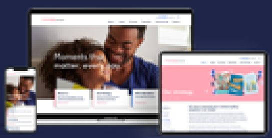
moonpig group plc

Creating moments that matter, every day.

Annual Report and Accounts 2021

Our purpose

Creating better, more personal, connections between people that care about each other.



www.moonpig.group

Performance highlights

Revenue (£m)
2020: £173.1m
£368.2m

Attached Gifting Mix (% revenue)
2020: 35.4%
40.2%

Orders (m)
2020: 24.3m
50.9m

Employee Engagement Score (%)
2020: 66%
69%

Card Design Range (number)
2020: 17,000
27,000

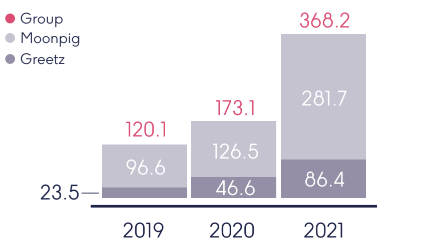
Net Promoter Score (-100 to +100)
2020: Not measured
67

Basic EPS (p)
2020: N/A
6.1p

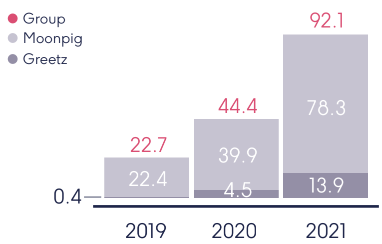
Existing Customer Mix (% revenue)
2020: 78.5%
75.0%

Adjusted EBITDA margin[1] (%)
2020: 25.6%
25.0%

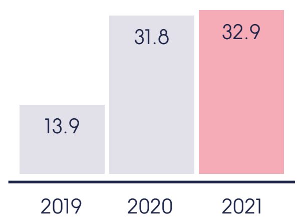
Revenue (£m)



Adjusted EBITDA[1] (£m)



Profit before tax (£m)



Operational highlights

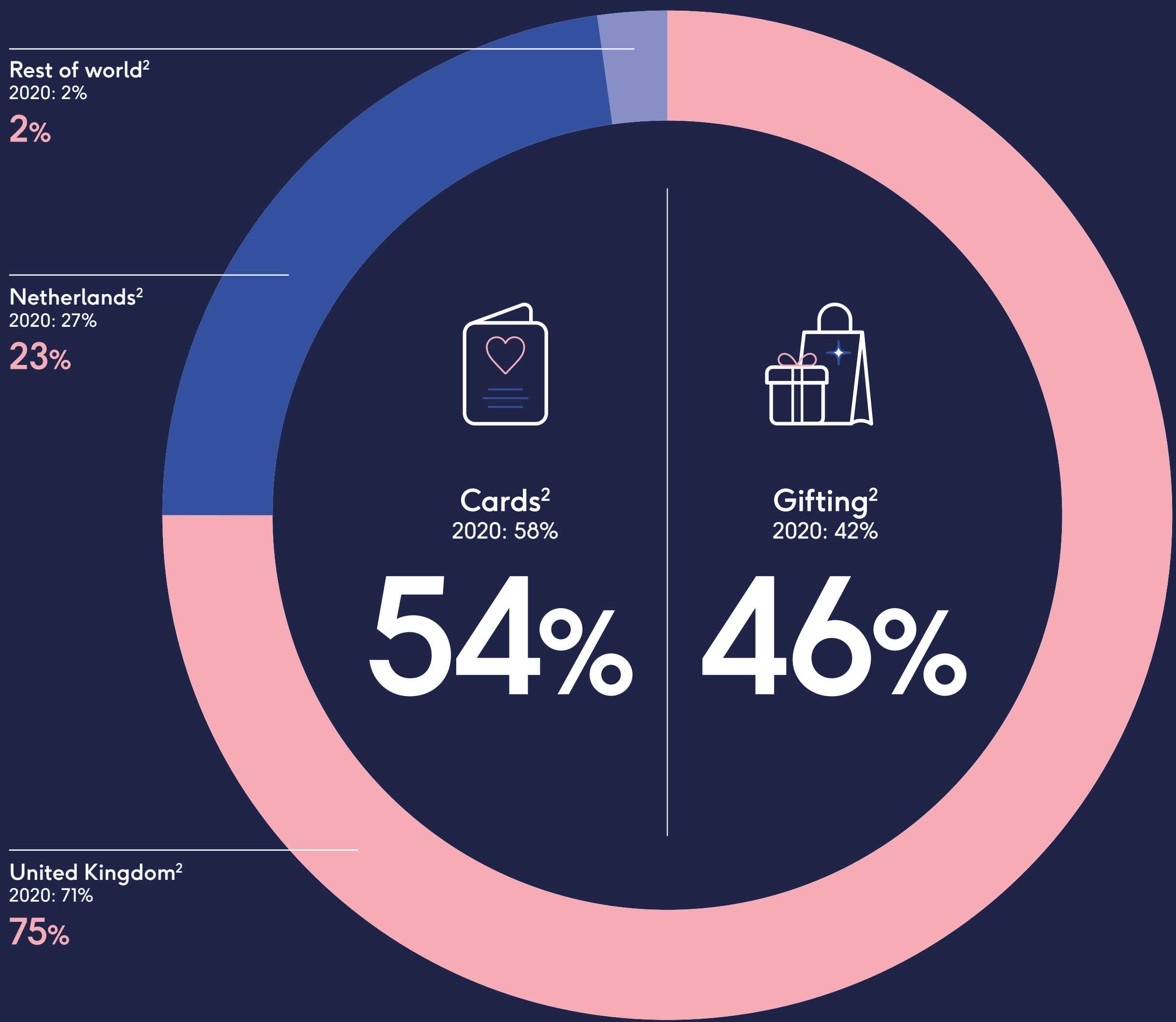
- Revenue and Adjusted EBITDA[1] more than doubled by 113% and 107% respectively
- Completion of a three-year technology re-platforming for the Moonpig brand
- Moonpig app penetration of customer orders raised to 37% across FY21
- The number of customer reminders set has grown to over 50 million as at 30 April 2021
- Gifts range expansion to 1,400 SKUs with new brands, categories and premium price points
- Significant card range expansion to 27,000 designs, leveraging our Global Design Platform
- Further extension to already market-leading cut-off times for next day delivery
- A new creative platform for each of the Moonpig and Greetz brands
- Successful delivery of the Initial Public Offering

1 Adjusted EBITDA and Adjusted EBITDA margin are Alternative Performance Measures, definitions of which are set out in the CFO's Financial Review on page 31.

