

10 December 2024

Moonpig Group plc (“Moonpig Group” or the “Group”)
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2024

Technology driven growth, underpinned by the Moonpig brand

Summary financial results

	Six months ended 31 October 2024	Six months ended 31 October 2023	Year-on-year growth %
Revenue (£m)	158.0	152.1	3.8%
Gross profit (£m)	93.6	89.0	5.1%
Gross margin (%)	59.2%	58.5%	0.7%pts
Adjusted EBITDA (£m) ¹	41.8	41.4	0.9%
Adjusted EBITDA margin (%) ¹	26.5%	27.2%	(0.7)%pts
Reported (loss)/profit before taxation (£m)	(33.3)	18.9	(276.1)%
Adjusted profit before taxation (£m) ²	27.3	25.1	9.0%
Earnings per share - basic (pence)	(11.2)	4.1	(372.1)%
Adjusted earnings per share - basic (pence) ²	6.1	5.5	10.7%

¹ Before Adjusting Items of £56.7m in H1 FY25 and £1.9m in H1 FY24. See Note 4 and Note 21.

² Before Adjusting Items of £60.6m in H1 FY25 and £6.2m in H1 FY24. See Note 4 and Note 21. The Group has amended its definition of Adjusting Items to include acquisition amortisation. See the Group's FY24 Annual Report and Accounts, Note 6 and definition of Alternative Performance Measures on page 174 for more information.

Results summary

- Reported revenue increased by 3.8% year-on-year to £158.0m, driven by double digit growth at the Moonpig brand.
- Equivalent to revenue growth of 6.1% year-on-year after adjusting for the prior year impact of temporarily higher breakage on experience vouchers sold during Covid.
- Adjusted EBITDA of £41.8m (H1 FY24: £41.4m) with margin rate above our medium-term target range.
- Adjusted profit before taxation growth of 9.0% to £27.3m (H1 FY24: £25.1m) reflecting growth in trading and lower interest costs.

Strategic and operational highlights

Continued strong trading at Moonpig:

- Moonpig revenue increased by 10.0% year-on-year, underpinned by growth in orders.
- Greetz revenue decrease abated from -5.3% in H2 FY24 to -4.0% in H1 FY25.
- Moonpig and Greetz active customer base grew to 11.7m (October 2023: 11.3m) with frequency growing at 0.9%.
- Moonpig and Greetz total orders grew by 4.7% with average order value rising by 2.5%.
- Revenue in the US, Australia and Ireland grew at a combined 42.5% year-on-year.

Continued technology innovation to drive higher customer lifetime value:

- Moonpig Plus and Greetz Plus subscriptions surpassed our expectations with 750k members (October 2023: 200k).
- Database of customer occasion reminders grew to 96 million (October 2023: 82 million).
- Use of creative features increased by 53% year-on-year to 6.5 million in H1 FY25 (H1 FY24: 4.3m).

Enhanced deployment of AI to personalise customer experience:

- Incorporated AI generated product descriptions, improving search functionality for more relevant card and gift results.
- Launched live inference technology, which analyses customer message sentiment to enhance our gift recommendations.
- Launched AI handwriting in December 2024, enabling customers to add their own handwriting for use as a font.

Continued execution against our transformation plan for Experiences:

- Focus on enhancing the consumer proposition and on technology feature development to drive revenue growth.
- Trading conditions remain difficult. In the context of 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 the impairment of Experiences goodwill at 31 October 2024, classified as an Adjusting Item.

Strong cash generation enabling dividends and share buyback:

- Inaugural interim dividend of 1.0p per share (H1 FY24: nil).
- Share buyback programme of up to £25m ongoing through H2 FY25.
- We expect net leverage of approximately 1.0x as at 30 April 2025.

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.

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.

Nickyl Raithatha, CEO, commented

"We are pleased to report continued growth in revenue for the Group, driven by double-digit revenue growth at the Moonpig brand. Moonpig's performance has been underpinned by robust growth in order volumes, powered by our multi-year investments in technology and innovation and the structural market shift to online. Raising our medium-term profit margin target demonstrates our confidence in the outlook for the business.

We continue to innovate to attract and retain our loyal customers. To date, over 17 million innovative card creativity features have been used to customise our cards, including audio and video messages, AI-generated text suggestions, stickers, flexible photos and digital gifting solutions.

Ahead of Christmas, we are excited to have launched 'Your Personalised Handwriting,' an AI-driven feature that allows customers to add their own handwriting to our cards. By creating their handwriting as a font saved to their Moonpig account, customers can type a message and see their handwriting seamlessly appear within the card. This launch is a key step in our roadmap of innovative features, leveraging emerging AI technologies to enhance the card-giving experience."

Investor and analyst meeting

The full year results presentation will be available on the Investor Relations section of Moonpig Group's corporate website (www.moonpig.group/investors) shortly after 7:00am on 10 December 2024.

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

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

Investors wishing to listen to the Q&A should register via the following link: <https://sparklive.lseg.com/MoonpigGroup/events/a1c53e35-a894-4391-a638-a496f0e2cb18/moonpig-group-plc-fy2025-half-year-results-q-a>

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About Moonpig Group

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

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

Forward Looking Statements

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

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

Business review

Overview

At Moonpig Group, we have built a platform to deliver sustainable, compounding growth in revenue and profit. This is underpinned by our resilient customer cohorts, with Moonpig's cohorts now performing more strongly than before lockdown, and which power our growth and profitability. We have continued to extend our UK online market leadership to 70% (source: OC&C, October 2024) in a single cards market that is rapidly transitioning online and presents a long-duration secular growth opportunity. We have structurally high profitability and cash generation.

Across the medium-term, our target is to deliver double-digit revenue growth at Moonpig and Greetz, with our customer base growing by 2% to 3% per year, each customer purchasing 3% to 4% more often and spending 3% to 5% more on each transaction. Moonpig's performance in H1 FY25 was broadly consistent with this target, with 4.7% year-on-year growth in orders driven through both new customer acquisition and purchase frequency and a 2.5% increase in average order value. Attach rate increased moderately in the context of a challenging consumer environment for gifting and the intentional focusing of more technology resources towards cards at this stage of the economic cycle. A key characteristic of our business model is that we can grow gifting revenue without increasing attach rate, provided card orders are in growth, and indeed we delivered 5.8% absolute growth in attached gifting revenue during the period. Greetz performance continued to improve, whilst remaining well behind our medium term goal.

Our new markets business is making progress on two exciting expansion initiatives, each with the potential to unlock substantial medium-term growth opportunities for the Group. The first initiative is expanding our card business into new markets including Ireland, Australia and the US, all of which have now launched. Revenue in the US, Australia and Ireland collectively grew by 42.5% year-on-year to £5.0 million in H1 FY25. The second is entering the corporate market with a new product, Moonpig for Work, which enables companies to easily send personalised Moonpig cards and gifts at scale to their employees and clients. Testing of our prototype proposition continued throughout H1 FY25 ahead of future launch.

We are continuing to execute against our transformation plan for the Experiences segment, but with longer timeline expectations. The operational transformation is complete, including relocating head office, outsourcing non-core functions and building a new leadership team, which resulted in over £1 million in direct cost synergies. We have rebuilt the technology platform and are redirecting the focus of the Experiences technology team towards driving growth. We are also working to enhance the customer proposition, leveraging the new platform to introduce new brands and to develop new and innovative ways for customers to discover and book experiences. This work is still underway and we are confident this is going to allow us to better respond to shifting customer preferences. However, trading conditions remain challenging with significant macroeconomic headwinds, in view of which we expect a longer timeline for aligning Experiences revenue growth with its full potential. This is reflected in the £56.7m non-cash charge for the impairment of Experiences goodwill at 31 October 2024.

We have remained focused on increasing profitability. Moonpig and Greetz are growing revenue from high-margin revenue streams such as Plus subscription fees, on-site and supplier marketing income and commissions earned from selling toys and digital gift experiences as an agent. To reflect this, 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%. For FY25, we also expect depreciation and amortisation to be lower than previously envisaged (as certain current-year projects do not meet the requirements for capitalisation meaning related costs have been directly expensed) and now have lower expectations for net finance charges.

Our business has all the characteristics of a true platform business, with structurally high profitability and cash generation, clear leadership of the online single card market and resilient customer cohorts. The net result of this is that we generate excess cash flow, whilst continuing to invest in our business. Accordingly, in October we announced a new dividend policy and our first share buyback programme. We expect to repurchase up to £25m of shares before 30 April 2025 and the Board has declared an inaugural interim dividend of 1.0 pence per share.

Leveraging data and technology

At Moonpig and Greetz, we leverage technology and data to drive growth in two ways. Firstly, through continuous compound improvements to our user experience based on experimentation. We run a high volume of controlled tests each month, presenting different versions of a feature to different customer groups. Each experiment allows us to measure the impact of the changes on a specific KPI, such as conversion rate or order value. As we implement successful variants, we increase our ability to predict and prioritise the most impactful test to run next, driving continuous optimisation. Secondly, we drive revenue growth by leveraging AI over our unique customer data. We utilise our proprietary data sets in combination with AI technologies to refine our algorithms. This allows us to deliver a highly personalised experience, ensuring customers find the perfect card and gift every time.

We have further enhanced our use of AI to personalise customer experience:

- Incorporated AI generated product descriptions, improving search functionality leading to more relevant card and gift results.
- Launched live inference technology at Moonpig and Greetz enabling analysis of customer message sentiment in real time, enhancing the capabilities of our gift recommendation engine.
- Developed AI handwriting, which launched in December, allowing customers to upload their own handwriting to the platform.

We are leveraging technology to drive higher customer lifetime value:

- Active subscriptions to Moonpig Plus and Greetz Plus increased to 750k (October 2023: 200k) driven by continued strong sign-up and renewal rates. Plus subscribers now account for approximately one fifth of Moonpig orders.
- Use of creative features increased year-on-year by 53% to 6.5 million in H1 FY25.
- "Magic Link" launched, shortening the customer journey by automatically logging users in directly from reminder emails.
- We are delivering a more personalised journey with tailored homepage banners and promotions and themed gift pairings, such as pairing Paw Patrol cards with Paw Patrol gifts.

We continue to invest in technology at Experiences as part of our transformation plan:

- Re-platforming of the Red Letter Days and Buyagift shopper websites complete.
- Technology development now focused towards delivering incremental revenue, including new features that include image carousels of recently viewed experiences, enhanced upsell functionality, and providing richer product information to improve user experience ahead of the Christmas peak.

At each of our brands we have launched AI-driven customer service chatbots, which are helping an increasing number of customers to self-serve with high rates of satisfaction. Already at Moonpig, the “Luna” chatbot now handles over three out of ten customer contacts.

Building our brands

Our strategy remains focused on delivering revenue growth through our loyal existing customer base, which accounts for nine tenths of revenue at both Moonpig and Greetz. Our key areas of focus remain:

- Growing our database of 96 million occasion reminders (31 October 2023: 82 million) and improving how we leverage it to communicate with customers. Reminders represent a powerful ecosystem, enabling us to engage with customers at moments of high card-giving intent, and four tenths of all Moonpig orders are now placed within 7 days of the customer receiving a reminder.
- Driving awareness and adoption of our card creativity features, which enable customers to personalise cards with audio and video messages, flexible photos, sticker “images” and digital gifts.
- Encouraging customer sign-up to Moonpig Plus and Greetz Plus as well as raising app penetration at Greetz towards levels at Moonpig.

New customer acquisition continues to grow, driven by our expanded presence in social media channels such as TikTok and strategic partnerships with consumer brands such as McDonalds and Gü desserts, which help us reach broader audiences. All Moonpig and Greetz orders require users to be logged in, making the introduction of social sign-on options through Apple and Google a highly relevant enhancement. This streamlined login process has contributed to a 2.5% increase in the proportion of visitors choosing to log in, further strengthening new customer acquisition. As at 31 October 2024, Moonpig and Greetz had 11.7m active customers, up from 11.5m at 30 April 2024 and 11.3m at 31 October 2023.

We continue to make progress with expanding our card business into new markets, following our three-stage approach which commences with market discovery, then reaching product-market fit, followed by profitable expansion. In Ireland, which is now firmly in the third phase, we grew revenue by 31.4% to £2.1m (H1 FY24: £1.6m). Our other new markets remain in discovery, with Australia revenue growing by 43.7% to £2.0m (H1 FY24: £1.4m) and US revenue growing by 71.8% to £0.9m (H1 FY24: £0.5m). We continue to expand our proposition in each of these markets, launching balloons in Ireland, chocolate in Australia and localised card designs in the US, supported by new partnerships with third party fulfilment centres in Sydney and Las Vegas.

Evolving our range

Our global design platform is the driving force behind our card offering, acting as a marketplace that connects us with designers worldwide. In H1 FY25, we welcomed Scribbler as a design partner, adding their signature irreverent humour to Moonpig’s card range. We expanded our selection for events such as Grandparents Day to support new customer acquisition campaigns. We also broadened our range of card designs for recipients outside the household, including for uncles, 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.

