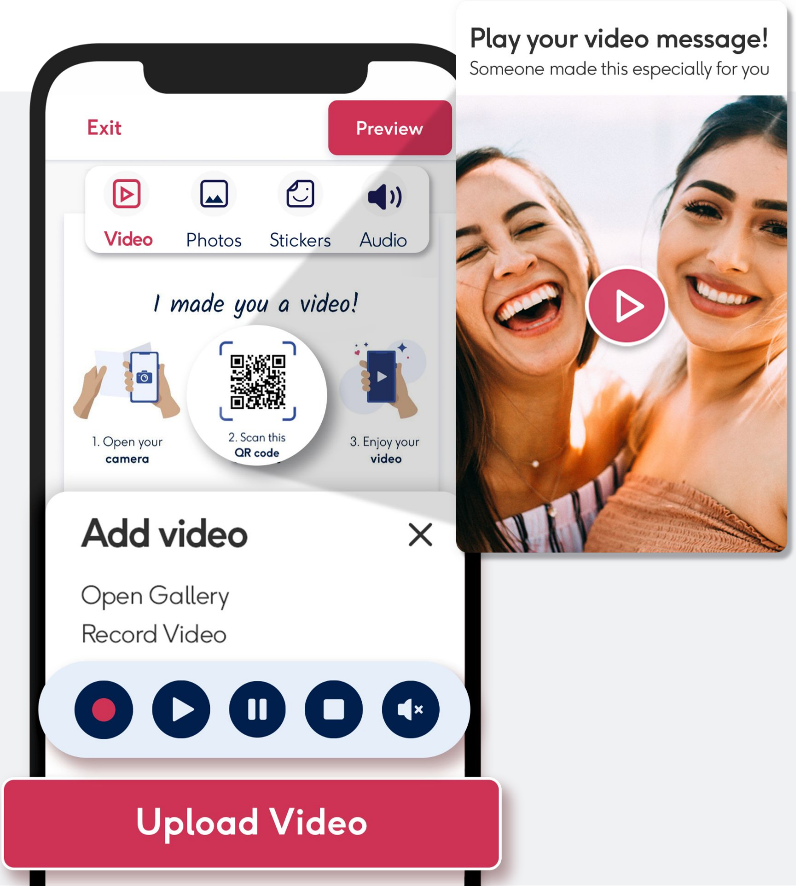
moonpig group plc

Half year results presentation

Six months ended 31 October 2024

10 December 2024



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Agenda

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

Technology driven growth, underpinned by the Moonpig brand

Strong financials

- **Moonpig revenue increased by 10.0%**, underpinned by growth in orders.
- **Greetz revenue decrease abated** from -5.3% in H2 FY24 to -4.0% in H1 FY25.
- **Adjusted EBITDA margin of 26.5%**, ahead of existing medium term target range
- Growth in **Adjusted profit before taxation at 9.0%** to £27.3m
- Longer timeline for realising full growth potential at Experiences reflected in **£56.7m non-cash impairment charge**
- Inaugural **interim dividend of 1.0p** and **up to £25m share buyback** programme

Ongoing strategic delivery

- **Leveraging data and technology** to drive revenue growth:
  - **Plus subscriber base increased to 750k** (Oct 2023: 200k)
  - **Occasion reminder database of 96m** (Oct 2023: 82m)
  - **Card creative features used 17m times** into total since launch
- Combined **revenue in the US, Australia and Ireland grew at 42.5%** year-on-year
- Enhanced AI deployment to personalise customer experience, **including the launch of AI handwriting**
- Continued execution against **our transformation plan for Experiences**

Confidence in outlook

- Moonpig Group current trading remains **in line with our expectations**
- Our **expectations for full year revenue remain unchanged**
- Medium term targets:
  - **Double digit percentage annual revenue growth**
  - Increased target range for **Adjusted EBITDA margin rate of 25% to 27%**
  - **Mid-teens percentage Adjusted EPS growth**

1. Adjusted EBITDA margin rate, Adjusted profit before taxation and Adjusted EPS are Alternative Performance Measures. Refer to the H1 FY25 results announcement.

Financial performance

Andy MacKinnon

Chief Financial Officer

Revenue growth, high profit margins and growth in Adjusted PBT

Continued revenue growth

£158.0m
Revenue

3.8%
Reported growth

6.1%
Growth excluding prior year excess breakage [1]

Strong Adjusted EBITDA margin

£41.8m
Adjusted EBITDA [2]

26.5%
Adj. EBITDA margin [2]

0.9%
Year-on-year growth

Growth in Adjusted PBT

£27.3m
Adjusted PBT [2]

17.3%
Adj. PBT margin [2]

9.0%
Year-on-year growth

Controlled net leverage

1.25x
Net leverage [2,3]

£119.5m
Net debt [2,3]

£104.8m
Net bank borrowings [4]

1 Reported year-on-year revenue growth of 3.8% is equivalent to growth at 6.1% excluding prior year temporary additional breakage revenue on expired vouchers (H1 FY24 £3.2m, full year FY24 £5.9m).
2 Adjusted EBITDA, Adjusted EBITDA margin, Adjusted PBT and Adjusted PBT margin, net debt and net leverage are Alternative Performance Measures. Refer to the H1 FY25 results announcement.
3. Net leverage is the ratio of net debt to last twelve months Adjusted EBITDA. Net debt is stated on an IFRS 16 basis and comprises bank borrowings less gross cash (£104.8m) and lease liabilities (£14.7m).
4. Net bank borrowings comprise bank borrowings, £117.2m, less £12.4m of gross cash.

Revenue growth underpinned by +4.7% increase in orders

Strong order growth delivered through customer base and frequency

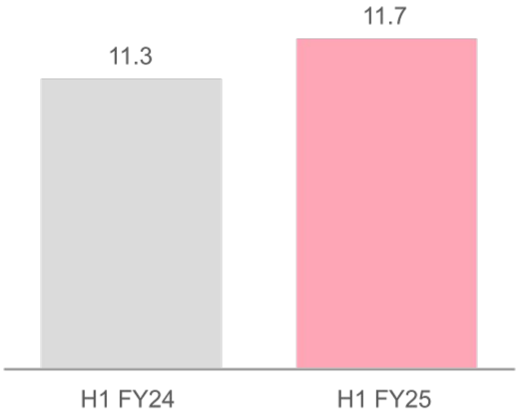
Moonpig and Greetz orders
Millions

YoY +4.7%

Our active customer base is now in consistent growth

Moonpig and Greetz active customers [1]
Millions in LTM (making at least one purchase)

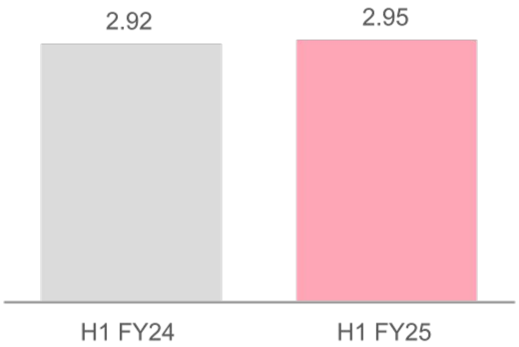
YoY +4.0%



Growth in frequency, notwithstanding the increase in new customer mix

Moonpig and Greetz frequency [1]
LTM orders per active customer

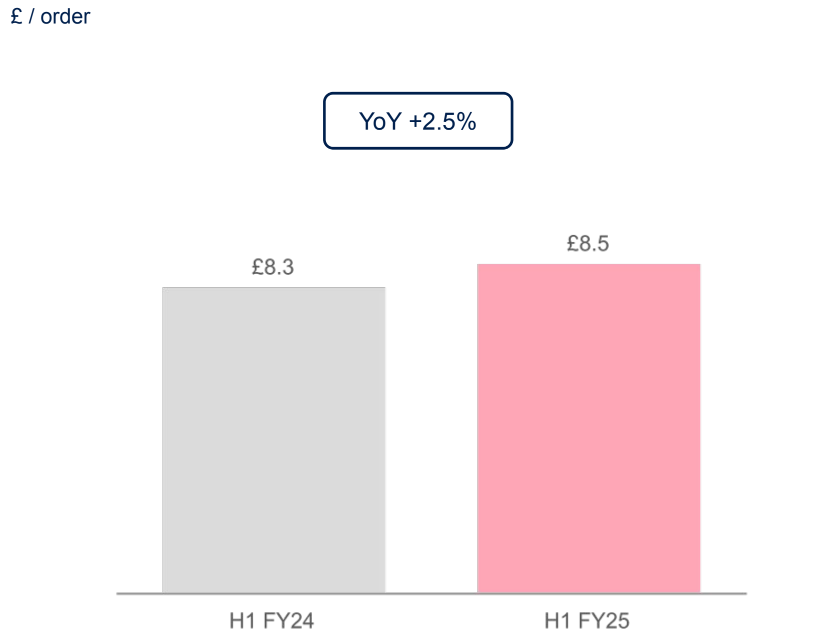
YoY +0.9%



1. Active customer numbers and orders per active customer (frequency) are both stated on a LTM (Last Twelve Months basis). Orders is are stated for the half year.