At a glance

The leading online greeting card and gifting platform in the UK and the Netherlands.[1]

Business mix



1 According to OC&C estimates, the Group held a 60% market share in the UK among online card specialists in 2019 and a 65% market share in the Netherlands amongst the top three online card players in 2019.
2 Moonpig Group Year ended 30 April 2021.

Our brands

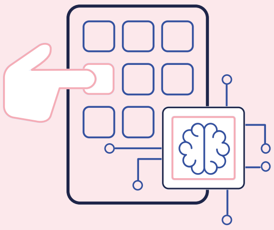
moonpig

#1 Market position in the United Kingdom – Market share[1]
60%

greetz .nl

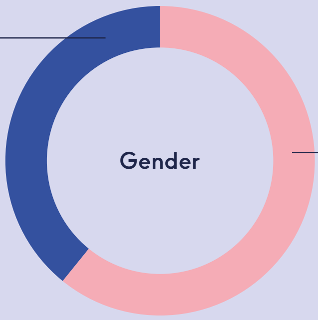
#1 Market position in the Netherlands – Market share[1]
65%

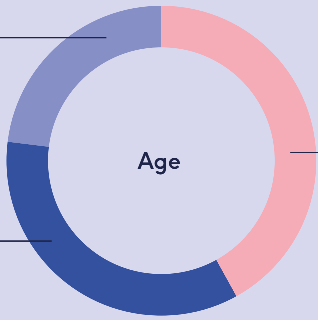
Technology and data platform



- Custom designed around Moonpig's proprietary data and algorithms
- Substantially rebuilt over three years, specifically for Moonpig's needs
- Team of 153 highly engaged data scientists, analysts and engineers
- Deep insights of customers' giving intent, with algorithms optimised over data from 190m[2] cumulative transactions as at 30 April 2021

Customer demographic[3]





1 According to OC&C estimates, the Group held a 60% market share in the UK among online card specialists in 2019 and a 65% market share in the Netherlands amongst the top three online card players in 2019.
2 Cumulative transactions as of April 2021 for Moonpig and from September 2018 (acquisition of Greetz) to April 2021 for Greetz.
3 From 1 May 2020 to 30 April 2021.

Chair's statement

> "
> **In a landmark year, Moonpig Group has delivered a strong set of results and made considerable progress in delivering its strategy.**

Overview

Moonpig Group is a business with great potential. It has a passionate and committed leadership team, is building a data and technology platform that creates competitive advantage and has a powerful financial model which presents significant opportunity for shareholder value creation.

The year ended 30 April 2021 has been a landmark year. The Group has successfully navigated the operational challenges presented by Covid-19 whilst capturing market opportunities to more than double both revenue and Adjusted EBITDA. It has been a period of accelerated strategy delivery, including completion of the three-year technology re-platforming project for the Moonpig brand, the operational realignment of Greetz, a broadening of the range of both card designs and gifts and an expansion of app penetration and customer reminder setting. Alongside this, the Group has delivered a successful IPO and transitioned well to public ownership, expanding a strong and experienced Board.

FY21 performance

The past three years have been a period of change and transformation, as the Group has invested and used its expertise to accelerate the development of its platforms, with a focus on becoming the gifting companion. Revenue growth was already accelerating prior to Covid-19, and the particular circumstances of FY21 provided opportunities for management to amplify this trend.

In FY21, the Group outperformed the guidance set out in the IPO Prospectus and reached the top end of the guidance provided to investors in February 2021. Revenue grew year-on-year by 113% to £368.2m, reflecting not only the market-wide shift in demand from offline to online but also management action to capture as much of the opportunity as possible.

Chair's statement continued

With the Board's support, management has focused on long-term value creation and has prioritised strategy acceleration over short-term optimisation of profit margin rate. The Group has pursued additional marketing activity focussed on further strengthening its brands, promotional activity to drive app downloads and reminder setting, and investment in operations to ensure that high order volumes could be fulfilled. Notwithstanding this, Adjusted EBITDA margin rate remained broadly constant year-on-year at 25.6% in FY20 and 25.0% in FY21 whilst Adjusted EBITDA increased from £44.4m in FY20 to £92.1m in FY21.

Employees

The Group would not have delivered this performance in FY21 without the resilience, dedication and tenacity of its people in the Netherlands, Guernsey and the UK. On behalf of the Board, I'd like to thank all of the Group's employees for their contribution during the year.

Role in society

Moonpig Group's purpose centres around helping its customers to create or express connections with those that they care about. The Board has this year approved the Group's ESG strategy, which helps it to realise its purpose further by committing to eight long-term goals focused on the environment, the Group's people and the communities in which Moonpig and Greetz operate.

The Group has built on its long history of charitable activity with the launch of the Moonpig Group Foundation, a charitable fund that has been established through the Charities Aid Foundation. The Group has committed to invest £1.0m in communities between 2020 and 2025 through the Foundation. Funds are expected to be used to support organisations with missions closely connected to the Group's aim of creating better, more personal connections between people that care about each other.

Board and governance

The Group has been compliant with all relevant provisions of the UK Corporate Governance Code from Admission, as set out in the Governance Report at page 46. The Board welcomed David Keens, Susan Hooper and Niall Wass to the Board shortly before the IPO, and accordingly it meets the requirement that at least half the Board of Directors (excluding the Chair) should comprise independent Non-Executive Directors.

Exponent is a former controlling shareholder of the Group. Its holding was reduced below the 30% threshold at IPO, it is not (insofar as the Group is aware) acting in concert with any third party and it held 24.47% of issued share capital as at 30 April 2021.

Until its shareholding falls below 20%, Exponent has a right under a Relationship Agreement to nominate up to two Nominee Directors, of which one is currently in place alongside a nominated Board Observer.