A milestone during H1 FY25 was the launch of a strategic partnership to manage our entire children’s toy proposition. Enhancements to our stock management systems now allow us to collaborate with partners on a consignment basis. Our first partner under this model, The Entertainer (including its Early Learning Centre brand) has provided access to leading toy brands and their complete product range, without inventory risk. The early results are encouraging, with strong growth in the attach rate for baby and kids’ cards in the short time since launch. In the coming years, we aim to significantly expand our consignment business by establishing new category partnerships in verticals such as health and beauty, homeware and books.

In September 2024, we insourced UK balloon fulfilment to improve gross margin. This migration to in-house management is also an enabler for the future UK launch of personalised balloons, which are already a popular gifting choice at Greetz.

Digital gifting is a key strategic pillar of our business, providing customers with an innovative way to gift. By integrating Experiences products directly into Moonpig cards, we have created a powerful distribution channel for our Experiences brands while introducing an exciting new gifting option for our customers. The launch of same-day gifting through e-cards has extended our peak sales periods. Building on this momentum, we have launched digital retail gift cards in the US, with plans to introduce them in the UK soon.

At Experiences we are focused on evolving the proposition to capture areas of stronger consumer demand. Consumers want more affordable experiential gifting options and we have seen a positive response to new casual dining offerings with brands such as Slug and Lettuce and BrewDog. In addition, we are expanding our range of subscription gifts, partnering with brands including Hello Fresh, Beer 52, English Heritage and Gousto.

Maintaining high ethical, environmental and sustainability standards

We continue to execute against our sustainability strategy, which commits the Group to eight goals focused on environmental impact, our people and our communities.

We have dedicated work programmes ongoing in relation to Scope 3 greenhouse gas emissions reduction. Our cross-functional supplier engagement forum is in active discussion with key suppliers to secure emissions reduction targets that align with Science-Based Targets initiative (SBTi) criteria, and we have a target to increase our coverage of Scope 3 emissions from 19.3% as at 30 April 2024 to 27.0% by 30 April 2025. There is also work ongoing to implement a new carbon management system and a new ESG reporting system that will enable compliance with upcoming EU Corporate Sustainability Reporting Directive (CSRD) requirements.

We have maintained a strong focus on raising customer net promoter score (NPS) through addressing issues with the delivery performance of postal service providers in both the UK and the Netherlands. We have launched new address validation functionality to increase delivery success rates. We have introduced early despatch for future-dated orders, which helps prevent delays and means that orders can still reach customers on time where the postal service provider is not meeting required service levels. We are trialling new tracked delivery options for card orders at affordable price points.

We are passionate about diversity in the technology sector. We continue to work towards our goal that 45% of new hires into technical roles should be women, with a female hire rate in H1 FY25 of 33% (H1 FY24: 38%). We have exceeded our goal to maintain approximately 50% combined representation of women and ethnic minorities on the Leadership Team, as representation at 31 October 2024 stood at 55% (31 October 2023: 59%).

Financial review

Overview

The first half of FY25 has been marked by continued strong revenue growth at Moonpig, underpinned by growth in orders. This was driven by technology investment, with our product, data and technology workforce now primarily focused on growth initiatives that deliver improved new customer acquisition, customer purchase frequency or higher average order value.

We have continued to make progress at Greetz, with revenue decreases abating from -5.3% in H2 FY24 to -4.0% in H1 FY25 despite the negative impact from Sterling appreciation on foreign exchange translation. Expressed in constant currency, Greetz revenue in H1 FY25 was -2.0% lower than prior year.

The Experiences segment continues to face a challenging market environment, with a business model and proposition that are more sensitive to the economic cycle than the rest of the Group. The headline revenue decrease of £3.9m in H1 FY25 includes annualisation against prior year temporary additional breakage revenue on expired vouchers (H1 FY24: £3.2m, full year FY24 £5.9m). We now expect a longer timeline for aligning Experiences revenue growth with its full potential, which is reflected in the £56.7m non-cash charge for impairment of Experiences goodwill.

Moonpig and Greetz are growing several revenue streams that have 100% gross margin, such as Plus subscription fees, on-site and supplier marketing income and commissions earned from selling toys and digital gift experiences as agent. In due course, we expect this to exert some upward pressure on profit margins (whilst reducing reported revenue from gross transaction value to commission earned in the case of agency sales). To reflect this, 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%.

For FY25 only, we have revised down our expectations for depreciation and amortisation to reflect certain current-year projects that do not meet the requirements for capitalisation, meaning that related costs have been directly expensed rather than being capitalised and amortised. Our expectations for current year net finance charges are also now lower than was previously the case.

The Group remains cash generative with significant liquidity and covenant headroom. In line with prior year, the seasonality of our business means that we expect most of our annual operating cash inflows to arise in the second half of the year. After the payment of our inaugural interim dividend and the recently announced share buyback programme of up to £25m, we expect to finish this financial year with net leverage of approximately 1.0x, in line with our medium term target.

Financial performance – Group

	Six months ended 31 October 2024	Six months ended 31 October 2023	H1 FY25 Year-on-year growth %
Revenue (£m)	158.0	152.1	3.8%
Gross profit (£m)	93.6	89.0	5.1%
Gross margin (%)	59.2%	58.5%	0.7%pts
Adjusted EBITDA (£m) ¹	41.8	41.4	0.9%
Adjusted EBITDA margin (%) ¹	26.5%	27.2%	(0.7)%pts
Adjusted EBIT (£m) ²	32.6	33.2	(1.7)%
Adjusted EBIT margin (%) ²	20.7%	21.8%	(1.1)%pts
Reported profit before taxation (£m)	(33.3)	18.9	(276.1)%
Adjusted profit before taxation (£m) ²	27.3	25.1	9.0%
Earnings per share – basic (pence)	(11.2)	4.1	(372.1)%
Adjusted earnings per share – basic (pence) ²	6.1	5.5	10.7%
Net debt (£m) ³	(119.5)	(166.9)	28.4%

¹ Before Adjusting Items of £56.7m in H1 FY25 and £1.9m in H1 FY24. See Note 4 and Note 21.

² Before Adjusting Items of £60.6m in H1 FY25 and £6.2m in H1 FY24. See Note 4 and Note 21. The Group has amended its definition of Adjusting Items such that £3.9m (H1 FY24: £4.3m) of acquisition amortisation is treated as an Adjusting Item in both the current and prior periods. See Note 4 and Note 21.

³ Net debt is defined as total borrowings, inclusive of lease liabilities, less cash and cash equivalents.

The Group delivered revenue of £158.0m, representing year-on-year growth of 3.8%. This growth was achieved despite the annualisation of last year's temporary additional breakage revenue from Experiences vouchers issued during Covid with extended expiry dates, of which £3.2m arose in the first half of FY24.

Gross margin rate increased by 0.7%pts year-on-year to 59.2% (H1 FY24: 58.5%), reflecting the insourcing of UK balloon fulfilment at Tamworth, leveraging AI to make more targeted use of promotional discounts and growth in high-margin revenue streams such as Plus subscription fees.

Adjusted EBITDA margin rate and Adjusted EBIT margin rate decreased year-on-year, reflecting a return to more normal indirect cost management; as set out in our H1 FY24 results announcement, during the first half of last year, we took a cautious approach to cost management in response to the external environment, deferring investments into the second half to maintain flexibility.

Adjusted profit before taxation increased by 9.0% to £27.3m (H1 FY24: £25.1m) driven by lower net finance charges as we refinanced to lower-cost debt facilities in February 2024 and benefited from lower SONIA rates on the unhedged portion of our borrowings.

Net debt is a non-GAAP measure and is defined as total borrowings, including lease liabilities, less cash and cash equivalents. Net debt decreased from £166.9m as at 31 October 2023 to £125.1m as at 30 April 2024 and £119.5m as at 31 October 2024, with net leverage improving to 1.25x from 1.31x and 1.83x respectively.

Revenue

	Six months ended 31 October 2024	Six months ended 31 October 2023	H1 FY25 Year-on-year growth %
Moonpig and Greetz orders (m)	16.8	16.0	4.7%
Moonpig and Greetz average order value (£ per order)	8.5	8.3	2.5%
Moonpig and Greetz revenue (£m)	143.1	133.4	7.3%
Moonpig revenue (£m)	118.8	108.0	10.0%
Greetz revenue (£m)	24.3	25.3	(4.0)%
Moonpig and Greetz revenue (£m)	143.1	133.4	7.3%
Experiences revenue (£m)	14.9	18.8	(20.8)%
Group revenue (£m)	158.0	152.1	3.8%

Moonpig and Greetz revenue increased by 7.3% year-on-year, driven in particular by continued strong orders growth. This reflected both growth in orders from newly acquired customers and growth in frequency for existing customer cohorts, driven by initiatives such as reminders collection and Moonpig Plus. Average order value at Moonpig and Greetz increased by 2.5%, reflecting pass through of higher postage prices, more efficient targeting of promotional activity and a moderate increase in gift attachment rate.

Group revenue growth was powered by Moonpig, at which revenue increased by 10.0% year-on-year. The revenue trajectory at Greetz continued to improve from -5.3% in H2 FY24 to -4.0% in H1 FY25, notwithstanding a foreign exchange translation headwind. Expressed in constant currency, Greetz sales in H1 FY25 were 2.0% lower than the prior year.

Moonpig is driving growth in sales where it acts as an agent, for children's toys and gift experiences. Under the agency model, only commission earned is recognised as revenue, resulting in lower reported revenue compared to the gross amount that would be recorded if the Group acted as principal.

At Experiences, the reported year-on-year reduction in revenue includes the prior year recognition of temporarily higher breakage relating to gift boxes (primarily distributed through high street retail partners) and individual experiences 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 benefit has not repeated in FY25. Given its price points and focus on discretionary gifting, Experiences is facing a challenging market environment, which is reflected both in reported trading and in our longer expectations for the time required to align Experiences revenue growth with its potential.

Gifting mix of revenue

	Six months ended 31 October 2024	Six months ended 31 October 2023	H1 FY25 Year-on-year growth %
Moonpig and Greetz cards revenue (£m)	86.3	79.0	9.2%
Moonpig and Greetz attached gifting revenue (£m)	53.3	50.4	5.8%
Moonpig and Greetz standalone gifting revenue (£m)	3.5	4.0	(10.1)%
Moonpig and Greetz revenue (£m)	143.1	133.4	7.3%
Experiences gifting revenue (£m)	14.9	18.8	(20.8)%
Group revenue (£m)	158.0	152.1	3.8%
Moonpig / Greetz total gifting revenue (£m)	56.8	54.4	4.6%
Moonpig / Greetz gifting revenue mix (%)	39.7%	40.8%	(1.1)%pts
Group gifting mix of revenue (%)	45.4%	48.1%	(2.7)%pts

A core strength of our business model is its ability to drive growth in attached gifting revenue through an increase in card orders, even during periods when the gift attachment rate is below its full potential. This was evident in the first half of FY25, when attached gifting revenue grew by 5.8%. This growth reflected a 4.7% increase in order volume, alongside a moderate year-on-year improvement in the gift attachment rate.

Although standalone gifting revenue declined by 10.1%, this area is not a primary focus, as our strategy continues to prioritise growth in greeting cards and attached gifting to drive purchase frequency and customer lifetime value.

Gross margin rate

	Six months ended 31 October 2024	Six months ended 31 October 2023	H1 FY25 Year-on-year growth %
Moonpig gross margin (%)	57.5%	55.5%	2.0%pts
Greetz gross margin (%)	46.2%	46.8%	(0.6)%pts
Moonpig and Greetz gross margin (%)	55.6%	53.8%	1.8%pts
Experiences gross margin (%)	94.2%	91.8%	2.4%pts
Group gross margin (%)	59.2%	58.5%	0.7%pts

Gross margin rate strengthened to 59.2% (H1 FY24: 58.5%), driven by a 2.0 percentage point increase in Moonpig gross margin rate. This reflects the successful implementation of efficiency projects at our UK facility including the insourcing of UK balloon fulfilment, leveraging AI to make more targeted use of promotional discounts and the commercial management of supplier relationships.

In addition, Moonpig and Greetz revenue in H1 FY25 includes £4.7m (H1 FY24: £2.5m) from income streams with a 100% gross margin rate, such as Plus subscription fees, on-site and supplier marketing income and commissions earned on the sale of toys and digital gift experiences as agent. In due course, we expect this to exert some upward pressure on both gross profit margin and Adjusted EBITDA margin (whilst reducing reported revenue from gross transaction value to commission earned on sales as agent). To reflect this, we have updated our guidance at the upper end, moving our medium-term target for Adjusted EBITDA margin from a range of 25% to 26% to a range of 25% to 27%.

The reduction in gross margin at Greetz reflects increased promotional intensity. The improvement in gross margin rate at Experiences reflects the non-recurrence of prior year provisions against gift box inventory.