Average order value increased by +2.5% year-on-year

Moonpig and Greetz average order value

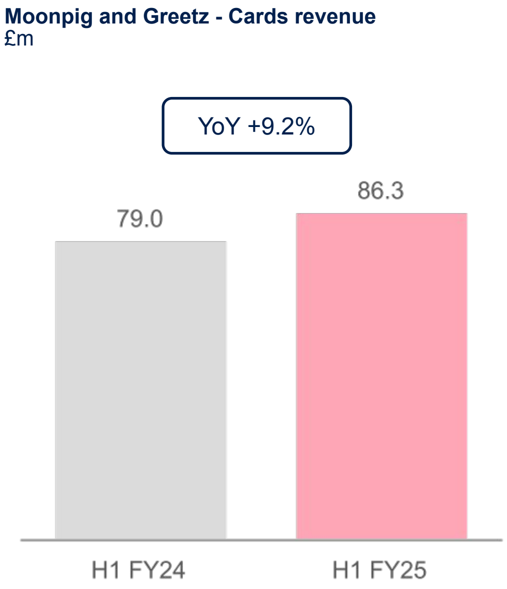


- Continued **average order value growth**:
  - Moderate **increase in gift attachment rate** [2]
  - Pass-through of UK **first class postage price** increases, most recently in October 2024
  - More efficient **targeting of promotional activity** through use of personalised promotions
- Offset in part by **growth in sales as an agent** rather than as principal at Moonpig:
  - **Gift experiences and children's toys** [1]
  - Revenue comprises **commission earned** rather than gross transaction value

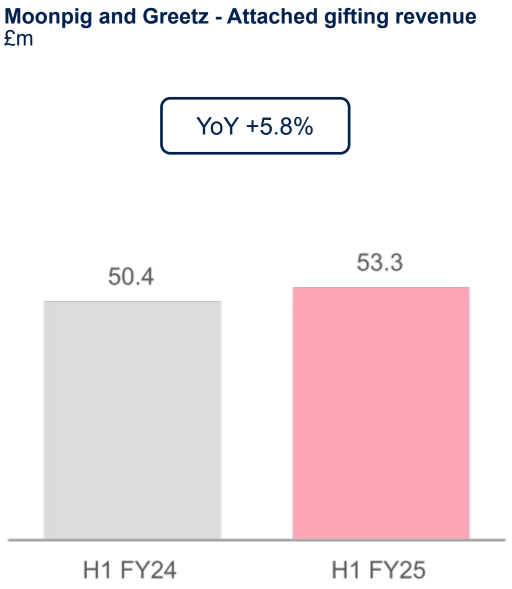
1. Agency basis toy sales relate to the partnership with The Entertainer (also trading as the Early Learning Centre) launched in September 2024. Some toys continue to be sold by Moonpig acting as principal.
2. Gift attachment rate is the proportion of orders that also include a gift.

Cards and attached gifting revenue both growing year-on-year

Moonpig and Greetz cards revenue



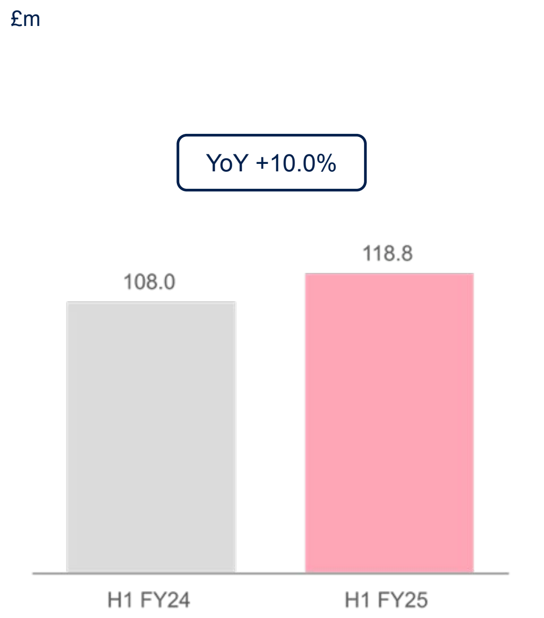
Moonpig and Greetz attached gifting revenue



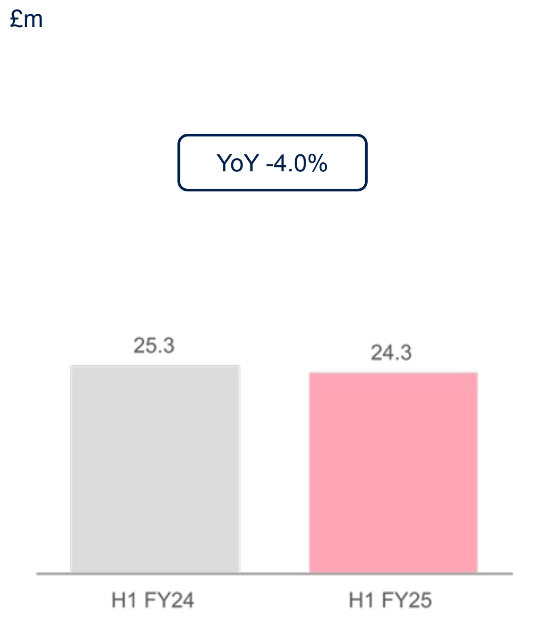
- **Strong cards revenue growth**, driven through a balance of both orders and average order value
- **Attached gifting revenue grew at 5.8%**, driven primarily by growth in card orders
- Moderate **increase in gift attach rate** year-on-year

Double digit revenue growth at Moonpig

Moonpig segment revenue



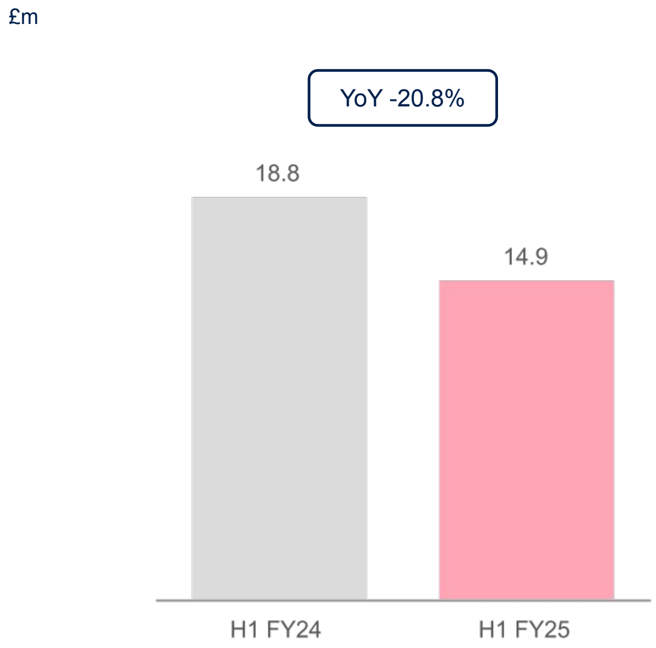
Greetz segment revenue



- **Moonpig revenue growth at +10.0%** driven by growth in both orders and average order value
- **Greetz revenue decline abated further to -4.0%** from -5.3% in H2 FY24
  - Continuing to drive **customer adoption of Plus, occasion reminders and apps**
  - Headline Greetz growth impacted by **FX translation**
  - Year-on-year **growth at -2.0% on a constant currency basis**