Diversity of Board composition is important, and I am confident that the Board collectively possesses a broad range of experience, skills and knowledge from different backgrounds. Taking into account the Nominee Director, the Group does not yet meet the recommendations of the Hampton-Alexander Review with respect to 33% representation of women. The current figure is 29% and the Group has committed to meet the target by no later than the date of the 2022 AGM.

Looking ahead

The new financial year has started moderately ahead of expectations, which is reflected in our latest guidance (see Financial Review).

The lockdown has enabled the Group to accelerate the delivery of strategic priorities and bring about an enduring change to the scale of the business. Although revenue in FY22 will be lower than it was during last year, we now expect it to be between 45% to 50% higher than in FY20.

I am confident that the Group is well positioned to drive sustained underlying growth in revenue and profit as it continues to lead the shift in its markets from offline to online. The Board looks forward to making strong strategic and operational progress in the year ahead.

Kate Swann
Non-Executive Chair
27 July 2021

Chief Executive Officer's review

> "In a period of both challenge and opportunity, the Group has delivered an enduring transformation of the business.

Overview

In the two decades since Moonpig was founded, our business has never been more relevant to customers. In the past year, we have seen a surge in people wanting to connect in more meaningful ways with their family and friends.

Our strategy is to become the ultimate gifting companion, helping customers to connect with people they care about and create moments that matter. We have made real strides towards this since I took over the leadership three years ago, transforming Moonpig Group into the leading data-powered gifting platform in the UK and the Netherlands. With 50.9 million orders dispatched to our fast-growing customer base in FY21, we have delivered a step change in the scale of our business.

As society emerges from lockdown, and certain customer behaviours such as purchase frequency start to normalise, we will see a reduction in headline revenue. However, we are confident that our powerful data-driven customer retention flywheel will continue to drive underlying growth.

The Group has built compelling, self-reinforcing competitive advantage in the form of our two powerful brands, a world-class proprietary technology platform, the scale and depth of the Group's data on consumers' relationships and gifting intentions and its ability to apply this through self-learning algorithms. Through the lockdowns of the past year we have successfully leveraged these competitive advantages to outperform peers and bring more of the market online.

We are proud to have grown both revenue and Adjusted EBITDA by over 100%, brought the business to the public equity markets, driven customer satisfaction to new highs, achieved record employee engagement and launched the Moonpig Group Foundation. I want to personally thank all of our employees for making this all possible in such fast-moving and challenging circumstances.

Chief Executive Officer's review continued

Operational performance

The Group delivered year-on-year revenue growth of 113%, ahead of guidance provided at the IPO. The Group's operating leverage drove an increase in Adjusted EBITDA from £44.4m in FY20 to £92.1m in FY21, again ahead of expectations, despite additional marketing spend to accelerate customer acquisition and further strengthen our brands.

Both Moonpig and Greetz captured online market share through lockdown, as the Group acquired new customers and drove volume by leveraging the competitive advantages of its brand power and scale, rich pools of data and world-class technology platform.

Our strategy – becoming the ultimate gifting companion

Building our brands

A key pillar of our strategy is ensuring that the customer is always excited to send, and the receiver is always delighted to open their Moonpig or Greetz product. Building our brands so that customers trust our quality and service is critical. It underpins the loyalty of our customers and drives a virtuous customer acquisition loop as recipients become customers. We enter FY22 with both our brands in a leading market position.

During FY21 we significantly increased our marketing investment relative to previous years, in particular during lockdown periods. We also launched new brand creative in both the UK (Moonpig's piglet visual asset) and in the Netherlands (Greetz's "Say it your way" campaign) and invested in brand building. Our approach to marketing activity remains agile, and our aim is that we will continue to invest wherever opportunities for customer acquisition arise that meet our payback thresholds.

We further improved our service levels, extending our already market-leading cut-off times so that customers can now order as late as 10pm in the Netherlands and 9pm in the UK for same day dispatch. We introduced enhanced order-tracking features across our entire gifting range and are experimenting with artificial intelligence driven customer service automation, to give customers 24/7 peace of mind.

Expanding our range

We strive to have the perfect card and gift for every relationship and every occasion. This year we have made transformational progress towards this, significantly improving both our card and gifting product ranges. As we help our customers to discover the full extent of our product offering, we aim to capture a greater share of their gifting wallet, through raising both purchase frequency and gift attach rate.

The breadth and relevance of the Group's cards range is a differentiator from offline competitors, and through our Global Design Platform we have increased the number of unique card designs from 17,000 at the start of the year to 27,000 at the close. We added 88 new design partners to our portfolio, which ranges from small independent freelancers to large global brand partners such as Marvel and DC Comics.

We have significantly reduced the time-to-market for new card designs such that our topical range is constantly refreshed. In the final quarter of FY21 we launched the same number of card designs on our sites as in the whole of FY20.

In gifting, our primary focus has been on adding over 70 leading consumer brands to the range, with notable successes including LEGO® and Cath Kidston. We also launched trials of new categories (such as homeware), and more premium price points (such as Dom Pérignon champagne) which will inform our future range development plans.

Our improved range, powered by more dynamic recommendation algorithms, and underpinned by elevated demand for online gifting during Covid-19 lockdowns, drove an increase in the mix of attached gifting revenue from 35% of total in FY20 to 40% in FY21. Total gifting revenue (including standalone gift orders) grew by 133% year-on-year and accounted for 46% of the Group's revenue in FY21.

Leveraging data and technology

We have an extensive and unique dataset on our customers' gifting behaviour. Our algorithms are optimised over 190 million cumulative transactions as at 30 April 2021 (comprising Moonpig all time and Greetz since acquisition in September 2018) and our online market leadership means that each day we capture more than three times the customer data than the nearest competitor.

Our ability to harness this data using technology and make it as effortless as possible to find the perfect card and gift is a major element of our future growth plans. In FY21, we completed the three-year rebuild of Moonpig's proprietary technology platform, which is designed to leverage our unique dataset on customers' gifting relationships and over the next two years we will unify the Group onto this platform. The re-platforming has supported a faster and more reliable site and enabled an acceleration in the collection and use of data such as reminders to personalise the customer experience.