Adjusted EBITDA margin and Adjusted EBIT margin

	Six months ended 31 October 2024	Six months ended 31 October 2023	H1 FY25 Year-on-year growth %
Moonpig Adjusted EBITDA margin %	31.1%	30.3%	0.8%pts
Greetz Adjusted EBITDA margin %	11.9%	16.8%	(4.9)%pts
Moonpig and Greetz Adjusted EBITDA margin %	27.8%	27.7%	0.1%pts
Experiences Adjusted EBITDA margin %	13.6%	23.6%	(10.0)%pts
Group Adjusted EBITDA margin %	26.5%	27.2%	(0.7)%pts
Moonpig Adjusted EBIT margin %	25.0%	23.9%	1.1%pts
Greetz Adjusted EBIT margin %	8.2%	13.1%	(4.9)%pts
Moonpig and Greetz Adjusted EBIT margin %	22.1%	21.8%	0.3%pts
Experiences Adjusted EBIT margin %	6.8%	21.6%	(14.8)%pts
Group Adjusted EBIT margin %	20.7%	21.8%	(1.1)%pts

For the Group, both Adjusted EBITDA margin rate and Adjusted EBIT margin rate decreased year-on-year, reflecting a return to more normal indirect cost management; as set out in our H1 FY24 results announcement, we managed costs cautiously during the first half of last year in view of the external environment, deferring investments into the second half of the financial year to maintain flexibility.

At Moonpig, the strengthening in Adjusted EBITDA margin rate reflects pass through of the 2.0 percentage point increase in gross margin rate, offset only in part by the return to a more normal approach to indirect cost management. The lower Adjusted EBITDA margin at Greetz is a result of lower revenue and operational leverage, together with increased promotional activity. Lower Adjusted EBITDA margin at Experiences reflects prior year temporarily higher breakage revenue on gift boxes and vouchers that were sold during Covid, as this carried a 100% margin.

Profit before taxation ("PBT")

	Six months ended 31 October 2024	Six months ended 31 October 2023	H1 FY25 Year-on-year growth %
Adjusted EBIT (£m) ¹	32.6	33.2	(1.7)%
Net finance costs (£m)	(5.3)	(8.1)	(34.8)%
Adjusted profit before taxation (£m)	27.3	25.1	9.0%
Adjusting Items (£m)	(60.6)	(6.2)	878.2%
Reported profit before taxation (£m)	(33.3)	18.9	(276.1)%

¹ Before Adjusting Items of £60.6m in H1 FY25 and £6.2m in H1 FY24. See Note 4 and Note 21. The Group has amended its definition of Adjusting Items such that £3.9m (H1 FY24: £4.3m) of acquisition amortisation is treated as an Adjusting Item in both the current and prior periods. See Note 4 and Note 21.

Adjusted profit before taxation increased to £27.3m (H1 FY24: £25.1m). This reflected lower finance costs, offset in part by a small year-on-year reduction in Adjusted EBIT, driven by higher depreciation and amortisation charges resulting from investment in technology development. The reported loss before taxation of £33.3m (H1 FY24: profit of £18.9m) reflects Adjusting Items.

Net finance costs decreased from £8.1m in H1 FY24 to £5.3m in H1 FY25:

- Interest on bank borrowings decreased from £6.5m in H1 FY24 to £4.0m in H1 FY25. This reduction reflects lower draw-down on the Group's revolving credit facilities and lower margins following the refinancing of facilities in February 2024. Bank interest income in the period on the Group's deposit accounts was £0.1m (H1 FY24 £nil).
- Amortisation of fees decreased from £1.1m in H1 FY24 to £0.5m in H1 FY25, reflecting lower arrangement fees following the Group's February 2024 refinancing to new revolving credit facilities.
- There was an additional £1.1m of imputed interest on the Experiences merchant liability balance, which is treated as a financial liability and discounted to present value in accordance with IFRS 9.
- Interest on lease liabilities remain unchanged year-on-year at £0.4m.
- There was a £0.7m year-on-year movement in net foreign exchange gain/loss on financing activities. The monetary foreign exchange impact of Euro-denominated intercompany loan balances resulted in the Group recognising a £0.4m gain (H1 FY24: £0.1m loss), with the corresponding intercompany loss recognised in other comprehensive income in accordance with IAS 21. Also included in net foreign exchange on financing activities is a £0.2m gain (H1 FY24: £nil) on the revaluation of the Group's euro denominated external debt.

The Group performed an annual test for impairment of Experiences CGU goodwill as at 30 April 2024, with the results, sensitivity analysis and narrative disclosure presented on pages 149-150 of the Group's Annual Report and Accounts for the year ended 30 April 2024. Based on the sensitivity analysis, the Directors identified the impairment assessment as a major source of estimation uncertainty that had a significant risk of resulting in a material adjustment to the carrying amount within the year ending 30 April 2025. In accordance with paragraph 125 of IAS 1, the FY24 year-end accounts therefore disclose the quantification of all key assumptions in the value in use estimates and the impact of plausible changes in each key assumption. As part of this disclosure, the sensitivity of Experiences' goodwill to forecast revenue growth was highlighted.

Experiences revenue decreased year-on-year during H1 FY25, which the Group identified as an indication that Experiences goodwill may be impaired. The Group has therefore estimated the value in use of the Experiences cash-generating unit (CGU) as at 31 October 2024. This exercise has identified that the carrying amount of Experiences goodwill exceeds its recoverable amount, therefore an impairment charge of £56.7m has been recognised in the consolidated income statement for the period ended 31 October 2024 (H1 FY24: £nil). The impairment charge has been classified as an Adjusting Item.

The Group remains confident in the medium-term growth potential of the Experiences segment. With the completion of technology re-platforming our focus is now fully on leveraging this platform through enhancing our product range and customer proposition. Notwithstanding this, and despite continued expectations for structural growth in the gift experiences market, the near-term environment remains significantly more challenging than we had expected; experiential gifts are a high-ticket-price, discretionary purchase that is more exposed than our other businesses to cyclical consumer downturn. This is reflected in our latest forecasts for estimated future cash flows for the next five and a half years. For periods thereafter, growth in perpetuity is calculated using a lower estimated long-term growth rate in accordance with the requirements of IAS36.

Taxation

The taxation charge for the period was £5.2m (H1 FY24: £4.8m). Expressed as a percentage of Adjusted profit before taxation, the effective tax rate was 22.7% (H1 FY24: 24.3%). This was lower than the prevailing rates of corporation tax due to the positive impact of deferred tax movements in relation to share-based payment arrangements, driven by increases in the Group's share price.

Earnings Per Share ("EPS")

Adjusted Basic EPS for H1 FY25 increased from 5.5p in H1 FY24 to 6.1p in H1 FY25, reflecting the year-on-year increase in Adjusted profit after taxation. Basic EPS for H1 FY25 was a loss per share of 11.2p (H1 FY24: earnings per share 4.1p) reflecting the charge for Adjusting Items. After accounting for the effect of employee share arrangements, Adjusted diluted EPS was 5.9p (H1 FY24: 5.4p).

The calculation of basic EPS is based on the weighted average number of ordinary shares outstanding during the period of 344,361,127 (H1 FY24: 342,890,896), which includes the issue of 1,594,164 shares to employees following vesting of the second tranche of the pre-IPO award and shares issued on vesting of awards under the LTIP and DSBP schemes.

Alternative Performance Measures

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

	Six months ended 31 October 2024			Six months ended 31 October 2023		
	Adjusted Measures ¹	Adjusting Items ¹	IFRS Measures	Adjusted Measures ¹	Adjusting Items ^{1,2}	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)	6.1p	(17.3)p	(11.2)p	5.5p	(1.4)p	4.1p
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%

¹ See Adjusting Items at Note 4 and Alternative Performance Measures at Note 21.

² The Group has amended its definition of Adjusting Items, which now include acquisition amortisation in both the current and prior period.

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

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

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

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

Adjusting Items comprise:

- Pre-IPO incentive scheme costs, consisting of £nil (H1 FY24: £0.6m) share-based payment charges and £nil (H1 FY24: £1.2m) cash bonus awards. These related to one-off compensation arrangements, which have fully vested at the end of the FY24 financial year. They were granted prior to IPO and are set out in the Prospectus. The Group treated these costs as Adjusting Items as they related to one-off awards implemented whilst the Group was under private equity ownership and are not part of the Group's ongoing remuneration arrangements.
- Acquisition amortisation of £3.9m (H1 FY24: £4.3m). As disclosed in the FY24 Annual Report and Accounts, the Group has changed its definition of Adjusting Items to include acquisition amortisation. The change means that the Group now reports Alternative Performance Measures on a basis that is more readily comparable with other listed businesses. Adjusted taxation includes the deferred taxation impact of acquisition amortisation.
- Impairment of goodwill of £56.7m (H1 FY24: £nil). The non-cash impairment charge relating to Experiences segment goodwill has been classified as an Adjusting Item as it is not representative of the underlying performance of the Group and is not expected to reoccur in future periods.

The impact of the change to the definition of Adjusting Items to include acquisition amortisation, which we implemented in H2 FY24, is summarised below.

	Revised Definition			Previous Definition		
	H1 FY25	H1 FY24	Year-on-year %	H1 FY25	H1 FY24	Year-on-year %
Revenue (£m)	158.0	152.1	3.8%	158.0	152.1	3.8%
Adjusted EBITDA (£m)	41.8	41.4	0.9%	41.8	41.4	0.9%
Depreciation and amortisation (£m)	(9.2)	(8.2)	12.2%	(13.1)	(12.6)	4.3%
Adjusted EBIT (£m)	32.6	33.2	(1.7)%	28.7	28.8	(0.3)%
Net finance costs (£m)	(5.3)	(8.1)	(34.8)%	(5.3)	(8.1)	(34.8)%
Adjusted profit before taxation (£m)	27.3	25.1	9.0%	23.4	20.7	13.0%
Adjusted taxation (£m)	(6.2)	(6.1)	1.6%	(6.2)	(5.1)	21.0%
Adjusted profit after taxation (£m)	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

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

	Six months ended 31 October 2024	Six months ended 31 October 2023
Share-based payment charges relating to operation of post-IPO Remuneration Policy (£m) ¹	(2.5)	(2.0)

¹ Share-based payment charges are stated inclusive of national insurance of £0.5m (H1 FY24: £0.2m).

Net debt

Net debt decreased during the period, from £125.1m at 30 April 2024 to £119.5m as at 31 October 2024. Net leverage improved to 1.25:1 (30 April 2024: 1.31:1). Net debt is a non-GAAP measure and is defined as total borrowings, inclusive of lease liabilities, less cash and cash equivalents.

	As at 31 October 2024 £m	As at 31 October 2023 £m	As at 30 April 2024 £m
Borrowings ¹	(117.2)	(171.4)	(118.4)
Cash and cash equivalents	12.4	22.4	9.6
Borrowings less cash and cash equivalents	(104.8)	(149.0)	(108.8)
Lease liabilities	(14.7)	(18.0)	(16.3)
Net debt	(119.5)	(167.0)	(125.1)
Last twelve months Adjusted EBITDA	95.9	91.1	95.5
Net debt to last twelve months' Adjusted EBITDA	1.25:1	1.83:1	1.31:1
Committed debt facilities (£m)	180.0	255.0	180.0

¹ Borrowings are stated net of capitalised loan arrangement fees and hedging instrument fees of £1.7m as at 31 October 2024 (31 October 2023: £3.7m, 30 April 2024: £2.0m).

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. Borrowings are subject to interest at a margin over the relevant currency reference interest rate dependent on net leverage, with margins of between 2.00%-2.25% at net leverage levels of 1.0x-1.5x.

Facility covenants are tested semi-annually and comprise a maximum ratio of net debt to Adjusted EBITDA of 3.5x until 30 April 2025 and 3.0x thereafter and a minimum Adjusted EBITDA interest cover ratio of 3.5x for the term of the facility.

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.

Cash flow

Cash generated from operations was £24.5m (H1 FY24: £21.3m):

- There was a cash outflow from higher inventory of £1.6m (H1 FY24: £3.4m inflow). The H1 FY25 outflow reflects seasonality in inventory holding. The H1 FY24 inflow was driven by improvements in operational efficiency of stock management during that period. Net inventory at 31 October 2024 was £8.7m (H1 FY24: £8.9m).
- There was a cash outflow from trade and other payables of £17.5m (H1 FY24: £24.1m), which reflects seasonal movements in trade creditors and a reduction in the Experiences merchant accrual. There was also a small cash outflow from trade and other receivables of £0.7m (H1 FY24: £0.2m inflow).
- Capital expenditure decreased year-on-year to £7.0m (H1 FY24: £7.8m) reflecting a temporarily lower proportion of technology department time spent on capitalised projects. There are a small number of current year technology projects, such as the implementation of a new warehouse management system, which comprise SaaS configuration and hence for which payroll cost is expensed as incurred.