Executing our plan for Experiences in a challenging market

Experiences revenue



- Continued **execution against our plan** to transform the Experiences business:
  - Platform rebuilt with focus now on **technology feature development to drive growth**
  - **Enhancing the customer proposition**, with plans to introduce new partners and experience categories in coming months
- Year-on-year revenue reduction includes the **£3.2m impact from temporarily higher breakage in H1 FY24** on vouchers sold during Covid with extended expiry dates [1]
- Given the challenging macroeconomic environment, we now expect a **longer timeline for fully realising the revenue growth potential** of Experiences
- This is reflected in the **£56.7m non-cash charge for impairment of Experiences goodwill** at 31 October 2024, classified as an Adjusting Item

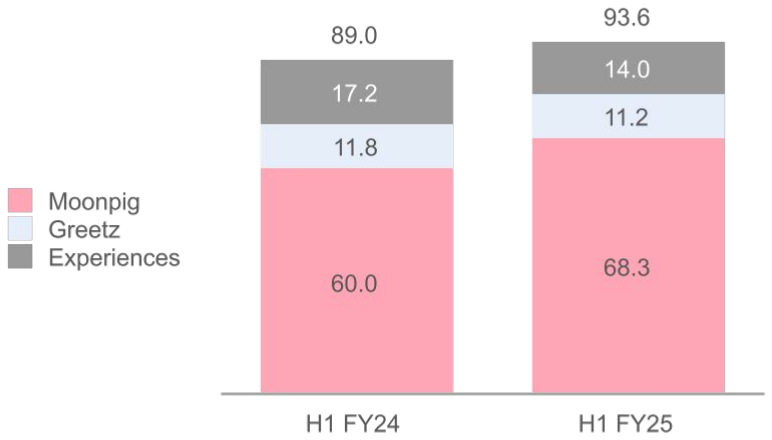
1. The reported year-on-year reduction in revenue includes the prior year recognition of temporarily higher breakage relating to gift boxes and individual vouchers that were sold during Covid with extended expiry dates. This represented a £5.9m uplift across FY24 of which £3.2m related to the first half of the year. As these extended expiry dates have now passed, this has not repeated in FY25.

Gross margin increased to 59.2%

Gross profit

£m, % of total revenue

	H1 FY24	H1 FY25
Group gross margin	58.5%	59.2%
Moonpig gross margin	55.5%	57.5%
Greetz gross margin	46.8%	46.2%
Experiences gross margin[1]	91.8%	94.2%

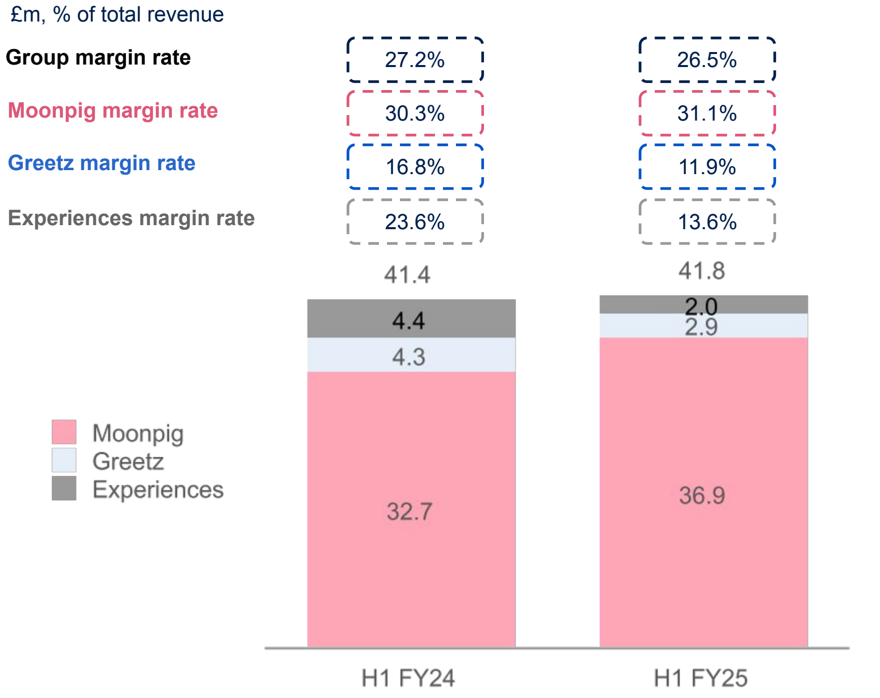


- Increased Moonpig gross margin rate:
  - Operational efficiency projects such as **insourced balloon fulfilment**
  - Leveraging AI to make **more targeted use of promotional discounts**
  - **Growth of income streams with 100% gross margin rate** including agency commission, Plus subscription fees and supplier and on-site marketing income[2]
  - Offset in part by **Plus member discounts** on greeting card purchases
- Lower gross margin at Greetz reflects **increased promotional intensity**
- The improvement in Experiences gross margin rate reflects the non-recurrence of prior year provisions against gift box inventory

1. The relatively high Experiences gross margin rate reflects its agency commission business model. 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.
2. Moonpig and Greetz revenue in H1 FY25 includes £4.7m (H1 FY24: £2.5m) from income streams with a 100% gross margin rate

Adjusted EBITDA margin rate of 26.5%

Adjusted EBITDA



- **Moonpig Adjusted EBITDA margin increased by 0.8 percentage points** to 31.1%:
  - **Increase in gross margin** rate of 2.0%pts
  - Partially offset by **a return to more normal indirect cost management**. As disclosed last year, we managed costs cautiously in H1 FY24 and deferred some investments to maintain flexibility
- The reduction in Adjusted EBITDA margin at Greetz reflects the **operational leverage impact of lower revenue**
- Lower Adjusted EBITDA margin at Experiences reflects prior year temporarily higher breakage revenue on gift boxes and vouchers

1. Adjusted EBITDA and Adjusted EBITDA margin are Alternative Performance Measures. Refer to the H1 FY25 results announcement.

Adjusted PBT increased by +9.0% year-on-year

Adjusted EBITDA to Adjusted PBT

£m	H1 FY25	H1 FY24	YoY
Adjusted EBITDA [1]	**41.8**	**41.4**	**0.4**
Depreciation and amortisation	(9.2)	(8.2)	(1.0)
Net finance costs	(5.3)	(8.1)	2.8
Adjusted PBT [1]	**27.3**	**25.1**	**2.2**
Adjusted Basic EPS [1] (pence)	***6.1p***	***5.5p***	***0.6p***

Depreciation and amortisation

- Growth reflects **technology investment** in recent years
- We expect the full year **FY25 charge to be between £19m and £21m**[2], reflecting the timing of when projects are commissioned and amortisation starts
- The charge is **expected to increase YoY in FY26 and thereafter**, as we grow capital expenditure

Net finance costs

- Year-on-year decrease driven by **lower RCF utilisation and lower-cost facilities** following refinancing in February 2024
- H1 net finance costs benefited from unrealised FX gains[3] on intercompany loans and the **3.0% interest rate cap on £50m notional that expired in November 2024**[4]
- We expect **net finance costs in FY25 of approximately £11m**, remaining at around that level in FY26
- We expect **medium term growth in net finance costs** as we increase net debt in line our 1.0x net leverage target

1. Adjusted EBITDA, Adjusted PBT and Adjusted Basic EPS are Alternative Performance Measures. Refer to the H1 FY25 results announcement.
2. Represents a decrease compared to our full year results announcement, at which time we expected depreciation and amortisation of between £20m and £23m in FY25.
3. The monetary foreign exchange impact of Euro-denominated intercompany loan balances resulted in the Group recognising £0.4m gain with the corresponding intercompany loss recognised in other comprehensive income in accordance with IAS 21. There was also a £0.2m gain on the revaluation of the Group's euro denominated external debt.
4. The Group's current interest rate hedging arrangements are set out in the appendix to this presentation.