Calendar reminders remain a key tool for customer retention, and we worked hard to grow the database of reminders to over 50 million by 30 April 2021. Our goal remains a hyper-personalised customer reminder journey, which we view as a driver of future growth.

Our data science investments have made it easier for customers to find and write their perfect card and gift, with self-learning algorithms driving increased personalisation of the home page, higher relevance of the search function, smarter suggested filters, and more accurate gift recommendations, each of which have contributed positively to conversion rates. We also launched several new features, including e-cards, suggested messages, and multi-sender "group cards" all of which have proven popular with our customer base.

Chief Executive Officer's review continued

Our mobile apps offer the best experience for our customers, with a consistently higher lifetime value once customers migrate onto the app. FY21 was a milestone year for our app strategy, as Moonpig's customers embraced differentiated features such as digital handwriting, augmented reality previews and easy photo integration, taking both the iOS and Android apps to the number one position in the UK at several times during the year. For the Moonpig brand across the year as a whole, app share of orders has increased from 16% in FY20 to 37% across FY21.

Maintaining high ethical, environmental and sustainability standards

It's a privilege to lead an organisation that plays an intrinsically positive role in society, with our purpose centred around helping people to connect in the most meaningful way with those that they care about. Building on this, we have launched our ESG strategy, committing the Group to eight long-term goals focused on the environment, our people and our communities.

Our environmental goals build on the Group's success in 2021 in removing almost all single-use plastics from our own packaging. We have set targets to have 100% sustainably sourced paper, card and packaging by 2022 and to achieve net zero carbon emissions by 2030. We aim to be "forest positive" and are partnering with experts to replant more forests than we use by reforesting at least 330 new hectares of woodland by 2025.

Moonpig Group's employees are our greatest asset. We have a dynamic growth culture, supported by a people strategy built around high performance, high engagement and high inclusion. We aim to maintain the Group's employee engagement score at or above 72% in line with the New Tech benchmark. We have also set targets for increasing the aggregate representation of women and ethnic minorities in our extended leadership team and for raising the proportion of new hires into technology roles that are women or from ethnic minorities by 2025.

Finally, in keeping with our core purpose of creating better, more personal, connections between people, we are proud to have set up the Moonpig Group Foundation. The Foundation's vision is to spark moments of joy for customers, people and communities to help them be more resilient. Consistent with our long history of charitable donation we have committed that the Foundation will invest £1.0m in communities between 2020 and 2025. As well as financial support, we are creating more partnerships with organisations and causes that help communities build resilience, and employees can offer their expertise through paid volunteering hours to support causes that matter most to them.

Outlook

The new financial year has started moderately ahead of expectations, which is reflected in our latest guidance (see the Financial Review). As restrictions have eased, we have seen customer purchase frequency start to normalise from elevated levels, and we expect this to continue in line with previous expectations. Despite this trading headwind, and the annualisation of the large cohort of new customers acquired during lockdown, we now expect revenue to be between 45% to 50% higher than in FY20.

Notwithstanding this short-term trend, we have accelerated delivery of our strategic priorities in a business which has been permanently transformed in scale during the past year, positioning us well for sustained medium term growth. We have helped millions of new customers to connect with loved ones at moments that matter, and the retention rates for this cohort of customers is encouraging. Our focus remains on entrenching our position as the ultimate gifting companion in our core markets, where there remains a compelling long-term runway for future growth through bringing more customers online, capturing a higher share of wallet in cards, and continuing to drive gift attach rate.

Nickyl Raithatha
Chief Executive Officer
27 July 2021

Two decades of market leadership in online cards and gifting.

Moonpig Group has a history of innovation, growth and fun, evolving from a personalised greeting cards website to an international, cross-channel gifting platform.

The foundations for what would become Moonpig Group were laid in April 2000, when moonpig.com was launched as the UK's first online card retailer. The original vision for Moonpig was to combine digital printing and the internet to enable customers to make a better card than they would find on the high street.

Over time, the Group expanded into card-attached gifting, growing its range to include flowers, off-the-shelf gifts and balloons. Its first television campaign in 2006 reached a whole new audience and introduced the world to the iconic jingle that Moonpig still uses in adverts to this day.

The past three years have been a period of change and transformation, during which the Group has used investments and its expertise to accelerate the development of its platforms, with a focus on becoming the ultimate gifting companion.

On 5 February 2021, the Company was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's Main Market for listed securities. It became a constituent of the FTSE 250 in June 2021.

01 Innovator of personalised cards

02 The leading online card and gift shop

03 Becoming the gifting companion

01

2000

Moonpig was founded as the first online personalised greeting cards business

2004

Greetz is founded in the Netherlands. Moonpig introduces flowers to its offer. Moonpig launched in Australia

2006

The launch of Moonpig's first television campaign, featuring the iconic jingle

Our journey continued

Aug 2018

Greetz acquired by Moonpig Group

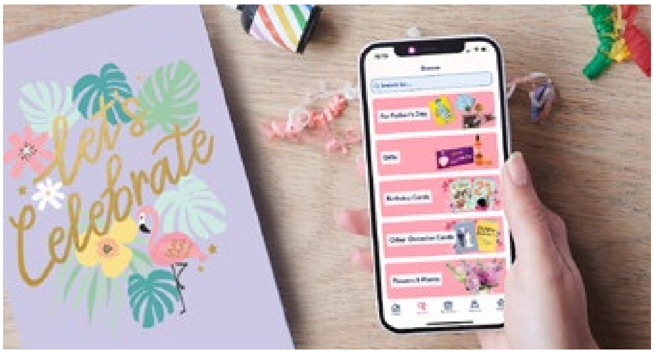
Nov 2018

Launch of the Group's Manchester technology hub

03

2019

Moonpig hits over £100m annual revenue



2016

Moonpig Group acquired by Exponent as part of a wider group of companies

2014

Moonpig introduces balloons

2012

Greetz introduces personalised gifts

2010

Greetz introduces flowers, chocolates and other gifts to its offer. Moonpig launched in the United States