Adjusted Operating Cash Conversion

The Group is cash generative on an annual basis, with cash inflows strongly weighted into the second half of each financial year. The Group generated an operating cash inflow of £17.6m (H1 FY24: £15.1m) representing Adjusted Operating Cash Conversion of 42% (H1 FY24: 36%).

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£m	£m
(Loss)/profit before tax	(33.3)	18.9
Add back: Finance costs	5.3	8.1
Add back: Adjusting Items (excluding share-based payments) ¹	60.6	5.6
Add back: Adjusting Items (share-based payments)	–	0.6
Add back: Depreciation and amortisation ¹	9.2	8.2
Adjusted EBITDA	41.8	41.4
Less: Capital expenditure (fixed and intangible assets)	(7.0)	(7.8)
Adjust: Impact of share-based payments ²	2.6	2.0
Add back: (Increase)/ decrease in inventories	(1.6)	3.4
Add back: (Increase)/decrease in trade and other receivables	(0.7)	0.2
Add back: (Decrease) in trade and other payables	(17.5)	(24.1)
Operating cash flow	17.6	15.1
Operating cash conversion	42%	36%
Add back: Capital expenditure	7.0	7.8
Add back: Loss on disposal and impairment of goodwill	56.7	–
Less: Adjusting Items (excluding share-based payments and amortisation)	(56.7)	(1.2)
Less: Research and development tax credit	(0.1)	(0.4)
Cash generated from operations	24.5	21.3

¹ The prior year has been restated to reflect the classification of acquisition amortisation as an Adjusting Item of £3.9m (H1 FY24: £4.3m).

² Comprises: (1) the add-back of non-cash share-based payment charges of £2.6m (H1 FY24: £2.0m) relating to operation of post-IPO Remuneration Policy, which are not classified as an Adjusting Item; offset by (2) the cash impact of employer's national insurance of £nil (H1 FY24: £0.3m) arising on pre-IPO share-based payment charges, which are classified as an Adjusting Item (Refer to Note 4). In H1 FY24 the national insurance charge was offset by a release of £0.3m in relation to a true up of NI to reflect the share price at the reporting date.

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

Capital allocation

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.

We have introduced 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 Earnings Per Share. The Board has declared an interim dividend of 1.0 pence per share (FY24: nil), which will be paid on 20 March 2025 to shareholders on the register at 21 February 2025.

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. The Company's policy with respect to share buybacks is that it will conduct share buybacks when they use excess capital and they are earnings enhancing.

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.

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.

Technical guidance

Capital expenditure	<p>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.</p> <p>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.</p> <p>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.</p>
Depreciation and amortisation	<p>We expect depreciation and amortisation of between £19m and £21m in FY25. 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.</p>
Acquisition amortisation	<p>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.</p>
Net finance costs	<p>We expect net finance costs in FY25 to be approximately £11m. This is below our previous expectation 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.</p> <p>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.</p>
Taxation	<p>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.</p>
Share based payments	<p>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.</p>
Share buybacks	<p>The repurchase of shares on the open market is expected to 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.</p>

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

On behalf of the Board

Nickyl Raithatha
Chief Executive Officer
9 December 2024

Andy MacKinnon
Chief Financial Officer
9 December 2024

Condensed Consolidated Interim Financial Statements
Condensed Consolidated Income Statement
For the six-month period ended 31 October 2024

	Note	Six months ended 31 October 2024			Six months ended 31 October 2023		
		Before Adjusting Items £000	Adjusting Items (Note 4, 21) £000	Total £000	Before Adjusting Items £000	Adjusting Items (Note 4, 21) £000	Total £000
Revenue	2	157,989	–	157,989	152,136	–	152,136
Cost of sales	3	(64,438)	–	(64,438)	(63,096)	–	(63,096)
Gross profit		93,551	–	93,551	89,040	–	89,040
Selling and administrative expenses		(61,576)	(60,630)	(122,206)	(56,480)	(6,198)	(62,678)
Other income		672	–	672	664	–	664
Operating profit/(loss)		32,647	(60,630)	(27,983)	33,224	(6,198)	27,026
Finance income	5	110	–	110	–	–	–
Finance costs	5	(5,410)	–	(5,410)	(8,131)	–	(8,131)
Profit/(loss) before taxation		27,347	(60,630)	(33,283)	25,093	(6,198)	18,895
Taxation	6	(6,193)	990	(5,203)	(6,067)	1,255	(4,812)
Profit/(loss) after taxation		21,154	(59,640)	(38,486)	19,026	(4,943)	14,083
Profit/(loss) attributable to:							
Equity holders of the Company		21,154	(59,640)	(38,486)	19,026	(4,943)	14,083
Earnings per share (pence)							
Basic	7	6.1	(17.3)	(11.2)	5.5	(1.4)	4.1
Diluted	7	5.9	(16.7)	(10.8)	5.4	(1.4)	4.0

All activities relate to continuing operations.

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

Condensed Consolidated Statement of Comprehensive Income
For the six-month period ended 31 October 2024

	Six months ended 31 October 2024 £000	Six months ended 31 October 2023 £000
(Loss)/profit for the year	(38,486)	14,083
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(694)	12
<i>Cash flow hedge:</i>		
Fair value changes in the year	11	491
Cost of hedging reserve	72	17
Fair value movements on cash flow hedges transferred to the profit or loss	(740)	(1,285)
Deferred tax on other comprehensive income	207	–
Total other comprehensive (expense)	(1,144)	(765)
Total comprehensive (expense)/income for the period	(39,630)	13,318

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

Condensed Consolidated Balance Sheet
As at 31 October 2024

	Note	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Non-current assets				
Intangible assets	8	142,878	207,999	203,591
Property, plant and equipment	9	24,496	29,769	26,900
Other non-current assets	11	1,598	2,140	1,611
Financial derivatives	16	37	1,600	164
		169,009	241,508	232,266
Current assets				
Inventories	10	8,664	8,948	7,094
Trade and other receivables	11	7,230	6,184	6,577
Current tax receivable		–	–	2,113
Financial derivatives	16	106	198	838
Cash and cash equivalents		12,407	22,443	9,644
		28,407	37,773	26,266
Total assets		197,416	279,281	258,532
Current liabilities				
Trade and other payables	12	80,129	88,927	96,739
Provisions for other liabilities and charges		1,536	2,011	2,073
Current tax payable		383	354	4,211
Contract liabilities		4,454	3,136	4,008
Lease liabilities	13	3,183	3,266	3,257
Borrowings	13	94	85	73
		89,779	97,779	110,361
Non-current liabilities				
Trade and other payables	12	1,750	1,006	1,552
Borrowings	13	117,148	171,332	118,292
Lease liabilities	13	11,561	14,691	13,072
Deferred tax liabilities		7,100	9,748	8,903
Provisions for other liabilities and charges		2,548	2,443	2,516
		140,107	199,220	144,335
Total liabilities		229,886	296,999	254,696
Equity				
Share capital	15	34,490	34,328	34,331
Share premium	15	278,083	278,083	278,083
Merger reserve		(993,026)	(993,026)	(993,026)
Retained earnings		609,840	621,896	642,056
Other reserves	15	38,143	41,001	42,392
Total equity		(32,470)	(17,718)	3,836
Total equity and liabilities		197,416	279,281	258,532

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

Condensed Consolidated Statement of Changes in Equity
For the six-month period ended 31 October 2024

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Other reserves £000	Total equity £000
Balance at 1 May 2023		34,211	278,083	(993,026)	603,849	43,164	(33,719)
Profit for the period		–	–	–	14,083	–	14,083
Other comprehensive income:							
Exchange differences on translation of foreign operations		–	–	–	–	12	12
Cash flow hedges:							
Fair value changes in the period		–	–	–	–	491	491
Cost of hedging reserve		–	–	–	–	17	17
Fair value movements on cash flow hedges transferred to profit and loss		–	–	–	–	(1,285)	(1,285)
Total comprehensive income for the period		–	–	–	14,083	(765)	13,318
Share-based payments	14	–	–	–	–	2,578	2,578
Deferred tax on share-based payments		–	–	–	–	105	105
Issue of ordinary shares		117	–	–	–	–	117
Share options exercised	14	–	–	–	3,964	(4,081)	(117)
As at 31 October 2023		34,328	278,083	(993,026)	621,896	41,001	(17,718)
Profit for the period		–	–	–	20,086	–	20,086
Other comprehensive (expense)/income:							
Exchange differences on translation of foreign operations		–	–	–	–	18	18
Cash flow hedges:							
Fair value changes in the year		–	–	–	–	224	224
Cost of hedging reserve		–	–	–	–	226	226
Fair value movements on cash flow hedges transferred to profit and loss		–	–	–	–	(937)	(937)
Deferred tax on other comprehensive income		–	–	–	–	(95)	(95)
Total comprehensive income for the period		–	–	–	20,086	(564)	19,522
Share-based payments	14	–	–	–	–	1,601	1,601
Deferred tax on share-based payments		–	–	–	–	431	431
Issue of ordinary shares		3	–	–	–	–	3
Share options exercised	14	–	–	–	74	(77)	(3)
As at 30 April 2024		34,331	278,083	(993,026)	642,056	42,392	3,836
Loss for the period		–	–	–	(38,486)	–	(38,486)
Other comprehensive (expense)/income:							
Exchange differences on translation of foreign operations		–	–	–	–	(694)	(694)
Cash flow hedges:							
Fair value changes in the year		–	–	–	–	11	11
Cost of hedging reserve		–	–	–	–	72	72
Fair value movements on cash flow hedges transferred to profit and loss		–	–	–	–	(740)	(740)
Deferred tax on other comprehensive income		–	–	–	–	207	207
Total comprehensive income for the period		–	–	–	(38,486)	(1,144)	(39,630)
Share-based payments	14	–	–	–	–	2,543	2,543
Deferred tax on share-based payments		–	–	–	–	781	781
Issue of ordinary shares		159	–	–	–	–	159
Share options exercised	14	–	–	–	6,270	(6,429)	(159)
As at 31 October 2024		34,490	278,083	(993,026)	609,840	38,143	(32,470)

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

Condensed Consolidated Cash Flow Statement
For the six-month period ended 31 October 2024

	Note	Six months ended 31 October 2024 £000	Six months ended 31 October 2023 £000
Cash flow from operating activities			
(Loss)/profit before taxation		(33,283)	18,895
<i>Adjustments for:</i>			
Depreciation and amortisation	8, 9	13,089	12,553
Impairment of goodwill	4, 8	56,700	–
Loss on foreign exchange		85	–
Net finance costs	5	5,300	8,131
R&D tax credit		(145)	(366)
Share-based payment charges	14	2,543	2,578
<i>Changes in working capital:</i>			
(Increase)/decrease in inventories		(1,599)	3,385
(Increase)/ decrease in trade and other receivables		(662)	192
Decrease in trade and other payables		(17,481)	(24,053)
Net increase in trade and other receivables and payables with undertakings formerly under common control		–	(31)
Cash generated from operating activities		24,547	21,284
Income tax paid		(7,531)	(4,925)
Net cash generated from operating activities		17,016	16,359
Cash flow from investing activities			
Capitalisation of intangible assets	8	(6,139)	(7,001)
Purchase of property, plant and equipment	9	(845)	(813)
Bank interest received	5	110	–
Net cash used in investing activities		(6,874)	(7,814)
Cash flow from financing activities			
Proceeds from new borrowings	13	–	10,000
Repayment of borrowings	13	(1,256)	(10,000)
Interest paid on borrowings	13	(4,727)	(7,737)
Interest received on swap and cap derivatives		740	1,331
Lease liabilities paid	13	(1,632)	(1,799)
Interest paid on leases	13	(356)	(412)
Net cash used in financing activities		(7,231)	(8,617)
Net cash flows (used in)/generated from operating, investing and financing activities		2,911	(72)
Differences on exchange		(148)	121
Increase in cash and cash equivalents in the year		2,763	49
Net cash and cash equivalents at the beginning of the period		9,644	22,394
Net cash and cash equivalents at the end of the period		12,407	22,443

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

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

Moonpig Group plc (the "Company" or "Parent Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006, whose shares are traded on the London Stock Exchange. The Condensed Consolidated Interim Financial Statements of the Company as at and for the period ended 31 October 2024 comprise the Company and its interest in subsidiaries (together referred to as the "Group"). The Company is domiciled in the United Kingdom and its registered address is Herbal House, 10 Back Hill, London, EC1R 5EN, United Kingdom. The Company's LEI number is 213800VAYO5KCAXZHK83.

Basis of preparation

The annual financial statements of Moonpig Group plc will be prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The annual financial statements will also comply with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom. These Condensed Consolidated Interim Financial Statements for the six-month period ended 31 October 2024 have been prepared in accordance with UK adopted International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

These Condensed Consolidated Interim Financial Statements do not constitute statutory accounts as defined by the Companies Act 2006, Section 435. This report should be read in conjunction with the Group's Annual Report and Accounts as at and for the year ended 30 April 2024 ("last Annual Report and Accounts"), which were prepared in accordance with IFRSs as adopted by the United Kingdom. The last Annual Report and Accounts have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified.