Consistently strong operating cash flow

Adjusted EBITDA to Operating Cash Conversion

£m	H1 FY25	H1 FY24	H2 FY24
Adjusted EBITDA[1]	**41.8**	**41.4**	**54.1**
Capital expenditure	**(7.0)**	(7.8)	(5.8)
Add back: Impact of share-based payments	**2.6**	2.0	1.1
(Increase) / decrease in inventories	**(1.6)**	3.4	1.8
Decrease in receivables	**(0.7)**	0.2	0.1
Increase / (decrease) in payables	**(17.5)**	(24.1)	7.9
Operating Cash Flow	**17.6**	**15.1**	**59.1**
Operating Cash Conversion[2]	**42%**	**36%**	**109%**

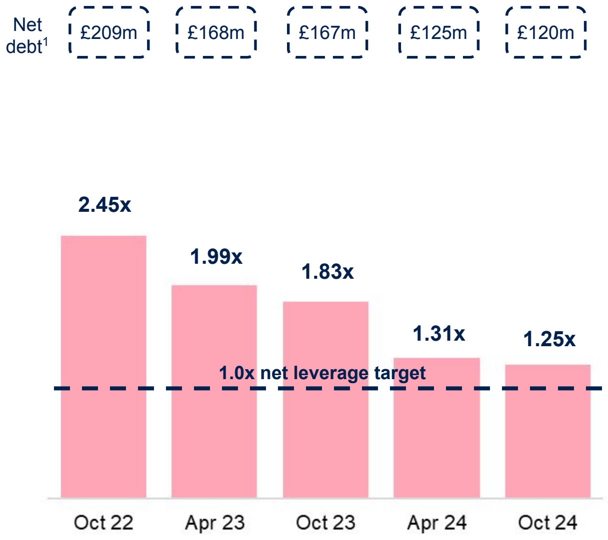
- The Group is **highly cash generative on an annual basis**, with cash inflows strongly weighted into H2 as a result of seasonality in trading and working capital
- Capex was lower than we had expected due to **non-capitalisable technology projects** relating to SaaS configuration and new product development
- We expect **H2 FY25 capex to be approximately £1m higher than in the first half** of the year, in part due to normalisation of the technology team capitalisation rate and in part as a result of more tangible capex being phased into the second half of the year
- As previously disclosed, we plan **low to mid-single digit millions of additional tangible capex in FY26** on fulfilment robotics and automation
- **Increase in inventories in H1 FY25 was seasonal**. The prior year reduction reflected efficiencies in stock process management that have been fully delivered

1. Adjusted EBITDA is an Alternative Performance Measure. Refer to the H1 FY25 results announcement.
2. Operating Cash Conversion = Operating Cash Flow / Adjusted EBITDA.

Rapid deleveraging and a disciplined approach to capital allocation

Rapid deleveraging profile

Net leverage [1]
£m, ratio of net debt to Adjusted EBITDA [1]



Capital allocation framework

1 **Organic investment to drive growth**

2 **Value accretive M&A**

3 **Return of capital to shareholders**

- To maintain an efficient capital structure, our target is to operate with **net leverage of approximately 1.0x** over the medium term, with flexibility to move beyond this as business needs require
- We continue to **prioritise organic investment to drive growth**, including in technology and marketing
- We will continue to **selectively consider value-accretive M&A opportunities**, maintaining a high threshold for strategic and financial returns
- We will always prioritise growth investment in the business, however our consistent strong operating cash generation and the progress being made with deleveraging means that we have the **financial flexibility to consistently return incremental excess capital to shareholders** by way of dividends and share buybacks

1. Adjusted EBITDA, net debt and net leverage are Alternative Performance Measures. Refer to the H1 FY25 results announcement.

Inaugural interim dividend of 1.0p per share

Progressive dividend policy

- In October, we announced a dividend policy that commits to **maintaining robust dividend cover of 3x to 4x** in the medium term
- We intend to pay a **total FY25 dividend of £10m, growing thereafter in line with Adjusted EPS**
- The Board has declared an **interim dividend of 1.0 pence per share** which will be paid on 20 March 2025 to shareholders on the register at 21 February 2025

Share buyback policy and first buyback programme

- The Group's **first share repurchase programme of up to £25m** was announced on 16 October 2024, commenced on 5 November 2024 and will run until either 30 April 2025 or until notified by the Company
- Our policy is that we will only conduct share buybacks when they:
  - Use **excess capital**
  - Are **earnings enhancing**

Current trading in line, medium-term Adjusted EBITDA margin target raised

Current trading and outlook

- Moonpig Group current trading remains in line with our expectations
- Growth has been underpinned by consistent strong sales and orders at Moonpig and is supported by steady progression at Greetz
- Given ongoing macro headwinds in gifting, trading remains challenging at Experiences and we remain focused on delivering our transformation plan
- Accordingly, our expectations for full year revenue remain unchanged

Medium-term targets

- Our business is well positioned to deliver sustained growth in revenue, profit and free cash flow, driven by our continued focus on data and technology
- With respect to the medium-term, we continue to target double digit percentage annual revenue growth
- To reflect continued growth of high-margin revenue streams such as Plus subscription fees, we have increased our medium-term target for Adjusted EBITDA margin from a range of 25% to 26% to a range of 25% to 27%
- We continue to target growth in Adjusted earnings per share at a mid-teens percentage rate

Strategic Update

At Moonpig and Greetz, we leverage data to drive loyalty and gift upsell

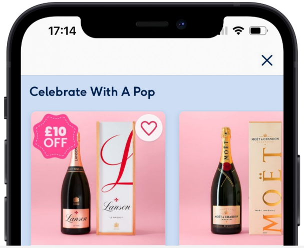
Card-first

Profitable customer acquisition with high loyalty

- ✔ 51 million card buyers in UK & NL [1]
- ✔ Secular shift to online, with UK online penetration at 15% [1]
- ✔ Moonpig and Greetz have distinct and increasing market leadership position, supporting profitable customer acquisition
- ✔ High frequency, recurring purchase occasions
- ✔ Loyal customers with 88% of revenue from existing customers [3]

Gift attach

The most relevant gifting platform with minimal acquisition cost



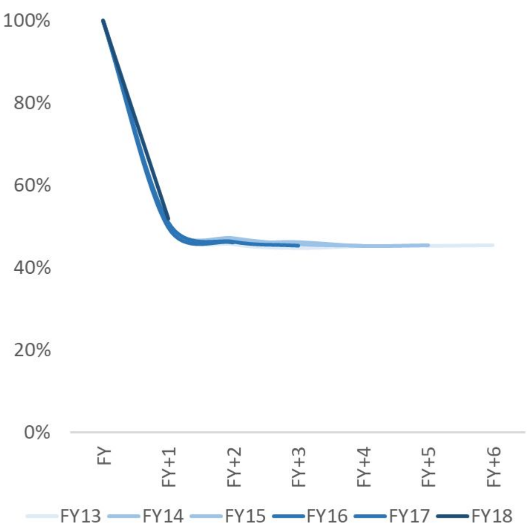
- ✔ >63% cards given with a gift [1,2]
- ✔ Card-first journey enables highly relevant gift recommendations
- ✔ Purchase intent high post card creation
- ✔ Zero marketing costs, supporting high margins
- ✔ Sidesteps expensive online competition for gifts/flowers

1. OC&C market research, October 2024. 2. UK single card purchases in 2023 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 2023. The 63% figure includes 5% of occasions where cash is given as a gift. 3. Moonpig and Greetz, H1 FY25. Based on customers who were existing active customers at the start of the financial year.