02

2007

Moonpig introduces online food, drink and off-the-shelf gifts

June 2020

The Moonpig app reaches #1 shopping app in the UK for both Android and iOS

Jul 2020

The Moonpig brand celebrates its 20th anniversary

Dec 2020

Incorporation of Moonpig Group plc

Jan 2021

Demerger from former group

Feb 2021

Moonpig Group floats on the London Stock Exchange

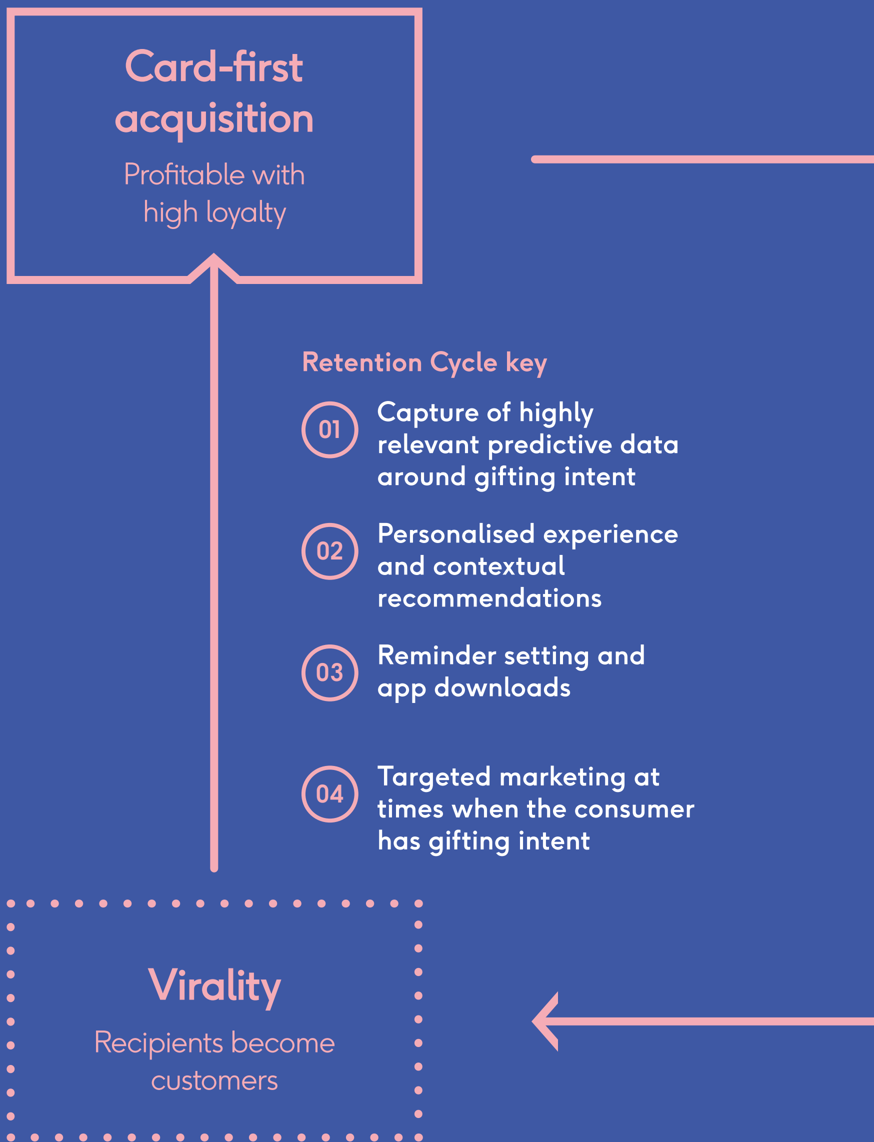
June 2021

Inclusion in the FTSE 250 index of leading UK companies

Business model

Our data-driven customer retention flywheel.

A virtuous cycle that drives strong customer retention and lifetime value.



Competitive advantages

Brand power

Clear market leaders, with two category-defining brands and high brand awareness.

Rich data pools

Proprietary recommendation algorithms are optimised across more than 50m reminders and across 190m[1] transactions as at 30 April 2021.

Scale

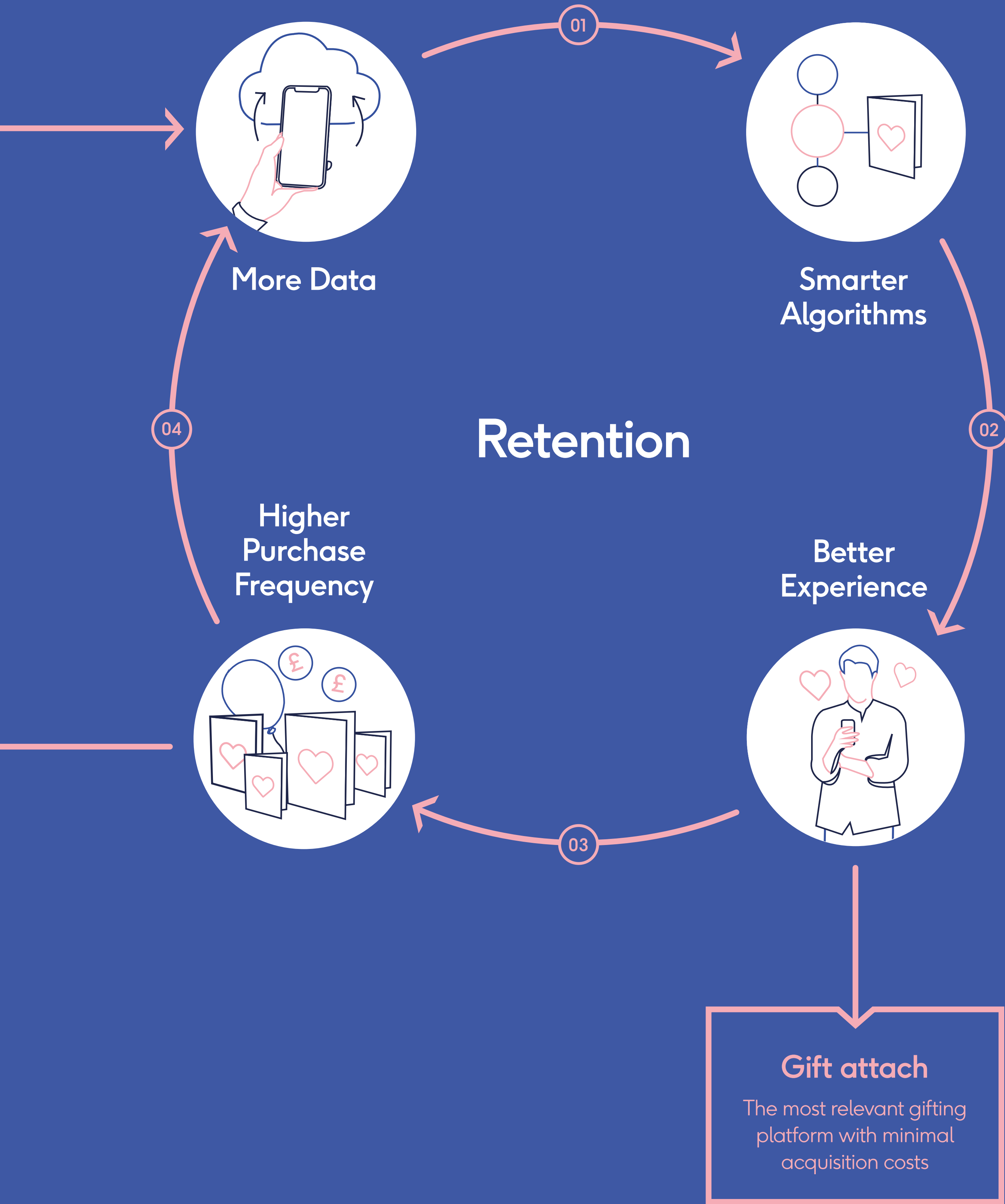
Each day, the Group captures more than three times the customer data of the nearest competitor.