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

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

The Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on 9 December 2024 and have been reviewed and not audited by PricewaterhouseCoopers LLP, the auditors, and its report is set out at the end of this document.

Consideration of climate change

In preparing the Condensed Consolidated Interim Financial Statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the Taskforce on Climate-related Financial Disclosures ("TCFD") within the Annual Report and Accounts for the year ended 30 April 2024. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the Directors considered the impact of climate change in respect of the following areas:

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

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

Going concern

These Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis. The Group ended the six-month period with a cash and cash equivalents balance of £12,407,000 (30 April 2024: £9,644,000). The Group has a revolving credit facility (the "RCF") of £180,000,000 with an initial maturity date of 29 February 2028 and an option to extend by one year (subject to lender approval). As at 31 October 2024 the Group had drawn down £113,000,000 and €7,000,000 of the available revolving credit facility (31 October 2023: term loan of £175,000,000 and RCF of £80,000,000 of which £nil was drawn down). Lease liabilities arising are also reported in borrowings.

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.

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. The Group has complied with all covenants from entering the RCF until the date of these Condensed Consolidated Interim Financial Statements and is forecast to comply with these during the going concern assessment period.

The Directors have reviewed a downside scenario which is considered severe but plausible and the resulting impact on the Group's performance and position. The downside scenario models a revenue reduction of 10% for the remainder of FY25 and FY26 to capture risks such as lower purchase frequency, fewer new customers, reduced attach rates, lower average order value, decreased gross margin rate, disruption to fulfilment operations or disruption to regulated postal services. Should more severe impacts occur than those modelled, further mitigating actions would be available to the Group.

1 General information (continued)

Going concern (continued)

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

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing the Condensed Consolidated Interim Financial Statements.

Accounting policies

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the accounting policies set out on pages 136-141 of the Group's Annual Report and Accounts for the year ended 30 April 2024.

Taxation

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

Critical accounting judgements and estimates

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

The area of judgement which has the greatest potential effect on the amounts recognised in these Condensed Consolidated Interim Financial Statements is the capitalisation of internally generated assets, whilst the areas of estimates that have the greatest potential effect are the useful life of internally generated assets, the merchant accrual and the carrying amount of Experiences segment Goodwill. These are consistent with matters disclosed on page 135 in the FY24 Annual Report and Accounts.

2 Segmental analysis

The chief operating decision maker ("CODM") reviews external revenue, Adjusted EBITDA and Adjusted EBIT to evaluate segment performance and allocate resources to the overall business. Adjusted EBITDA and Adjusted EBIT are non-GAAP measures. Adjustments are made to the statutory IFRS results to arrive at an underlying result which is in line with how the business is managed and measured on a day-to-day basis. Adjustments are made for items that are individually important to understand the financial performance. If included, these items could distort understanding of the performance for the period and the comparability between periods. Management applies judgement in determining which items should be excluded from underlying performance. See Note 4 for details of these adjustments.

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

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

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

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

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

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
Moonpig	118,784	108,016
Greetz	24,335	25,343
Experiences	14,870	18,777
Total external revenue	157,989	152,136

2 Segmental analysis (continued)

The following table shows revenue by key geography that reconciles to the consolidated revenue for the Group. The geographical split of revenue is based on the website from which the customer order is placed:

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
UK	128,660	123,289
Netherlands	24,336	25,343
Ireland	2,063	1,570
US	918	534
Australia	2,012	1,400
Total external revenue	157,989	152,136

The revenue for the year was made up as follows:

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
Recognised at a point in time	155,312	151,060
Recognised over time	2,677	1,076
Total external revenue	157,989	152,136

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

	Six months ended 31 October 2024	Six months ended 31 October 2023 ³
	£000	£000
Moonpig		
Non-current assets ¹	34,705	39,729
Capital expenditure ²	(523)	(408)
Intangible expenditure	(4,543)	(5,328)
Depreciation and amortisation	(7,262)	(6,907)
Greetz		
Non-current assets ^{1,3}	21,400	25,786
Capital expenditure ²	(314)	(378)
Intangible expenditure	(14)	–
Depreciation and amortisation	(1,775)	(1,831)
Experiences		
Non-current assets ^{1,3}	111,269	172,253
Capital expenditure	(8)	(27)
Intangible expenditure	(1,582)	(1,673)
Depreciation and amortisation	(4,052)	(3,815)
Impairment of goodwill (note 8)	(56,700)	–
Group		
Non-current assets ¹	167,374	237,768
Capital expenditure ²	(845)	(813)
Intangible expenditure	(6,139)	(7,001)
Depreciation and amortisation	(13,089)	(12,553)
Impairment of goodwill (note 8)	(56,700)	–

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

² Includes ROU assets capitalised in each period.

³ The prior period has been restated in respect of non-current assets to reflect a reclassification of technology and development assets between brands post Experiences' acquisition. The reclassification increased Experiences' non-current assets by £2,374,000 and decreased Greetz non-current assets by the same amount.

2 Segmental analysis (continued)

The following table shows the information regarding Adjusted EBITDA and Adjusted EBIT by segment that reconciles to the consolidated results of the Group. Refer to Alternative Performance Measures (“APMs”) at Note 21 for calculation.

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
Adjusted EBITDA		
Moonpig	36,899	32,745
Greetz	2,887	4,253
Experiences	2,020	4,438
Group Adjusted EBITDA	41,806	41,436
Depreciation and amortisation		
Moonpig	7,262	6,907
Greetz ¹	894	931
Experiences ¹	1,003	374
Group depreciation and amortisation excluding amortisation on acquired intangibles¹	9,159	8,212
Adjusted EBIT		
Moonpig	29,637	25,838
Greetz ¹	1,993	3,322
Experiences ¹	1,017	4,064
Group Adjusted EBIT²	32,647	33,224

¹ Excludes amortisation arising on Group consolidation of intangibles, which is now classified as an Adjusting Item - see Note 4.

² The Adjusted EBIT number in the prior period has been restated to adjust for acquisition amortisation, which is now an Adjusting Item - see Note 4.

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

	Note	Six months ended 31 October 2024	Six months ended 31 October 2023
		£000	£000
Adjusted EBITDA	21	41,806	41,436
Depreciation and amortisation ¹		(9,159)	(8,212)
Adjusted EBIT		32,647	33,224
Adjusting items	4	(60,630)	(6,198)
Operating (loss)/profit		(27,983)	27,026
Finance income	5	110	–
Finance costs	5	(5,410)	(8,131)
(Loss)/profit before taxation		(33,283)	18,895
Taxation	6	(5,203)	(4,812)
(Loss)/profit for the period		(38,486)	14,083

¹ Depreciation and amortisation excludes amortisation on acquired intangibles of £3,930,000 (H1 FY24: £4,341,000) included in Adjusting Items, see Note 4 for more information.

3 Cost of sales

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
Wages and Salaries	5,958	6,509
Inventories	22,745	22,263
Shipping and logistics	33,948	32,589
Depreciation on warehouses and machinery	1,787	1,735
Total cost of sales	64,438	63,096

4 Adjusting Items

	Six months ended 31 October 2024	Six months ended 31 October 2023 ¹
	£000	£000
Pre-IPO bonus awards	–	(1,245)
Pre-IPO share-based payment charges	–	(612)
Impairment of goodwill (see Note 8)	(56,700)	–
Total adjustments to Adjusted EBITDA	(56,700)	(1,857)
Amortisation on acquired intangibles	(3,930)	(4,341)
Total adjustments to Adjusted EBIT	(60,630)	(6,198)

¹ Prior year Adjusting Items have been restated to include the amortisation on acquired intangibles.

Pre-IPO incentive costs relate to one-off compensation arrangements, which have now fully vested, that were granted prior to IPO. The Group treats these costs as Adjusting Items as they relate to one-off awards implemented whilst the Group was under private equity ownership and are not part of the Group's ongoing remuneration arrangements. They comprise the pre-IPO bonus awards, which are the cash-settled component of the arrangements and the pre-IPO share-based payment charges, which relate to the share option component of the arrangements.

Cash paid in H1 FY25 in relation to Adjusting Items totalled £6,004,000 (H1 FY24: £4,917,000), including employer's national insurance contributions. This relates to the settlement of amounts that vested in FY24, therefore there was no charge to the income statement during H1 FY25.

5 Net finance costs

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
Bank interest receivable	110	–
Interest payable on leases	(350)	(412)
Bank interest payable	(4,012)	(6,464)
Amortisation of capitalised borrowing costs	(254)	(839)
Amortisation of interest rate cap premium	(201)	(235)
Interest on discounting of financial liability	(1,147)	(44)
Net foreign exchange gain/(loss) on financing activities	554	(137)
Net finance costs	(5,300)	(8,131)

6 Taxation

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
Total current tax	6,017	6,278
Total deferred tax	(814)	(1,466)
Total tax charge in the income statement	5,203	4,812

The main rate of corporation tax for the UK is 25% (H1 FY24: 25%). For the Netherlands companies, the first from €200,000 of profits are taxed at 19% (H1 FY24: 19%), thereafter at 25.8% (H1 FY24: 25.8%).

7 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. For the purposes of this calculation, the weighted average number of ordinary shares in issue during the period was 344,361,127 (H1 FY24: 342,890,896). The period-on-period increase reflects the issue of 1,594,164 of shares during the period including, the issue of 1,413,971 of shares to satisfy the Group's obligation to its employees in relation to the vested second and final tranche of the pre-IPO award in July 2024, the issue of 93,822 shares in respect of vested long-term incentive plan awards and the issue of 86,371 shares in respect of vested deferred share bonus plan awards (see Note 14).

7 Earnings per share (continued)

	Six months ended 31 October 2024	Six months ended 31 October 2023
	Number of shares	Number of shares
Shares in issue		
As at 1 May	343,310,015	342,111,621
Issue of shares during the period	1,594,164	1,165,744
As at 31 October	344,904,179	343,277,365

	Six months ended 31 October 2024	Six months ended 31 October 2023
	Number of shares	Number of shares
Weighted average number of shares in issue	344,361,127	342,890,896

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has potentially dilutive ordinary shares arising from share options granted to employees under the share schemes as detailed in Note 14 of these Condensed Consolidated Interim Financial Statements.

Adjusted earnings per share

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

	Six months ended 31 October 2024	Six months ended 31 October 2023
	Number of shares	Number of shares
Weighted average number of shares for calculated basic earnings per share	344,361,127	342,890,896
Weighted average number of dilutive shares	13,543,512	10,876,799
Total number of shares for calculated diluted earnings per share	357,904,639	353,767,695

	Six months ended 31 October 2024	Six months ended 31 October 2023 ¹
	£000	£000
Basic earnings attributable to equity holders of the Company	(38,486)	14,083
Adjusting Items (see Note 4)	60,630	6,198
Tax on Adjusting Items	(990)	(1,255)
Adjusted earnings attributable to equity holders of the Company	21,154	19,026

	Six months ended 31 October 2024	Six months ended 31 October 2023 ¹
Basic earnings per ordinary share (pence)	(11.2)	4.1
Diluted earnings per ordinary share (pence)	(10.8)	4.0
Basic earnings per ordinary share before Adjusting Items (pence)	6.1	5.5
Diluted earnings per ordinary share before Adjusting Items (pence)	5.9	5.4

¹ The prior period Adjusting Items number has been restated to include the amortisation on acquired intangibles of £4,341,000. This therefore gives rise to a restated tax on Adjusting Items, adjusted earnings attributable to equity holders of the Company before Adjusted Items, basic earnings per ordinary share before Adjusting Items and diluted earnings per ordinary share before Adjusting Items.

8 Intangible assets

	Goodwill £000	Trademark £000	Technology and development costs £000	Customer relationships £000	Software £000	Total £000
Net book value at 1 May 2023	143,811	11,832	20,095	34,585	132	210,455
Additions	–	–	7,001	–	–	7,001
Amortisation charge for the period	–	(816)	(5,000)	(3,328)	(110)	(9,254)
Foreign exchange	(51)	(69)	–	(61)	(22)	(203)
NBV at 31 October 2023	143,760	10,947	22,096	31,196	–	207,999
Additions	–	–	5,581	–	200	5,781
Amortisation charge for the period	–	(837)	(5,979)	(2,924)	(125)	(9,865)
Foreign exchange	(138)	(62)	–	(150)	26	(324)
NBV at 30 April 2024	143,622	10,048	21,698	28,122	101	203,591
Additions	–	–	6,125	–	14	6,139
Amortisation charge for the period	–	(818)	(5,991)	(2,926)	(102)	(9,837)
Impairment	(56,700)	–	–	–	–	(56,700)
Foreign exchange	(129)	(71)	–	(114)	(1)	(315)
NBV at 31 October 2024	86,793	9,159	21,832	25,082	12	142,878

(a) Goodwill

Goodwill of £6,225,000 (31 October 2023: £6,493,000) relates to the acquisition of Greetz in 2018, recognised within the Greetz CGU. The movement between periods is a result of foreign exchange revaluation.