Resilient, sticky cohorts that have been uplifted post Covid

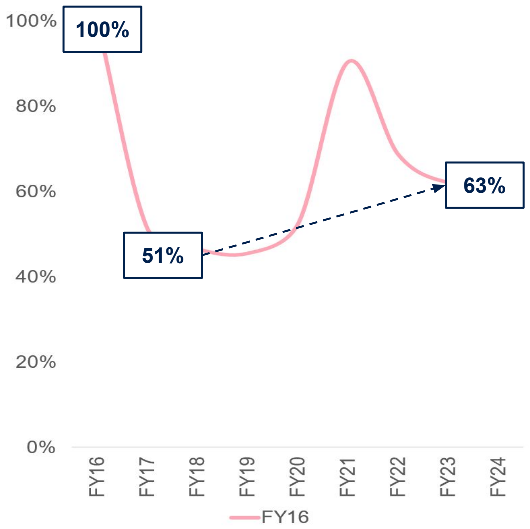
Very consistent cohort behaviour pre-Covid

Moonpig annual cohorts acquired to FY18 [1]
Annual revenue % of first year revenue



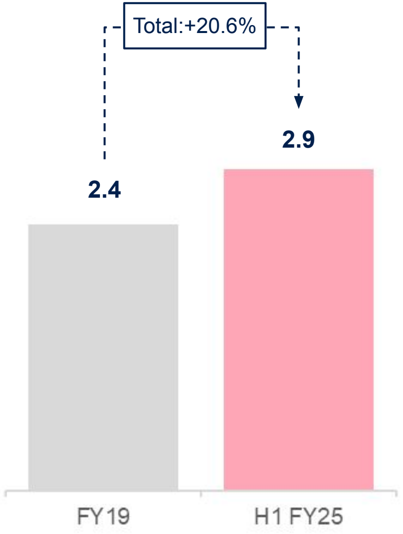
These same cohorts are now performing stronger than pre-Covid

Moonpig FY16 cohort [1]
Annual revenue % of first year revenue



Across all cohorts, customers are returning 20% more often vs. pre-Covid

Frequency - Moonpig and Greetz
Number of orders per active customer

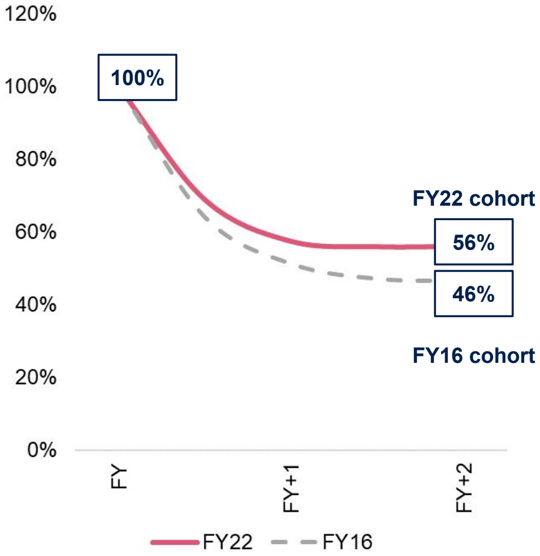


1. Moonpig segment only.

Increased retention for cohorts acquired during and since Covid

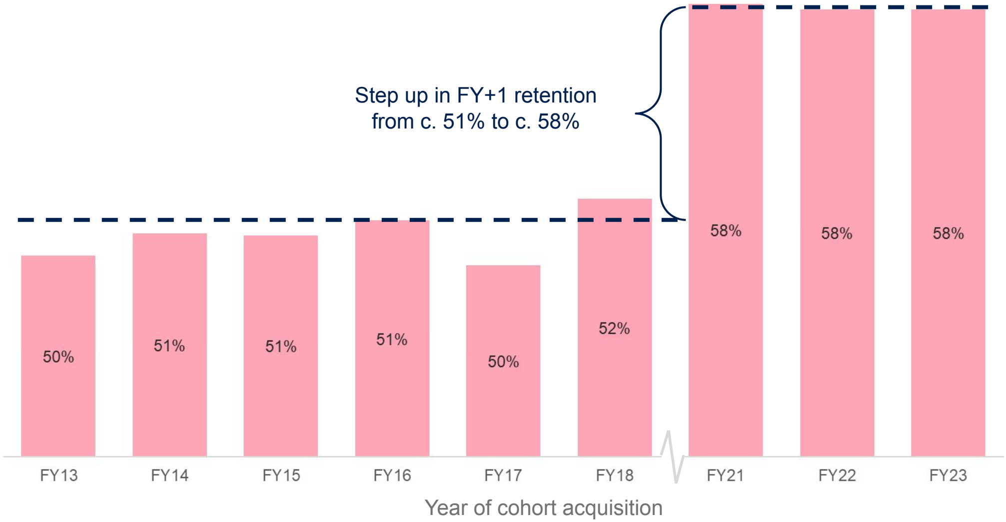
Retention for new customer cohorts post-Covid is stronger than before

Cohort acquired in FY16 and FY22 - revenue [1]
% indexed to FY



This step-change is consistent across new customer cohorts for all recent years

Moonpig FY+1 cohort revenue [1]
Second year (FY+1) revenue as % of first year (FY) revenue



1. Moonpig segment only. Cohorts acquired in FY19 and FY20 not shown for visual clarity; for these cohorts, Covid lockdown resulted in FY+1 retention of 59% and 120% retention respectively.

Three compounding revenue growth levers and a long runway of growth

3 **Average order value**

17.3% FY24 attach rate [4] → 3.6x → 63% occasions where a gift is purchased alongside a card [1]

2 **Frequency**

3.6 FY24 cards per year [4] → 5.4x → 19.4 online and offline card purchases per year [2]

1 **Active customers**

11.5m FY24 active customers [4] → 4.4x → 51m card customers in our core markets [3]

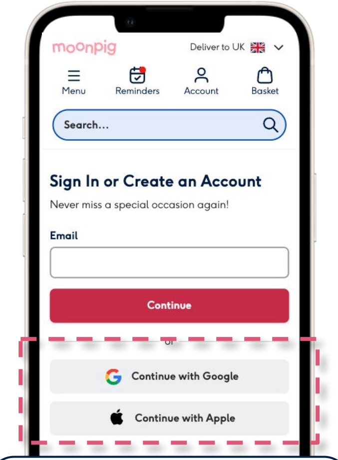
Moonpig and Greetz FY19 - FY24 growth

Average order value	+25%	+4.5% CAGR
Purchase Frequency	+20%	+3.8% CAGR
Active customers	+62%	+10.2% CAGR

1. UK single card purchases in 2023 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 2023. 63% includes 5% of occasions where cash is given as a gift. 2. Blended average total number of cards purchased by Moonpig customers in the UK and card customers in NL, weighted by individual entity's active customer numbers, for UK and NL only. 3. Core markets of the UK and NL, based on OC&C estimates, October 2024. 4. Moonpig and Greetz, FY24.

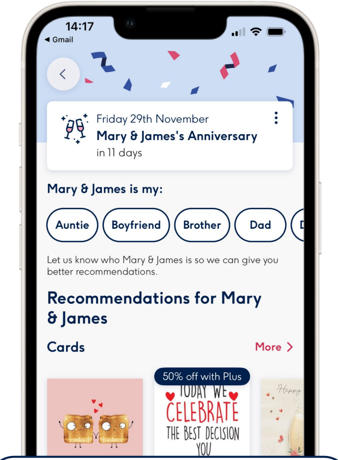
Accelerating active customer growth

Social sign-on driving conversion rate and hence new customer acquisition



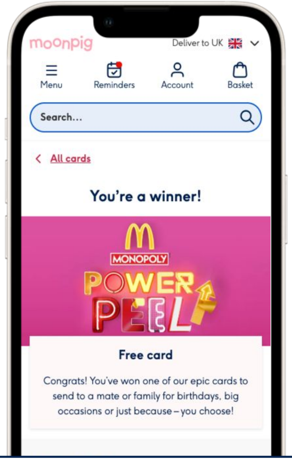
+2.5%
Step conversion rate on the sign-in page [1]

"Magic link" from reminder emails to tailored landing page



Logs customer into their account, driving conversion rate

Leveraging brand partnerships to accelerate new customer acquisition



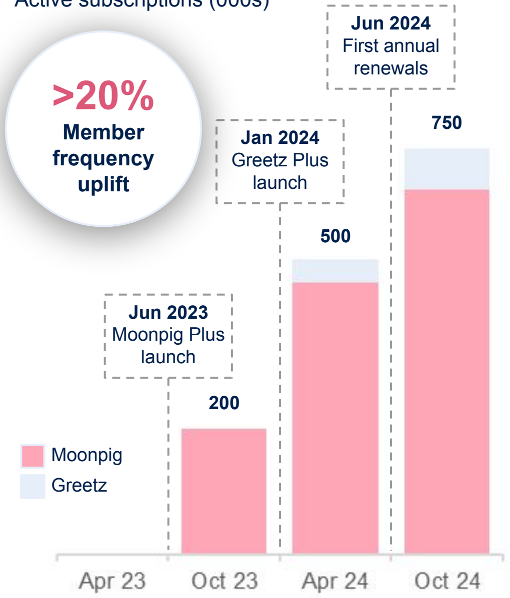
Partnerships with brands including McDonalds and Gü desserts