Platform

A world-class technology platform, which is constantly optimised through experimentation.

1 Cumulative transactions as of April 2021 for Moonpig and from September 2018 (acquisition of Greetz) to April 2021 for Greetz.

Business model continued



The Group operates in the large and underpenetrated gifting market, and is the leading online platform in the UK and the Netherlands.

Core markets

The Group operates in the large and underpenetrated gifting market, which includes the sale of greeting cards and gifts. The overall value of customer spending on gifting in the UK, the Netherlands and the Republic of Ireland, which are the Group's core markets, is approximately £57 billion[1].

Cards

Greeting cards account for 54% of Group revenue. The total card market is worth approximately £2.0 billion[1] across the Group's core markets. There are estimated to be 53.8 million[1] people who have purchased at least one greeting card during the last year in the Group's core markets. It is a large and broadly stable market, with 2019 volumes estimated at 910 million[1] units in the UK and 150 million[1] units in the Netherlands.

The Group is the clear online market leader in cards. Greetz has a 65%[1] market share in the Netherlands among the top three online card players, as well as 81%[1] brand awareness.

The Group's leading position within the online cards market provides it with a competitive advantage in the market for card-attached gifting, and access to standalone gifting, larger market opportunities that are moving online.

Moonpig's market share in the UK among online card specialists

60%

Greetz NL market share among the top 3 online card players

65%

Card-attached gifting

Card-attached gifting makes up 40% of Group revenue. The card-attached gifting market is worth £22 billion[1] in the Group's core markets. Growth in attached gifting is expected to provide a significant opportunity for the Group in the coming years.

Proportion of business

40%

Market worth

£22bn

Standalone gifting

Standalone gifting accounts for 6% of Group revenue and has grown steadily in recent years. The standalone gifting market is worth an estimated £33 billion[1].

Whilst the Group's current primary focus is on attached gifting, where customers are introduced to the Group's gifting proposition through cross-sell, the resulting brand awareness supports future standalone gifting.

Market overview continued

Market opportunities

Our markets are underpenetrated and are rapidly shifting online. Existing online penetration of the cards market is low. As of 2019, online penetration of the cards market was approximately 10%[1] in the UK and approximately 13%[1] in the Netherlands and growing. Online penetration in the UK market for attached gifting stood at 12%[1].

01 Driving transition from offline to online

The cards market is increasingly moving away from traditional stores, with online penetration for card purchases showing strong growth. The impact of the Covid-19 pandemic in the UK and the Netherlands has further accelerated this transition.

Online penetration for cards in the UK has seen higher growth relative to other product categories and over the period from 2016 to 2019, the online cards market saw approximately 1.3x[1] higher growth rate than online cosmetics & toiletries, approximately 1.8x[1] higher growth rate than online homewares and approximately 1.6x[1] higher growth rate than online clothing & footwear. There remains substantial headroom for this trend to continue, particularly as the current level of online penetration for cards is well below the level in other adjacent categories.

This trend is underpinned by the competitive advantages of the Group's online proposition. These include range breadth that now stands at 27,000 card designs sourced through the Group's Global Designer Platform, the less-than-24-hour speed-to-market with relevant and topical new card designs, the ability for customers to personalise products, ease of attached gifting, the enhanced convenience of an always-open app, up to 10pm cut-off for next day delivery and personalised reminders.

03 Broader international opportunity

There are large markets in other English-speaking countries where card giving and gift giving are important culturally. The Group has existing local websites in Australia and the US and generated £6.6 million revenue outside its core markets of the UK, Ireland and the Netherlands in FY21. The Group believes that it has opportunity to expand in these markets in the future. Total gifting spend is £158 billion[1] for the United States (including £5.8 billion[1] for greeting cards) and £22 billion[1] for Australia (including £0.3 billion[1] for greeting cards).

1 All market figures provided by OC&C, estimates compiled for 2019.

02 Delivering growth in card-attached gifting

The majority of card giving occasions are also gifting occasions. Approximately 72%[1] of cards are currently given with a gift in the UK.

The card-attached gifting market is spread across a set of everyday and seasonal gifting occasions such as Mother's Day, Father's Day, Valentine's Day and Christmas. This gifting spend is fragmented across a broad set of categories where the Group's business is strong including flowers, food, drink and toys.