Goodwill of £80,568,000 (31 October 2023: £137,267,000) relates to the acquisition of the Experiences segment and is allocated to the Experiences CGU.

The Group performed an annual test for impairment of Experiences CGU goodwill as at 30 April 2024, with the results, sensitivity analysis and narrative disclosure presented on pages 149-150 of the Group's Annual Report and Accounts for the year ended 30 April 2024. Based on the sensitivity analysis, the Directors identified the impairment assessment as a major source of estimation uncertainty that had a significant risk of resulting in a material adjustment to the carrying amount within the year ending 30 April 2025. In accordance with paragraph 125 of IAS 1, the FY24 year-end accounts therefore disclose the quantification of all key assumptions in the value in use estimates and the impact of plausible changes in each key assumption. As part of this disclosure, the sensitivity of Experiences' goodwill to forecast revenue growth was highlighted.

Experiences revenue decreased year-on-year during H1 FY25, which the Group has identified as an indication that Experiences goodwill may be impaired. The Group has therefore estimated the value in use of the Experiences CGU as at 31 October 2024. This exercise has identified that the carrying amount of Experiences goodwill exceeds its recoverable amount, therefore an impairment charge of £56,700,000 has been recognised in the consolidated income statement for the period ended 31 October 2024 (H1 FY24: £nil). The impairment charge has been classified as an Adjusting Item (see Note 4).

The Group remains confident in the medium-term growth potential of the Experiences segment. With the completion of technology re-platforming our focus is now fully on leveraging this platform through enhancing our product range and customer proposition. Notwithstanding this, and despite continued expectations for structural growth in the gift experiences market, the near-term environment remains significantly more challenging than we had expected; experiential gifts are a high-ticket-price, discretionary purchase that is more exposed than our other businesses to cyclical consumer downturn. This is reflected in our latest forecasts for estimated future cash flows for five and a half years before perpetuity using an estimated long-term growth rate. When estimating value in use, the Group does not include estimated future cash flows that are expected to arise from improving or enhancing the asset's performance.

The assumed 5 and a half year pre-perpetuity projections period represents a reduction of 6 months from 30 April 2024, aligning with the Group's policy of reducing the period to 5.0 years. The use of a pre-perpetuity projections period of more than five years is an accounting judgement. The reasons why the Group considers that a 5.5 year period is appropriate, and why it considers that the Group meets the reliability requirements of IAS 36, are set out at Note 4 to the Company financial statements of the Group's Annual Report and Accounts for the year ended 30 April 2024.

8 Intangible assets (continued)

The Group has identified the following key assumptions as having the most significant impact on the value in use calculation for the Experiences CGU:

	31 October 2024	30 April 2024
Pre-tax discount rate (%) ¹	14.1%	15.1%
Revenue compound annual growth rate ("CAGR") ²	3.9%	6.6%
Pre-perpetuity period (years)	5.5	6.0

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

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

The Group has performed sensitivity analysis to assess the impact of a change in each key assumption in the VIU. The relevant scenario, in relation to a revenue decrease, is consistent with the more severe downside scenario (Plausible Scenario 2) prepared in connection with the viability statement within the Annual Report and Accounts for the year ended 30 April 2024. For the goodwill allocated to the Experiences CGU the Group modelled the impact of a 1%pts increase in the discount rate, a 3.8%pts decrease in the compound annual growth rate and a reduction in the pre-perpetuity period by half a year. The decrease in the forecasted revenue sensitivity has been modelled by pushing out the growth rates in the underlying calculations two years to the right. In the first twelve months the sensitivity includes a reduction of 10%, in the next twelve months 5%. As at 30 April 2024 the decrease in forecasted revenue sensitivity pushed the growth rates out by one year with a reduction of 10% in the first year. The Group also modelled a scenario in which all three of these changes arise concurrently. The results of this sensitivity analysis are summarised below:

	31 October 2024	30 April 2024
	£m	£m
Original (impairment)/headroom	(56.7)	23.3
Additional (impairment)/headroom using a discount rate increased by 1%pts	(61.8)	11.1
Additional (impairment) using a 3.8%pts decrease in the forecast revenue CAGR (April 2024: 5.4%pts decrease in forecast CAGR) ¹	(84.3)	(36.7)
Additional (impairment)/headroom using a pre-perpetuity period reduced by half a year (April 2024: one year)	(65.2)	8.2
Additional (impairment) combining all three sensitivity scenarios detailed above	(92.2)	(54.6)

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

The Group considers the recoverability of goodwill on an ongoing basis and will continue to monitor the CGUs for any indicators of impairment in subsequent reporting periods. This disclosure is provided in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with the Group's Annual Report and Accounts for the year ending 30 April 2024.

(b) Trademarks

£3,240,000 (31 October 2023: £4,259,000) of the asset balance are trademarks relating to the acquisition of Greetz with finite lives. The remaining useful economic life at 31 October 2024 of the trademarks is 3 years 10 months (31 October 2023: 4 years 10 months).

£5,919,000 (31 October 2023: £6,688,000) of trademark assets relate to the brands valued on the acquisition of the Experiences segment. The remaining useful economic life at 31 October 2024 on these trademarks is 7 years 9 months (31 October 2023: 8 years 9 months).

(c) Technology and development costs

Technology and development costs of £21,557,000 (31 October 2023: £21,431,000) relate to internally developed assets. The costs of these assets include capitalised expenses of employees working full time on software development projects and third-party consulting firms.

Technology and development costs of £275,000 (31 October 2023: £665,000) relate to the acquisition of the Experiences segment and are allocated to the Experiences CGU. The remaining useful economic life at 31 October 2024 is 9 months (31 October 2023: 1 year 9 months.)

(d) Customer relationships

£5,469,000 (31 October 2023: £6,645,000) of the asset balance relates to the valuation of existing customer relationships held by Greetz on acquisition. The remaining useful economic life at 31 October 2024 on these customer relationships is 5 years 10 months (31 October 2023: 6 years 10 months).

£19,613,000 (31 October 2023: £24,551,000) of customer relationship assets relates to those valued on the acquisition of the Experiences segment. The remaining useful economic life at 31 October 2024 on these customer relationships ranges between 4 years 9 months and 1 year 9 months (31 October 2023: 5 years 9 months and 2 years 9 months).

(e) Software

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

9 Property, plant and equipment

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Leasehold improvements £000	Computer equipment £000	Right-of-use assets plant and machinery £000	Right-of-use assets land and buildings £000	Total £000
NBV at 1 May 2023	1,698	2,904	1,296	8,172	865	1,168	16,208	32,311
Additions	–	219	10	222	87	–	275	813
Depreciation charge for the period	(78)	(571)	(292)	(548)	(288)	(220)	(1,302)	(3,299)
Foreign exchange	–	(2)	(7)	(16)	(4)	(2)	(25)	(56)
NBV at 31 October 2023	1,620	2,550	1,007	7,830	660	946	15,156	29,769
Additions	–	249	79	–	116	575	–	1,019
Remeasurements	–	–	–	–	–	–	(113)	(113)
Disposals	–	–	–	(17)	–	(185)	–	(202)
Depreciation charge for the period	(77)	(559)	(369)	(531)	(259)	(235)	(1,281)	(3,311)
Foreign exchange	–	(4)	(10)	(42)	(5)	(18)	(183)	(262)
NBV at 30 April 2024	1,543	2,236	707	7,240	512	1,083	13,579	26,900
Additions	68	208	119	212	238	–	–	845
Depreciation charge for the period	(80)	(584)	(297)	(548)	(225)	(276)	(1,242)	(3,252)
Remeasurements	–	–	–	–	–	32	112	144
Foreign exchange	–	(5)	(4)	(37)	(2)	(9)	(84)	(141)
NBV at 31 October 2024	1,531	1,855	525	6,867	523	830	12,365	24,496

10 Inventories

	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Raw materials and consumables	1,347	1,882	1,411
Finished goods	9,663	10,509	8,374
Total inventory	11,010	12,391	9,785
Less: Provision for write-off of:			
Raw materials and consumables	(296)	(583)	(380)
Finished goods	(2,050)	(2,860)	(2,311)
Net inventory	8,664	8,948	7,094

11 Trade and other receivables

	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Current:			
Trade receivables	1,632	1,107	1,569
Less: provision for impairment of receivables	(207)	(301)	(243)
Trade receivables - net	1,425	806	1,326
Other receivables	974	867	2,523
Other receivables with entities formerly under common control	–	181	–
Prepayments	4,831	4,330	2,728
Total current trade and other receivables	7,230	6,184	6,577

11 Trade and other receivables (continued)

	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Non-current other receivables			
Other receivables	1,598	2,140	1,611
Total non-current trade and other receivables	1,598	2,140	1,611

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

As at 31 October 2023 other receivables with entities formerly under common control relate to costs in connection with leased property.

The relevant entities ceased to be related parties from 25 April 2024 following Exponent Private Equity ceasing to be a Significant Shareholder. Therefore the balance reported as 31 October 2024 is part of other liabilities.

12 Trade and other payables

	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Current			
Trade payables	14,521	14,369	14,440
Other payables	506	4,728	5,515
Other taxation and social security	7,055	9,134	8,710
Accruals	25,243	23,878	22,800
Merchant accrual	32,804	36,818	45,274
Total current trade and other payables	80,129	88,927	96,739
	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Non-current			
Other payables	638	–	638
Other taxation and social security	1,112	368	914
Other payables with entities formerly under common control	–	638	–
Total non-current trade and other payables	1,750	1,006	1,552

As at 31 October April 2023 the amounts due to entities formerly under common control amounted to £638,000. The relevant entities are no longer considered a related party from 25 April 2024 following Exponent Private Equity ceasing to be a Significant Shareholder. Therefore, in the current period and as at 30 April 2024 the relevant balance is included within other payables.

13 Borrowings

	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Current			
Lease liabilities	3,183	3,266	3,257
Borrowings	94	85	73
Non-current			
Lease liabilities	11,561	14,691	13,072
Borrowings	117,148	171,332	118,292
Total borrowings and lease liabilities	131,986	189,374	134,694

During the year ended 30 April 2024, the Group completed a refinancing, replacing its previous term loan and revolving credit facility with a new £180,000,000 committed multi-currency RCF. The RCF has an initial maturity date of 29 February 2028 with an option to extend it by one year (subject to lender consent). As at 31 October 2024 the Group had drawn down £113,000,000 and €7,000,000 of the available revolving credit facility (31 October 2023: term loan of £175,000,000 and RCF of £80,000,000 of which £nil was drawn down). There was a foreign exchange impact on borrowings during the period of £155,000 gain (H1 FY24: £nil).

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

13 Borrowings (continued)

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.

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. The Group has complied with all covenants from entering the RCF until the date of these Condensed Consolidated Interim Financial Statements.

Borrowings are repayable as follows:

	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Within one year	94	85	73
Within one and two years	–	–	–
Within two and three years	–	171,332	–
Within three and four years	117,148	–	118,292
Within four and five years	–	–	–
Beyond five years	–	–	–
Total borrowings¹	117,242	171,417	118,365

¹ Total borrowings include £94,094 (31 October 2023: £85,000) in respect of accrued unpaid interest and are shown net of capitalised borrowing costs of £1,715,000 (31 October 2023: £3,668,000).

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

	Borrowings £000	Lease liabilities £000	Total £000
1 May 2023	170,520	19,525	190,045
Cash flow	(7,737)	(2,211)	(9,948)
Foreign exchange	–	(64)	(64)
Interest and other ¹	8,634	707	9,341
31 October 2023	171,417	17,957	189,374
Cash flow	(63,534)	(2,213)	(65,747)
Foreign exchange	–	(65)	(65)
Interest and other ¹	10,482	650	11,132
30 April 2024	118,365	16,329	134,694
Cash flow	(5,983)	(1,988)	(7,971)
Foreign exchange	(155)	(90)	(245)
Interest and other ¹	5,015	493	5,508
31 October 2024	117,242	14,744	131,986

¹ Interest and other within borrowings comprises amortisation of capitalised borrowing costs and the interest expense in the period. Interest and other within lease liabilities comprises interest on leases as disclosed in Note 5.

14 Share-based payments

Pre-IPO awards

The original awards were granted on 27 January 2021 and comprised two equal tranches, with the vesting of both subject to the achievement of revenue and Adjusted EBITDA performance conditions for the year ended 30 April 2023 and for participants to remain employed by the Company over the vesting period. The Group exceeded maximum performance for both measures, including on an organic basis without the post-acquisition revenue and profit from Experiences. Accordingly, the first tranche vested on 30 April 2023 and was paid in July 2023; the second tranche vested on 30 April 2024 and was paid in May 2024. Given the constituents of the scheme, no attrition assumption was applied. The scheme rules provided that when a participant left employment, any outstanding award may have been reallocated to another employee (excluding the Executive Directors). All previous awards vested on 30 April 2024 and all shares outstanding at the beginning of the period were exercised in H1 FY25. There were no further shares granted during the period and this incentive scheme has now ended.