1. Measured impact on Moonpig and Greetz, based on experiment outcomes (A/B, multivariate or before/after).

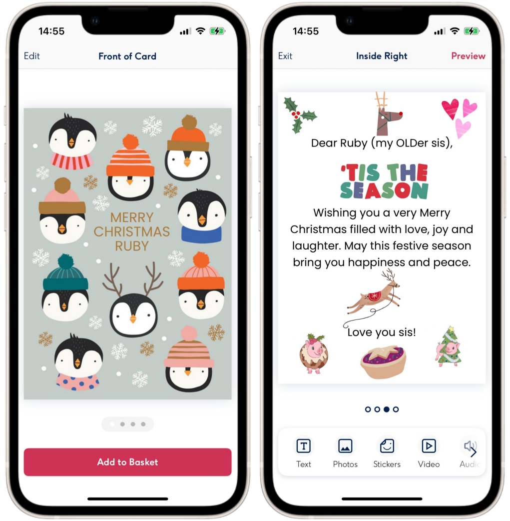
Plus: our flagship programme for driving frequency

Plus subscriptions surpassed expectations with 750k members

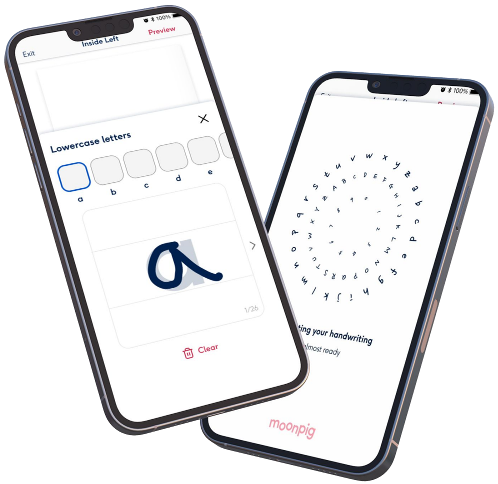
Moonpig and Greetz Plus subscribers
Active subscriptions (000s)



Card creativity features have now been used over 17 million times



AI handwriting launched on our apps in December 2024 to drive frequency

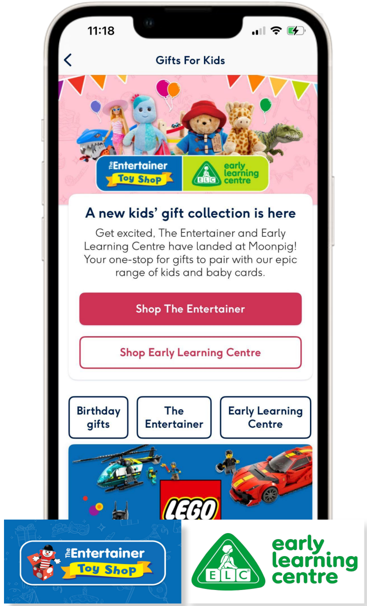


[Personal handwriting video]

1. Moonpig UK only for October 2024.

Delivering growth in gift attachment and average order value

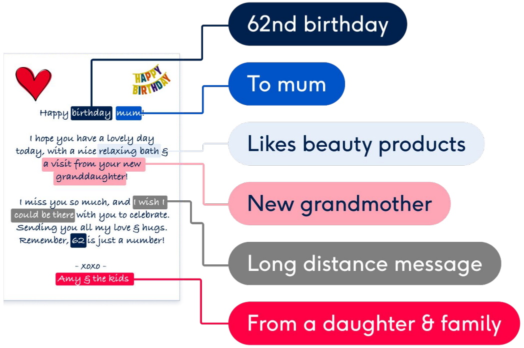
Strategic category partnerships



Powerful brands that customers love

Hotel Chocolat. | Cadbury | LEGO | Mars | Cath Kidston | Virgin wines

Leveraging AI to make increasingly relevant recommendations



Executing against our Experiences transformation plan

At the time of acquisition, we established three pillars for our Experiences transformation plan

Operational transformation Delivered	Technology led growth In progress	Enhancing the proposition In progress
✓ Appointed new leadership	✓ Built new data and analytics platform	✓ New brand identities
✓ Talent refreshed at all levels	✓ Replatformed the customer and recipient websites	✓ Increased range of premium brands
✓ Performance marketing optimised	✓ Increased direct booking integrations (restaurants, days out etc)	Build out Moonpig-specific range
✓ Customer service outsourced	Customer service AI chatbot	Category expansion
✓ Fulfilment relocated	AI algorithms to drive upsell and cross sell	Trusted brands
>£1m of annual cost synergies	>£20m of gross sales uplift [1]	>250 new experience partners [2]

1. £20m of cumulative incremental annual value delivered through improvements to customer and recipient websites post acquisition in July 2022, measured through A/B testing. 2. Since acquisition in July 2022.

Focus on enhancing the proposition at Experiences

Expanding our range of trusted brands

- Crazy Bear EST 1993
- OXO Restaurant • Bar • Brasserie
- The View from The Shard
- Royal Botanic Gardens Kew
- Bannatyne
- Marco Pierre White ESTᴰ 1961

Building out our range of subscription gifts

- Hello Fresh
- gousto
- BEER52
- OK! Beauty Box

Emphasis on casual dining at attractive price points

- S&L
- Pasta Evangelists
- Social Pub and Kitchen
- Proper Pubs
- Café Rouge

Social experiences and immersive experiences

- The Paddington Bear Experience
- DreamWorks Tours Shrek's Adventure! London
- Monopoly Lifesized
- The London Dungeon
- Toca Social

Four key revenue drivers at Experiences

Orders on the customer websites

- Technology improvements to conversion rate
- Enhanced proposition
- Focus on recipient-to-customer conversion
- New marketing channels and partnerships

Average order value

- AI-driven personalised upsell recommendations
- Bundling products
- Price inflation
- Promotions to drive average order value through spend minimums

Third party channels

- Curating the proposition for Moonpig, which is now the biggest channel outside the Buyagift and Red Letter Days sites
- Growing sales through 11 third party physical and online retailers [1]

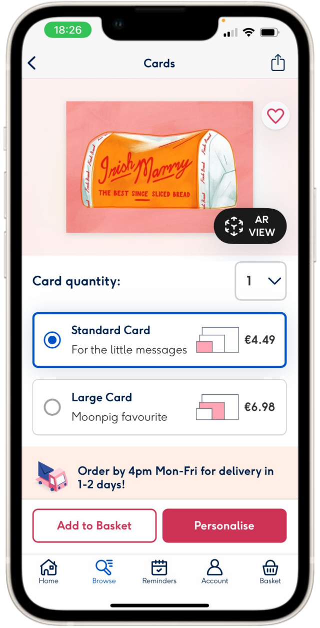
Recipient upsell

- Expanding experiences redeemable via our recipient website (from 1000 today)
- Upselling recipients to higher value products during redemption
- +190k vouchers booked on our redemption websites in FY24 [2]

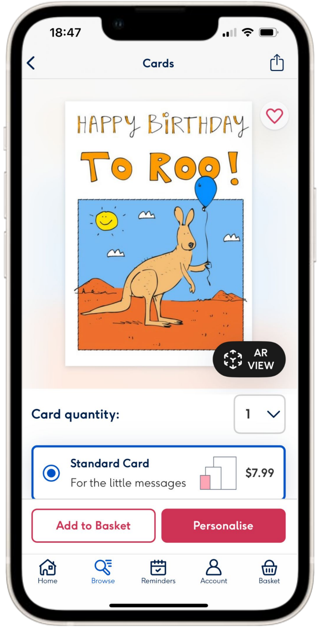
1. As at 30 September 2024. 2. Number of vouchers redeemed on the Buyagift and Red Letter Days redemption website.