As the clear leader in the online cards market, the Group is well placed to take advantage as card-attached gifting grows online.

Cards currently given with a gift in the UK

72%

Large, stable and resilient card market

There is an ingrained culture of sending cards in the UK, with 87%[1] of adults purchasing cards and sending an average of 20 cards[1] per person each year; likewise, 57%[1] of adults in the Netherlands give cards and send on average 17 to 19 cards[1] each year.

The average Moonpig customer in the UK sends 24 cards per person per year from all retail sources, according to OC&C survey data. This results in a broadly stable and resilient market. Across 2016 to 2019, the single cards market grew at a CAGR of 0.5%[1] in the UK and a CAGR of 1.8%[1] in the Netherlands. Card purchasing is non-cyclical and has been resistant to recessions historically.

Our strategy is to become the ultimate gifting companion to our customers, delivering moments that matter, every day.

We do this by ensuring that we offer the perfect range of cards and gifts for every occasion. We leverage data and technology to make the gifting experience effortless. We build our brands so that receiving a Moonpig or Greetz product always means more. We also maintain high ethical, environmental and sustainability standards for all our stakeholders.

The Group's card-first strategy allows it to acquire customers profitably and capture data on gifting intent. It then uses its proprietary algorithms to produce highly relevant and contextual gift recommendations.

The Group's immediate focus is on becoming the ultimate gifting companion in existing core markets, but growth in other international markets forms part of the Board's longer-term vision.

In order to achieve our purpose and mission, our strategy focuses on three growth drivers.

Increase Customer Market Share

- Category defining brands
- Profitable card-first customer acquisition
- Sophisticated performance marketing capabilities

There are an estimated 53.8 million[1] card purchasers in the existing core markets of the UK and the Netherlands. As online market leaders, the Group will continue to capitalise on the structural shift to online. The Group has significant competitive advantage versus the offline market.

Capture Share of Wallet in Cards

- Data-driven customer engagement
- The perfect card for every special moment
- Making it effortless to celebrate occasions

The Group's active customers are estimated to purchase, on average, 23[1] cards per annum (versus 20 cards per annum for consumers in the market as a whole), of which only a small proportion are purchased from the Group. By leveraging data and technology we will make gifting for every occasion easy to remember, to choose, to create and to purchase.

Continue to Drive Gifting Attach Rate

- Leverage data and AI to generate highly relevant gifting recommendations
- Curated range for every gifting mission
- Up to 10pm cut-off for same day despatch

In the UK, approximately 72%[1] of cards are given with a gift. The card-first journey enables highly relevant gift recommendations. Purchase intent is high following card creation. Cross-selling gifts means zero incremental marketing costs, sidestepping expensive online competition for gifts and flowers.

Continuous enhancement of the Group's technology and data platform

- A scalable, custom-built, global platform to make celebrating occasions effortless
- Proprietary algorithms optimised across hundreds of millions of data points
- Flywheel of historical intent data driving future purchases

The Group will continue to drive a virtuous cycle of continuous customer data acquisition, learning and self-improvement. This will strengthen the Group's ability to anticipate customer intent, employ effective targeted marketing and promotions, extend personalisation features across the entire customer journey, and continuously optimise the product range.

1 All market figures provided by OC&C, estimates compiled for 2019.

Strategy continued

Leading the shift to online

	Moonpig Group	Offline
Product range	27,000 card designs sourced through Global Designer Platform	Limited
Relevance and topicality	Speed to market <24 hours	Long lead times
Personalisation	More emotional value	Difficult
Easy attach	1-click gifting	Limited
Convenience	Always-open app	Limited by operating hours
Stamped and delivered	Up to 10pm cut-off for next day delivery	Post Office closing, c.6pm
Reminders	Personalised with suggestions	None

Progress against our strategic priorities

See full detail on pages 35 to 39

Strategy priority	What we have done in FY21	The future	Principal risks and uncertainties
Customer Acquisition	• Record year for new customer acquisition • Expansion of in-house performance marketing capabilities • New creative platform for both Moonpig and Greetz	• Continue aligning Greetz to a card-first acquisition strategy • Improving the recipient experience to accelerate network effect	• Brand reputation • Uncertainty regarding the impact of emergence from Covid-19 lockdown on customer demand • Competitive environment
Share of Wallet	• Card range expanded to 27,000 designs • Moonpig app penetration of orders raised to 37% in FY21 • Reminders database grown to over 50 million as at 30 April 2021	• Data-driven personalisation of the customer journey • Enhancements to reminders programme • Expansion of the gifting range • Artificial Intelligence-driven CRM programme	• Uncertainty regarding the impact of emergence from Covid-19 lockdown on customer behaviour, including purchase frequency • Competitive environment • Economic conditions
Driving Gift Attachment	• Range expansion from 1,000 to 1,400 SKUs, including new brands, categories and price points • Enhancements to recommendation engine • Significant capacity expansion and scalability in operations network	• Further strengthening of merchandise range, including new categories • Ongoing programme of improvements in UX and personalised gift recommendations	• Uncertainty regarding the impact of emergence from Covid-19 lockdown on customer demand • Reliance on third parties for certain supply and production • Economic conditions
Technology and Data Platform	• Successfully completed the three-year re-platforming of the Moonpig brand	• Migration of Greetz onto a single unified technology platform by the end of calendar year 2022, enhancing user experience	• Data protection and technology security • Availability of highly skilled technology personnel • Execution of the platform migration

Environmental, social and governance

The Group's ESG strategy focuses on making a difference to the environment, its people and its communities.

To further realise its purpose, the Group has launched its ESG strategy, which commits the Group to eight long-term ESG goals focused on the environment, its people and its communities.

The ESG strategy has been developed taking into account the Group's principal risks and uncertainties (pages 36 to 39) and stakeholder engagement (pages 24 to 25). The Directors have chosen to focus on six of the United Nations' 17 Sustainable Development Goals that they consider most relevant to the business.

ESG Strategy development is led by the CEO through the Group Leadership Team. The Directors are collectively responsible for reviewing the ESG Strategy, which was approved by the Board in April 2021.