14 Share-based payments (continued)

	31 October 2024	31 October 2023	30 April 2024
	Number of shares	Number of shares	Number of shares
Pre-IPO awards			
Outstanding at the beginning of the period	1,413,971	2,619,716	2,616,716
Granted	–	–	–
Exercised	(1,413,971)	(1,165,744)	(1,165,744)
Forfeited	–	(7,143)	(37,001)
Outstanding at the end of the period	–	1,446,829	1,413,971
Exercisable at the end of the period	–	–	1,413,971

Long-Term Incentive Plan (“LTIP”)

The first grant of these awards was made on 1 February 2021 and vested on 2 July 2024. Half of the share awards granted are subject to a relative Total Shareholder Return (“TSR”) performance condition measured against the constituents of the FTSE 250 Index (excluding Investment Trusts). The other half of the share awards granted are subject to an Adjusted Basic Pre-Tax EPS performance condition (calculated as Adjusted Profit Before Taxation, divided by the undiluted weighted average number of ordinary shares outstanding during the year). Participants are also required to remain employed by the Group over the vesting period, with a further holding period applying until the fifth anniversary of grant for the Executive Directors. Given the constituents of the scheme, no attrition assumption has been applied. Activity in relation to these awards during the period included new awards granted on 2 July 2024 under the existing scheme which will vest on 2 July 2027 subject to the performance conditions being met.

Consistent with the existing scheme, participants are required to remain employed by the Group over the vesting period. Vesting may arise sooner where a former employee is a “good leaver” and the Remuneration Committee exercises discretion to permit vesting at cessation of employment.

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

	July 2024
Valuation model	Stochastic and Black-Scholes and Chaffe
Weighted average share price (pence)	182.00
Exercise price (pence)	0.00
Expected dividend yield	0%
Risk-free interest rate	4.45%/4.23%
Volatility	46.16/44.87%
Expected term (years)	3.00/2.00
Weighted average fair value (pence)	119.26/182.00
Attrition	0%
Weighted average remaining contractual life (years)	3.47

	31 October 2024	31 October 2023	30 April 2024
	Number of shares	Number of shares	Number of shares
LTIP awards			
Outstanding at the beginning of the period	9,326,856	3,064,998	3,064,998
Granted	3,962,477	6,991,966	6,991,966
Exercised	(93,822)	–	–
Forfeited	(698,592)	(492,570)	(730,108)
Outstanding at the end of the period	12,496,919	9,564,394	9,326,856
Exercisable at the end of the period	5,974	–	–

Deferred Share Bonus Plan (“DSBP”)

The Group has bonus arrangements in place for Executive Directors and certain key management personnel within the Group whereby a proportion of the annual bonus is subject to deferral over a period of three years with vesting subject to continued service only. Vesting may arise sooner where a former employee is a “good leaver” and the Remuneration Committee exercises discretion to permit vesting at cessation of employment.

14 Share-based payments (continued)

The outstanding number of shares under option at the end of the period is 540,885 (31 October 2023: 419,492), with an expected vesting profile as follows:

	FY26	FY27	FY28	Total
Share options granted on 5 July 2022	255,593	–	–	255,593
Share options granted on 4 July 2023	–	44,878	–	44,878
Share options granted on 2 July 2024	–	–	240,414	240,414

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

	July 2024
Valuation model	Black-Scholes
Weighted average share price (pence)	182.00
Exercise price (pence)	0.00
Expected dividend yield	0%
Risk-free interest rate	N/A
Volatility	N/A
Expected term (years)	3.00
Weighted average fair value (pence)	182.00
Attrition	0%
Weighted average remaining contractual life (years)	3.92

	31 October 2024	31 October 2023	30 April 2024
DSBP	Number of shares	Number of shares	Number of shares
Outstanding at the beginning of the period	386,842	392,289	392,289
Granted	240,414	47,164	47,164
Exercised	(86,371)	–	(32,650)
Forfeited	–	(19,961)	(19,961)
Outstanding at the end of the period	540,885	419,492	386,842
Exercisable at the end of the period	–	–	–

Save As You Earn (“SAYE”)

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

The original FY22 awards were granted on 3 September 2021 and vested on 1 October 2024, with a six-month exercise period following vesting. The awards are subject only to service conditions with the requirement for the recipients of awards to remain in employment with the Group over the vesting period. Activity in relation to these awards during the period included FY25 awards granted on 26 July 2024 which will vest on 1 October 2027, subject to the same conditions as the FY24 grant.

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

	July 2024
Valuation model	Black-Scholes
Weighted average share price (pence)	215.50
Exercise price (pence)	150.00
Expected dividend yield	0%
Risk-free interest rate	4.21%
Volatility	43.99%
Expected term (years)	3.43
Weighted average fair value (pence)	90.87
Attrition	15%
Weighted average remaining contractual life (years)	2.75

14 Share-based payments (continued)

	31 October 2024	31 October 2023	30 April 2024
SAYE	Number of shares	Number of shares	Number of shares
Outstanding at the beginning of the period	1,009,635	783,819	783,819
Granted	272,636	842,522	842,552
Exercised	–	–	–
Cancelled	(61,361)	(461,453)	(616,736)
Forfeited	(8,612)	–	–
Outstanding at the end of the period	1,212,298	1,164,888	1,009,635
Exercisable at the end of the period	31,484	–	1,111

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

Share-based payments expenses recognised in the income statement:

	Six months ended 31 October 2024	Six months ended 31 October 2023	Year ended 30 April 2024
	£000	£000	£000
Pre-IPO awards	–	612	1,152
LTIP	2,692	1,517	2,340
SAYE	132	261	455
DSBP	242	186	305
Share-based payments expense¹	3,066	2,576	4,252

¹ The £3,066,000 (31 October 2023: £2,576,000) stated above is presented inclusive of employer's national insurance of £523,000 in the period (31 October 2023: A net £2,000 credit). This net position is made up of contributions of £332,000 (31 October 2023: £321,000) and an increase of £191,000 (31 October 2023: decrease of £323,000) in relation to a true up of NI as at the reporting period date based on market share price data.

15 Share capital and reserves

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

Called-up share capital

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The shareholding as at 31 October 2024 is:

	Number of shares	£000
Allotted, called-up and fully paid ordinary shares of £0.10 each	344,904,179	34,490

As at 31 October 2024, ordinary share capital represents 344,904,179 (31 October 2023: 343,277,365) ordinary shares with a nominal value of £0.10 (31 October 2023: £0.10). The movement in share capital during the period relates to the issuance of shares upon vesting of the Group's pre-IPO incentive scheme. 1,594,164 shares were issued at nominal value of £0.10, with the issuance being paid up by the Group through distributable reserves, specifically the share-based payment reserve.

Share premium

Share premium represents the amount over the par value which was received by the Company upon the sale of the ordinary shares. Upon the date of listing the par value of the shares was £0.10 but the initial offering price was £3.50. Share premium is stated net of direct costs of £736,000 (31 October 2023: £736,000) relating to the issue of the shares.

Merger reserve

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

Other reserves

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

15 Share capital and reserves (continued)

Share-based payment reserve

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

Hedging reserve

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

Foreign currency translation reserve

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

	Share-based payment reserve	Foreign currency translation reserve	Hedging reserve	Total other reserves
	£000	£000	£000	£000
As at 1 May 2023	42,211	(928)	1,881	43,164
Other comprehensive income:				
Exchange differences on translation of foreign operations	–	12	–	12
Cash flow hedges:				
Fair value changes in the period	–	–	491	491
Cost of hedging reserve	–	–	17	17
Fair value movements on cash flow hedges transferred to profit and loss	–	–	(1,285)	(1,285)
Share-based payment charge (excluding National Insurance)	2,578	–	–	2,578
Deferred tax on share-based payments	105	–	–	105
Share options exercised	(4,081)	–	–	(4,081)
As at 31 October 2023	40,813	(916)	1,104	41,001
Other comprehensive income/(expense)				
Exchange differences on translation of foreign operations	–	18	–	18
Cash flow hedges:				
Fair value changes in the period	–	–	224	224
Cost of hedging reserve	–	–	226	226
Fair value movements on cash flow hedges transferred to profit and loss	–	–	(937)	(937)
Deferred tax on other comprehensive income	–	–	(95)	(95)
Share-based payment charge (excluding National Insurance)	1,601	–	–	1,601
Deferred tax on share based payment transactions	431	–	–	431
Share options exercised	(77)	–	–	(77)
As at 30 April 2024	42,768	(898)	522	42,392
Other comprehensive (expense)/income:				
Exchange differences on translation of foreign operations	–	(694)	–	(694)
Cash flow hedges:				
Fair value changes in the period	–	–	11	11
Cost of hedging reserve	–	–	72	72
Fair value movements on cash flow hedges transferred to profit and loss	–	–	(740)	(740)
Deferred tax on other comprehensive income	–	102	105	207
Share-based payment charge (excluding National Insurance)	2,543	–	–	2,543
Deferred tax on share-based payments	781	–	–	781
Share options exercised	(6,429)	–	–	(6,429)
As at 31 October 2024	39,663	(1,490)	(30)	38,143

16 Financial instruments and related disclosures

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

	Note	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Financial assets				
Financial assets at amortised cost:				
Trade and other receivables ¹	11	3,997	3,994	5,460
Cash		12,407	22,443	9,644
Financial assets measured at fair value				
Financial derivatives ³		143	1,798	1,002
		16,547	28,235	16,106
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables ²	12	40,908	43,613	43,393
Merchant accrual		32,804	36,818	45,274
Lease liabilities	13	14,744	17,957	16,329
Borrowings	13	117,242	171,417	118,365
		205,698	269,805	223,361

1 Excluding prepayments and including other non current assets.

2 Excluding other taxation and social security.

3 Financial derivatives include interest rate caps, an interest rate swap that matured November 2023 and a foreign exchange derivative that matured on 30 April 2024.

The interest rate cap and swap derivatives measured at fair value, are valued using market data to construct a forward interest rate curve which govern the future flows under the derivative. These are then discounted back at the requisite discount curve. The interest rate swap matured on 30 November 2023.

On 3 May 2023 the Group executed a foreign currency forward contract agreement on a notional amount of €10,000,000 for the period until 30 April 2024. The Group does not apply hedge accounting to this derivative, any gains or losses in relation to the fair value of the derivative are recorded in the Consolidated Income Statement.

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

To the extent that financial instruments are not carried at fair value in the Condensed Consolidated Balance Sheet, the carrying values approximate the fair values at 31 October 2024, 30 April 2024 and 31 October 2023, except for borrowings where the fair value of bank loans is £118,863,000 (30 April 2024: £120,266,000; 31 October 2023: £175,000,000). There have been no changes to classifications in the current or prior period.

17 Commitments and contingencies

a) Commitments

The Group entered a financial commitment in respect of floristry supplies of £106,000 (31 October 2023: £nil) and rental commitments of £12,000 (31 October 2023: £12,000) which are due within one year.

During the period the Group entered a financial commitment in respect of future stock purchases of £1,912,000 (31 October 2023: £nil). These purchases are spread across the next three years and will be settled by November 2027.

b) Contingencies

Group companies have given a guarantee in respect of the external bank borrowings of the Group which amounted to £180,000,000 at 31 October 2024. This comprises of the RCF of £180,000,000, as at 31 October 2024 the Group had drawn down £113,000,000 and €7,000,000 of the available revolving credit facility (31 October 2023: £175,000,000 term loan and RCF of £80,000,000 of which £nil was drawn down).

18 Related party transactions

Transactions with related parties

The Group has transacted with entities formerly under common control which are presented below. The relevant entity concerning the transaction in the prior periods was no longer considered a related party from 25 April 2024 following Exponent Private Equity ceasing to be a Significant Shareholder.

18 Related party transactions (continued)

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
Other income from other related parties formerly under common control	–	664

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

	At 31 October 2024	At 31 October 2023	At 30 April 2024
	£000	£000	£000
Trade and other receivables from other related parties formerly under common control	–	181	–
Trade and other payables to other related parties formerly under common control	–	(638)	–

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

19 Dividends

There were no dividends paid in the period.

An interim dividend of 1.0 pence per share for the six months to 31 October 2024 (31 October 2023: no interim dividend) has been declared by the Directors, totalling £3.4m (31 October 2023: nil) based on the number of shares eligible for the distribution as at 31 October 2024.

The interim dividend is payable on 20 March 2025 to shareholders on the register at the close of business on 21 February 2025. No provision has been made for the interim dividend and there are no income tax consequences in the period.