Experimenting to find product-market fit in international markets

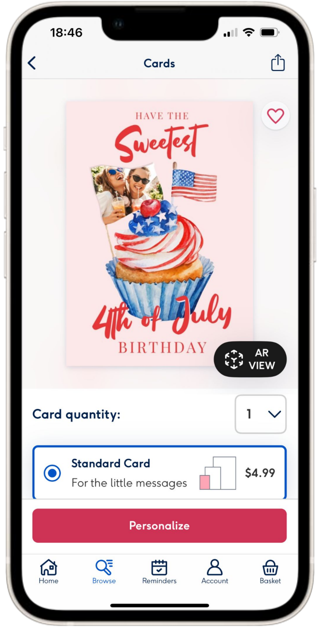
Ireland



Australia



US



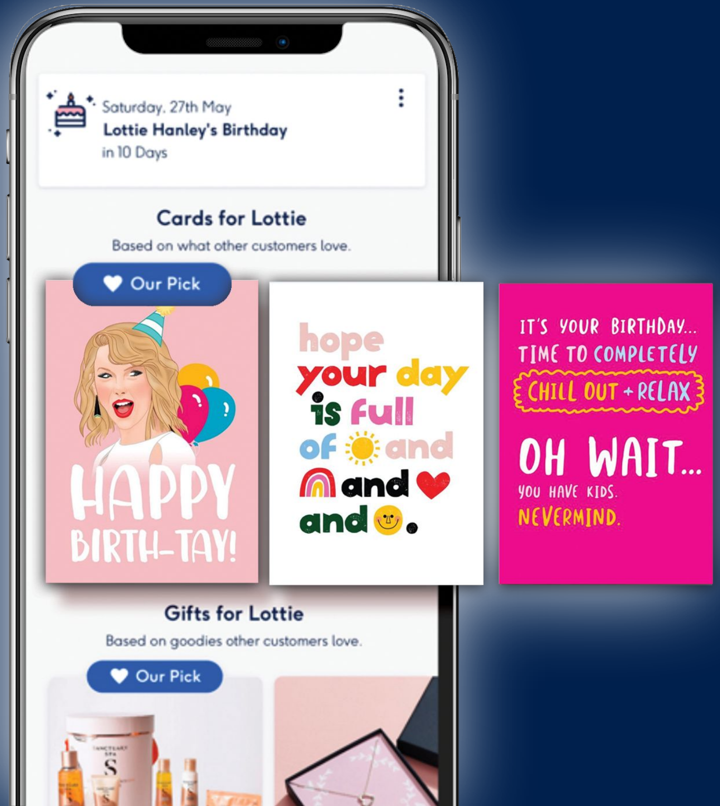
- Revenue **growth at 43% in Ireland, Australia and the US**
- Key operating principles ensure **disciplined investment** decisions:
  - Lean, autonomous, **fast paced teams**
  - Short term milestones and **focus on rapid testing/iteration**
  - **Disciplined capital investment**
  - **Flexibility** to stop/ continue/accelerate based on results and outcomes

Technology driven growth, underpinned by the Moonpig brand

moonpig
group plc

1. Continued growth, underpinned by double digit growth at Moonpig
2. Leveraging data and technology to drive compounding revenue growth
3. Expectations for full year revenue remain unchanged
4. Medium term target for Adjusted EBITDA margin increased to a range of 25% to 27%

moonpig group plc


Saturday, 27th May
Lottie Hanley's Birthday
in 10 Days
Cards for Lottie
Based on what other customers love.
Our Pick
HAPPY BIRTH-TAY!
hope your day is full of and and and .
IT'S YOUR BIRTHDAY... TIME TO COMPLETELY CHILL OUT + RELAX
OH WAIT...
YOU HAVE KIDS.
NEVERMIND.
Gifts for Lottie
Based on goodies other customers love.
Our Pick

Appendix

Medium-term targets

Medium-term operating targets

Revenue growth rate Double digit percentage	**Adjusted EBITDA margin rate** [1] 25% to 27%	**Adjusted EPS** [1] **growth rate** Mid teens percentage

Strong operating cash flow and capital efficiency

Inventories Single digit millions	**Capex** 4% to 5% of revenue	**Operating cash conversion** [1] 70% to 100% of Adjusted EBITDA [1]

Disciplined capital allocation

Net leverage [1] Approximately 1.0x Last Twelve Months Adjusted EBITDA [1]	**Dividend cover** 3x to 4x in the medium term Dividend growth in line with Adjusted EPS	**Share buybacks** Return excess capital where earnings per share enhancing

Updated (previously 25% to 26%)

1. Adjusted EBITDA, Adjusted EBITDA margin rate, Adjusted EPS, operating cash conversion and net leverage are Alternative Performance Measures. Refer to the H1 FY25 results announcement.

Technical guidance (1 of 3)

Capital expenditure	• Our medium-term target is for recurring tangible and intangible capital expenditure to equate to between 4% and 5% of revenue, therefore growing over time in line with the top line. Within this, we expect that tangible capital expenditure will be in the region of £2m per year. • In H1 FY25, capital expenditure was in the middle of this percentage range, reflecting a high proportion of technology employees' time spent on projects that do not meet IAS38 capitalisation criteria, with costs instead recognised in the consolidated income statement. We expect capital expenditure in H2 FY25 to be in the region of £1m higher than in the first half, reflecting a normalisation in the technology department capitalisation rate and higher tangible capital expenditure. • As previously discussed, we are also evaluating potential for investment in automation and robotics at our UK fulfilment centre to increase efficiency and provide additional capacity at periods of peak throughput for gifting. If pursued, this would require additional capital expenditure in the range of low to mid-single digit millions in FY26.
Depreciation and Amortisation	• We expect depreciation and amortisation of between £19m and £21m in FY25[1]. This is lower than our previous expectations, reflecting lower capital expenditure in FY25 together with the later commencement of amortisation upon commissioning of projects. The charge is expected to increase to between £21m and £23m in FY26, rising thereafter in line with capital expenditure. This includes depreciation of purchased tangible fixed assets (including right-of-use assets) and amortisation of internally generated intangible fixed assets but excludes the amortisation of intangible fixed assets arising on business combinations.
Acquisition amortisation	• We expect the amortisation of intangible fixed assets arising on business combinations to be approximately £8m in FY25, and we classify this as an Adjusting Item. The expected impact of this on Adjusted tax is approximately £2m. The amortisation relates to intangible assets such as brand trademarks and customer relationships with useful lives of up to eight years as set out at Note 8 to the condensed consolidated financial statements.

1. Represents a decrease compared to our full year results announcement, at which time we expected depreciation and amortisation of between £20m and £23m in FY25

Technical guidance (2 of 3)

Net finance costs	• We expect net finance costs in FY25 to be approximately £11m. This is below our previous expectation [1] and includes the H1 monetary gain on Euro-denominated intercompany loan balances. It includes expected interest payments on the new RCF of approximately £7m (based on the Group's expected deleveraging profile, current forward market expectations for SONIA and hedging arrangements currently in place). Deemed interest on the merchant accrual is expected to be approximately £2m. The remainder relates to deemed interest on lease liabilities and the amortisation of up-front RCF arrangement fees and hedging fees. • We expect net finance costs to remain broadly unchanged in FY26; whilst the average net leverage ratio will be lower year-on-year, the effective interest rate on the RCF will be higher following expiry of the SONIA interest rate cap with a cap strike rate of 3.00% on 30 November 2024. Net finance costs are thereafter likely to increase year-on-year in line with Adjusted EBITDA, as we are targeting a constant net leverage ratio of approximately 1.0x.
Taxation	• We expect the Group's effective taxation rate to be slightly below 25% of Adjusted Profit Before Taxation in FY25, reflecting the positive impact of deferred taxation movements with respect to share-based payment arrangements, driven by increases in the Group's share price. Thereafter, we would expect the effective taxation rate to be between 25% and 26% of Adjusted Profit Before Taxation.
Share based payments	• We expect the total charge for share-based payments (relating to the LTIP, DSBP and SAYE share schemes) to be approximately £6m in FY25. The actual charge may vary to the extent that there are "bad" leavers and, for the element of each LTIP award which is subject to an EPS performance condition, in the event of profit outcomes that vary from current expectations. These share-based payment charges are not classified as an Adjusting Item.
Share buybacks	• The repurchase of shares on the open market is expected result in cash outflows of up to £25m (before transaction costs) in H2 FY25. The cost of the buyback will initially be recorded in the own shares reserve (in equity) when the shares are repurchased. We expect the shares to be cancelled in FY25, at which point the amount in the own shares reserve will be reduced. The nominal value of the cancelled shares will be transferred to share capital and capital redemption reserves while the remainder, representing any premium paid over the nominal value, will be transferred to retained earnings.

1. Represents a decrease compared to our full year results announcement, at which time we expected net finance costs in FY25 to be approximately £12m.

Technical guidance (3 of 3)

Interest rate hedging

- The Group's committed debt facilities comprise a four-year, multi-currency revolving credit facility ("RCF") of £180m, which is provided by a syndicate of banks. It has an initial maturity date of 29 February 2028 with an option to extend by one year, subject to lender approval.
- The RCF is subject to two covenants, each tested at six-monthly intervals:
  - The leverage covenant, measuring the ratio of net debt to last twelve months Adjusted EBITDA (excluding share based payments, as specified in the facilities agreement), is a maximum of 3.5x until April 2025 and 3.0x thereafter.
  - The interest cover covenant, measuring the ratio of last twelve months Adjusted EBITDA (excluding share based payments, as specified in the facilities agreement) to the total of bank interest payable and interest payable on leases, is a minimum of 3.5x for the term of the facility.

RCF costs (within net finance charges)

- Margin on the Revolving Credit Facility (over reference rate) is based on a leverage ratchet as follows:

Net leverage	Margin (bps)
>3.00x	325
>2.50x <=3.00	300
>2.00x <=2.50	275
>1.50x <=2.00	250
>1.00x <=1.50	225
<=1.00	200

- Commitment fees are payable on the unutilised element of the RCF at 35% of the applicable margin per annum (excluding reference rate). Up-front arrangement fees of 80bps on the £180m commitment are amortised over the term of the facility.

Interest rate hedging

- The Group's interest rate hedging arrangements now comprise a SONIA interest rate cap of 5.00% on £50m notional from 29 November 2024 until 1 June 2025, reducing thereafter to £35m notional until expiry on 28 November 2025.
- This follows the expiry of a SONIA interest rate cap with a cap strike rate of 3.00% on £70m notional until 30 November 2024.

Alternative Performance Measures

Reconciliation of Alternative Performance Measures to IFRS Measures						
	Six months ended 31 October 2024			Six months ended 31 October 2023		
£m	**Adjusted Measures**	**Adjusting Items**	**IFRS Measures**	Adjusted Measures	Adjusting Items	IFRS Measures
EBITDA (£m)	**41.8**	**(56.7)**	**(14.9)**	41.4	(1.9)	39.6
Depreciation and amortisation (£m)	**(9.2)**	**(3.9)**	**(13.1)**	(8.2)	(4.3)	(12.6)
EBIT (£m)	**32.6**	**(60.6)**	**(28.0)**	33.2	(6.2)	27.0
Finance costs (£m)	**(5.3)**	**-**	**(5.3)**	(8.1)	-	(8.1)
Profit / (loss) before taxation (£m)	**27.3**	**(60.6)**	**(33.3)**	25.1	(6.2)	18.9
Taxation (£m)	**(6.2)**	**1.0**	**(5.2)**	(6.1)	1.3	(4.8)
Profit / (loss) after taxation (£m)	**21.1**	**(59.6)**	**(38.5)**	19.0	(4.9)	14.1
Basic earnings per share (pence)	***6.1***	***(17.3)***	***(11.2)***	*5.5*	*(1.4)*	*4.1*
EBITDA margin (%)	***26.5%***	-	***(9.4)%***	*27.2%*	-	*26.0%*
EBIT margin (%)	***20.7%***	-	***(17.7)%***	*21.8%*	-	*17.8%*
PBT margin (%)	***17.3%***	-	***(21.1)%***	*16.5%*	-	*12.4%*

Acquisition amortisation is now classified as an Adjusting Item

Adjusting Items

£m	**Six months ended 31 October 2024**	Six months ended 31 October 2023	Year-on-year movement
Pre-IPO share-based payment charges	**-**	(0.6)	0.6
Pre-IPO bonus awards	**-**	(1.2)	1.2
Acquisition amortisation	**(3.9)**	(4.3)	0.4
Impairment of goodwill	**(56.7)**	-	(56.7)
Total Adjusting Items	**(60.6)**	(6.2)	(54.4)

Items not classified as Adjusting Items by the Group

£m	**Six months ended 31 October 2024**	Six months ended 31 October 2023	Year-on-year movement
Share-based payment charges relating to operation of post-IPO Remuneration Policy (£m)	**(2.5)**	(2.0)	(0.5)

1. Stated inclusive of employer's national insurance.

Impact of classifying acquisition amortisation as an Adjusting Item (1 of 2)

Impact of revising the definition of Adjusting Items to include acquisition amortisation

	Revised definition			Previous definition		
£m	**H1 FY25**	**H1 FY24**	**Year-on-year %**	**H1 FY25**	**H1 FY24**	**Year-on-year %**
Revenue	**158.0**	152.1	3.8%	**158.0**	152.1	3.8%
Adjusted EBITDA	**41.8**	41.4	0.9%	**41.8**	41.4	0.9%
Adjusted depreciation and amortisation (£m)	**(9.2)**	(8.2)	12.2%	**(13.1)**	(12.6)	4.3%
Adjusted EBIT	**32.6**	33.2	(1.7)%	**28.7**	28.8	(0.3)%
Net finance costs	**(5.3)**	(8.1)	(34.6)%	**(5.3)**	(8.1)	(34.6)%
Adjusted profit before taxation	**27.3**	25.1	9.0%	**23.4**	20.7	13.0%
Adjusted taxation	**(6.2)**	(6.1)	1.6%	**(6.2)**	(5.1)	21.0%
Adjusted profit after taxation	**21.1**	19.0	11.1%	**17.2**	15.6	10.4%
Adjusted Basic Earnings per Share (pence)	***6.1p***	*5.5p*	*0.6p*	***5.0p***	*4.6p*	*0.4p*
Adjusted EBITDA margin (%)	***26.5%***	*27.2%*	*(0.7)%pts*	***26.5%***	*27.2%*	*(0.7)%pts*
Adjusted EBIT margin (%)	***20.7%***	*21.8%*	*(1.1)%pts*	***18.2%***	*18.9%*	*(0.7)%pts*
Adjusted PBT margin (%)	***17.3%***	*16.5%*	*0.8%pts*	***14.8%***	*13.6%*	*1.2%pts*

Impact of classifying acquisition amortisation as an Adjusting Item (2 of 2)

Historical P&Ls with revised definition of acquisition amortisation as an Adjusting Item

£m	H1 FY20[1]	H1 FY21	H1 FY22	H1 FY23	H1 FY24	H1 FY25
Revenue	66.3	155.9	142.6	142.8	152.1	158.0
Adjusted EBITDA	**15.0**	**41.2**	**35.0**	**34.6**	**41.4**	**41.8**
Adjusted depreciation and amortisation (£m)	(3.7)	(4.7)	(5.1)	(6.7)	(8.2)	(9.2)
Adjusted EBIT	**11.3**	**36.5**	**29.9**	**27.9**	**33.2**	**32.6**
Net finance costs	(0.4)	(0.7)	(4.9)	(5.8)	(8.1)	(5.3)
Adjusted profit before taxation	**10.9**	**35.8**	**25.0**	**22.0**	**25.1**	**27.3**
Adjusted taxation	(2.1)	(6.8)	(4.8)	(4.2)	(6.1)	(6.2)
Adjusted profit after taxation	**8.9**	**29.0**	**20.3**	**17.9**	**19.0**	**21.1**
Adjusted Basic Earnings per Share (pence)	2.6p	8.5p	6.0p	5.3p	*5.5p*	*6.1p*
Adjusted EBITDA margin (%)	22.7%	26.4%	24.5%	24.2%	*27.2%*	*26.5%*
Adjusted EBIT margin (%)	17.1%	23.4%	21.0%	19.5%	*21.8%*	*20.7%*
Adjusted PBT margin (%)	16.5%	22.9%	17.5%	15.4%	*16.5%*	*17.3%*

1. As Moonpig Group plc was incorporated in H2 FY21 there were no issued shares in H1 FY20 or H1 FY21. Adjusted Basic EPS has been calculated for this year using the weighted average basic number of shares for H1 FY22.