20 Events after the balance sheet date

The Company's first share buyback programme, to repurchase up to £25m of its ordinary shares, was announced on 16 October 2024 and commenced on 5 November 2024. The share buyback programme will run until either 30 April 2025 or until notified by the Company. The Company's policy with respect to share buybacks is that it will only conduct share buybacks when they use excess capital and they are earnings enhancing.

With the exception of those detailed above, there were no other adjusting or non-adjusting events after the balance sheet date.

21 Alternative Performance Measures

Adjusted EBITDA

Adjusted EBITDA is a measure of the Group's operating performance and debt servicing ability. It is calculated as operating profit adding back depreciation and amortisation and Adjusting Items (Note 4 of these Condensed Consolidated Interim Financial Statements).

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

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

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

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
Operating (loss)/profit	(27,983)	27,026
Depreciation and amortisation ¹	9,159	8,212
Adjusting items ¹	60,630	6,198
Adjusted EBITDA	41,806	41,436

¹ The prior year Adjusting Items (excluding share-based payments) and Depreciation and Amortisation numbers have been restated to reflect the classification of acquisition amortisation as an Adjusting Item of £3,930,000 (H1 FY24: £4,341,000)

Adjusted EBIT

Adjusted EBIT is operating profit before Adjusting Items:

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
Operating (loss)/profit	(27,983)	27,026
Adjusting items ¹	60,630	6,198
Adjusted EBIT¹	32,647	33,224

¹ The prior period Adjusting Items number has been restated to include the amortisation on acquired intangibles of £3,930,000 (H1 FY24: £4,341,000).

Adjusted PBT

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

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
PBT	(33,283)	18,895
Adjusting Items ¹	60,630	6,198
Adjusted PBT¹	27,347	25,093

¹ The prior period Adjusting Items number has been restated to include the amortisation on acquired intangibles of £3,930,000 (H1 FY24: £4,341,000).

Adjusted PAT

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

Adjusted PAT is used to calculate the underlying basic earnings per share in Note 7 of these Condensed Consolidated Interim Financial Statements.

	Six months ended 31 October 2024	Six months ended 31 October 2023
	£000	£000
PAT	(38,486)	14,083
Adjusting Items ¹	60,630	6,198
Tax impact of the above ¹	(990)	(1,255)
Adjusted PAT¹	21,154	19,026

¹ The prior period Adjusting Items number has been restated to include the amortisation on acquired intangibles of £3,930,000 (H1 FY24: £4,341,000).

21 Alternative Performance Measures (continued)

Net debt

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

	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Borrowings	(117,242)	(171,417)	(118,365)
Cash and cash equivalents	12,407	22,443	9,644
Lease liabilities	(14,744)	(17,957)	(16,329)
Net debt	(119,579)	(166,931)	(125,050)

Ratio of net debt to Adjusted EBITDA

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

	At 31 October 2024 £000	At 31 October 2023 £000	At 30 April 2024 £000
Net debt	(119,579)	(166,931)	(125,050)
Adjusted EBITDA	95,900	91,083	95,530
Total Net debt to Last Twelve Months' pro forma Adjusted EBITDA	1.25:1	1.83:1	1.31:1

Operating Cash Conversion

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

	Six months ended 31 October 2024 £m	Six months ended 31 October 2023 £m
(Loss)/profit before tax	(33.3)	18.9
Add back: Finance costs	5.3	8.1
Add back: Adjusting Items (excluding share-based payments) ¹	60.6	5.6
Add back: Adjusting Items (share-based payments)	–	0.6
Add back: Depreciation and amortisation ¹	9.2	8.2
Adjusted EBITDA	41.8	41.4
Less: Capital expenditure (fixed and intangible assets)	(7.0)	(7.8)
Adjust: Impact of share-based payments ²	2.6	2.0
Add back: (Increase)/ decrease in inventories	(1.6)	3.4
Add back: (Increase)/decrease in trade and other receivables	(0.7)	0.2
Add back: (Decrease) in trade and other payables	(17.5)	(24.1)
Operating cash flow	17.6	15.1
Operating cash conversion	42%	36%
Add back: Capital expenditure	7.0	7.8
Add back: Loss on disposal and impairment of goodwill	56.7	–
Less: Adjusting Items (excluding share-based payments and amortisation)	(56.7)	(1.2)
Less: Research and development tax credit	(0.1)	(0.4)
Cash generated from operations	24.5	21.3

¹ The prior year Adjusting Items (excluding share-based payments) and Depreciation and Amortisation numbers have been restated to reflect the classification of acquisition amortisation as an Adjusting Item of £3.9 (H1 FY24: £4.3)

² Comprises: (1) the add-back of non-cash share-based payment charges of £2.6m (H1 FY24: £2.0m) relating to the operation of post-IPO Remuneration Policy, which are not classified as an Adjusting Item; offset by (2) the cash impact of employer's national insurance of £nil (H1 FY24: £0.3m) arising on pre-IPO share-based payment charges, which are classified as an Adjusting Item (Refer to Note 4). In H1 FY24 the national insurance charge was offset by a release of £0.3m in relation to a true up of NI to reflect the share price at the reporting date.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

There have been no amendments to the Group's assessment of principal risks since the last Annual Report and Accounts for the year ended 30 April 2024. Other risks have been amended as appropriate based on the output of risk management assessment.

Risk	Description	Management and mitigation
1. Technology security and data protection	<p>As a digital platform business, the Group requires its technology infrastructure to operate. Downtime of the Group's systems resulting from a technology security breach would cause an interruption to trading.</p> <p>Either a technology security breach or a failure to appropriately process and control the data that the Group's customers share (whether because of internal failures or a malicious attack by a third party), could result in reputational damage, loss of customers, loss of revenue and financial losses from litigation or regulatory action.</p>	<p>The Group has a disaster recovery and business continuity plan which is regularly reviewed and tested. The Group's platforms are cloud-based, hosted by leading technology firms.</p> <p>The Group's technology security team performs regular security testing of the key platform and applications and reviews internal processes and capabilities. The Group subscribes to bug bounty schemes that reward friendly hackers who uncover security vulnerabilities.</p> <p>Quarterly health checks are performed on critical security tools to ensure they are configured and operating appropriately.</p> <p>The Group works closely with suppliers to ensure that they only receive and store minimum data for the purposes required; security audits are performed to confirm suppliers operate at a high standard to protect and manage data.</p> <p>Annual GDPR training is mandatory for all employees.</p> <p>Significant work has been performed to bring Experiences within the Group's internal control framework, including in respect of technology security and data protection. Key internal controls were reviewed as well as a deep dive into the Experiences Cyber Security. Implementation of recommendations from both these reviews are underway.</p>
2. Consumer demand	<p>Should macroeconomic conditions worsen in future, this could impact demand and Group revenue.</p>	<p>The UK greeting card market has proven to be relatively resilient to recession.</p> <p>At Moonpig and Greetz, our approach is focused around acquiring loyal customer cohorts that drive recurring annual revenue with 88% (H1 FY24: 91%) of revenue at these segments from existing customers.</p> <p>Our business model is flexible, and we can respond rapidly to cyclical economic changes, for instance with respect to pricing, merchandise range and cost base.</p> <p>We have continued the development of new technology features that promote customer lifetime value, such as Moonpig Plus, Greetz Plus and card creativity features.</p> <p>The greeting card market has not experienced any further deterioration in the economic environment during H1 FY25. There have been recent macroeconomic challenges in the Experiences gifting market owing to the higher price points. However, there remains a strong long term growth opportunity for the Experiences brands once cyclical headwinds subside and the transformation work we have done to date positions us well to capitalise on this opportunity.</p>

<p>3. Strategy</p>	<p>The Group's strategy is focused on investment in technology and data to drive growth across each of our businesses. There is a risk that this strategy does not deliver growth in revenue and profit to the extent expected.</p> <p>Our strategy for Experiences is to transform it from an e-commerce marketing operation into a technology and data-led platform. As with any business acquisition the delivery of plans carries a higher level of execution risk compared to segments that have been operated by the Group for some time. Given the continued challenging trading environment, our expectations for growth at Experiences have shifted out in time, which is reflected in the impairment charge recognised in the six months ended 31 October 2024.</p>	<p>The Group monitors return on investment for all technology development. The product, data and technology functions are managed to enable rapid redirection of resource towards those projects that most strongly contribute to revenue growth.</p> <p>Should our strategy not deliver growth in revenue to the extent expected, there is scope to flex investment accordingly.</p> <p>The velocity of new product development on the Moonpig and Greetz technology platform has remained high and the re-platforming of Experiences has progressed in line with our expectations.</p> <p>We continue to execute our strategy at Experiences, with a focus on enhancing the proposition. We expect to drive medium-term growth through a balanced combination of orders on the Red Letter Days and Buyagift websites, increasing basket value, driving sales through third party channels (including Moonpig) and upsell on the recipient website. It remains our expectation that we can deliver double digit medium-term revenue growth at Experiences once cyclical headwinds subside.</p> <p>Work to deliver revenue synergies from the Experiences acquisition is ongoing, with developments including enhancing the range of digital gift experiences offered with e-cards and gift subscriptions.</p>
<p>4. Changes to the universal postal service</p>	<p>Moonpig and Greetz use regulated monopoly postal services for the final leg of delivery for greeting cards sent by envelope post.</p> <p>Demand for single greeting cards could be impacted by changes to the frequency, reliability or affordability of postal delivery.</p> <p>In 2024, the UK regulator with responsibility for the universal postal service (Ofcom) carried out a consultation on the future of Royal Mail's universal service obligation.</p> <p>It is possible that Royal Main could in future cease daily mail flights from Guernsey, where one of Moonpig's production facilities is based.</p>	<p>We maintain relationships with postal service providers and there is regular, senior-level communication.</p> <p>For recent peak trading periods we have operated an arrangement with Royal Mail to send cards through their Tracked 24 service (which is a different, separate network from the regular postal service) at an attractive consumer price point.</p> <p>Our strategy is to grow attached gifting, which moves orders from envelope post to parcel courier delivery for which there are multiple providers. Roughly one-in-six UK orders have a gift attached, which means that they are a parcel delivery through a courier network and hence would be unaffected by any changes.</p> <p>At Experiences, a significant proportion of orders are fulfilled digitally rather than physically. We are also innovating solutions for digital delivery at Moonpig and Greetz, such as the launch of the ability to send an e-card with a digital gift experience, a proposition that effectively eliminates potential postal delays.</p> <p>Cessation of mail flights from Guernsey would not impact our ability to fulfil Moonpig greeting card orders.</p>

<p>5. Brand strength and reputation</p>	<p>The Group's continued success depends on the strength of its market-leading brands: Moonpig, Greetz, Red Letter Days and Buyagift.</p> <p>Any event that damages the Group's reputation or brands could adversely impact its business, results of operations, financial condition or prospects.</p>	<p>There is high consumer awareness of the Group's brands, which is maintained by ongoing investment in marketing. This is further strengthened by network effects from recipients receiving cards and gifts.</p> <p>Significant ongoing investment in technology, with innovations such as video and audio messages and AI driven 'smart text' message recommendations in greeting cards, as well as Moonpig Plus and Greetz plus, all help to differentiate our brand from its online and offline competitors.</p> <p>Investment in data protection and technology security helps to protect the Group from the adverse impact of a data breach or cyber-attack.</p>
<p>6. Disruption to operations</p>	<p>Any disruption to in-house or third-party facilities within the Group's production and fulfilment network could have an adverse effect on trading.</p> <p>In the UK, there was service disruption at Royal Mail during FY23 due to industrial action. This could recur in future periods.</p> <p>The Group uses third-party suppliers for solutions on its platforms and any disruptions, outages or delays in these would affect the availability of, prevent or inhibit the ability of customers to access or complete purchases on its platforms.</p>	<p>We operate flexible fulfilment technology with application programming interface ("API") based data architecture which allows the addition of third-party suppliers to the production and fulfilment network with relative speed.</p> <p>The Group continues to operate a multi-site approach to ensure UK operational resilience. The Group's facilities at Tamworth and Guernsey operate alongside the use of outsourced partners.</p> <p>Experiences offers digital voucher fulfilment, so could continue to trade in the event of disruption to its operations.</p> <p>In the Netherlands, we have a standby agreement with a third party that would provide card fabrication and gift fulfilment services in the event of significant disruption to our facility in Almere.</p> <p>Flowers are fulfilled by a single supplier in both the UK and the Netherlands, however there is partial substitutability of demand between flowers and other gifting product categories.</p> <p>The Group carries out due diligence on all key suppliers at the onset of a relationship. This includes technology and data protection due diligence and checks on financial viability.</p>

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

Our conclusion

We have reviewed Moonpig Group plc's Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the Half Year Results of Moonpig Group plc for the 6 month period ended 31 October 2024 (the "period").

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

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 31 October 2024;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended; and
- the explanatory notes to the interim financial statements.

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

Basis for conclusion

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

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

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

Conclusions relating to going concern

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
9 December 2024