Our ESG journey

Across an extended period, the Group has contributed to society through its core purpose and built on this through its support for charities.

In FY20 and FY21, the Group successfully focused on encouraging inclusivity in greeting card designs, on raising employee engagement, and on improving the sustainability of its supply chain.

The Group's focus for FY22 and beyond will be on delivering against our ESG strategy whilst strengthening disclosure. In particular, the Board notes the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and intends to expand disclosures against the TCFD framework in future annual reports.

Risks and uncertainties

The Group's risk management framework covers the assessment and management of ESG risks. Principal risks and uncertainties include the securing, development and retention of talent (refer to pages 36 to 39). Other ESG-related risks such as climate change and the use of natural resources are captured in the Risk Register and monitored but are not currently considered to be amongst the Group's principal risks and uncertainties. An assessment of how these matters may present potential risks and opportunities to the business beyond the period covered by the Viability Statement will be undertaken during the year ahead.

Governance

The Board receives a full, formal update on the Group's delivery against ESG strategy and targets twice annually.

The Moonpig Group Foundation is an account within the Charities Aid Foundation ("CAF"), a donor-advised fund and Registered Charity (Number 268369). Governance of the charity itself is provided by the trustees of the CAF. Giving requests to the Moonpig Group Foundation are managed internally by a committee that is chaired by the CEO.

Environmental, social and governance continued

ESG strategy

moonpig group plc

Moonpig Group's purpose is to help people connect and create moments that matter

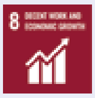
UN Sustainable Development Goals

Ensure healthy lives and promote well-being for all at all ages

Achieve gender equality and empower all women and girls

Ensure sustainable consumption and production patterns

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Protect, restore and promote sustainable use of terrestrial ecosystems and sustainably manage forests

Environment

Consume resources more sustainably, and move towards a positive impact on the environment

Goal 1
Net zero carbon emissions (Scope 1 and Scope 2) by 2030

Goal 2
100% sustainably sourced paper, card and packaging by 2022

Goal 3
Reforest at least 330 hectares of woodland by 2025

People

Promote high performance, high engagement and high levels of inclusion

Goal 4
Increase the combined leadership representation of women and ethnic minorities to at least 50% by 2025

Goal 5
Reach and maintain an employee engagement score at or above 72% in line with the New Tech benchmark

Communities

Generate a positive impact in the communities that the Group serves and hires from

Goal 6
Invest £1.0m between 2020–2025 leveraging the Moonpig Group Foundation to causes that spark moments of joy

Goal 7
New hires into technical roles to be at least 45% from women by 2025

Goal 8
Reach and maintain a customer Net Promoter Score of at least 70

Environmental, social and governance continued

Environment

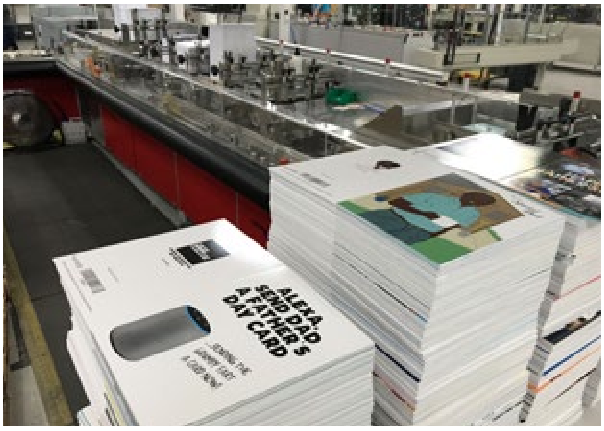
The objective of the Group's environmental strategy is to ensure that it consumes resources sustainably and moves towards a positive environmental impact from its operations. The ESG strategy includes three environmental goals, which focus on reducing carbon, and promoting sustainable use of natural resources and reforestation.

Goal 1 – Net zero carbon emissions by 2030
The Group commits to reduce absolute greenhouse gas emissions arising from its own operations (Scope 1 and Scope 2 emissions). It aims to deliver at least a 50% reduction by 2030 versus total emissions of 635 tCO_2e in the baseline year of FY20. This goal has been validated by the Science Based Target initiative ("SBTi"), and is aligned with the Paris Agreement's aspiration to limit global warming to 1.5°C.

The Group intends to start measuring indirect emissions in its value chain (Scope 3 emissions), for instance relating to third-party manufacturing, the distribution of products and the technology that powers its online presence. It will work with partners to identify ways to achieve reductions on these emissions.

The Group is committed to offsetting Scope 1 and 2 emissions that cannot be reduced on a yearly basis and will invest in forestry carbon sequestration projects to cover any emissions remaining by 2030. In FY22 the Group has committed to investing £15,000 to offset its emissions.

Goal 2 – 100% sustainably sourced paper, card and packaging by 2022
The Group's supply chain strategy focuses on ensuring that 100% of paper, card and packaging is sustainably sourced by the start of calendar year 2022. This builds on the significant steps that the Group has already taken to reduce its use of resources. It means that the Group will minimise the forestry impact of the wood product it uses, either by using paper fibre from sustainably managed forests, or by using recycled fibre.



FSC certification

The Group's Dutch manufacturing site has had a full FSC Chain of Custody accreditation since 2010, which covers the Group's status as a manufacturer. This means all cards printed from the site are verified as coming from responsibly managed forests. This certification ensures that FSC materials and products have been checked at every stage of processing, so customers purchasing products sold with FSC claims can be confident that they are genuinely FSC certified and from responsibly managed forests. This year the Group achieved the same status for its UK manufacturing site, meaning all cards manufactured by Moonpig Group are now FSC certified. The Group is currently working to ensure that all of its packaging and envelopes, as well as outsourced cards, are procured from certified manufacturers and are either FSC or PEFC certified or made from over 77% recycled content.

Goal 3 – Reforest at least 330 hectares of woodland by 2025
The Group relies on forestry resources to make its products and therefore considers that it has responsibility to address the issues facing forests. Along with FSC accreditation, and reducing use of virgin pulp, we aim to be "forest positive", hence the Group has partnered with relevant experts to reforest at least 330 hectares over five years so that it plants woodland at the rate that its paper use depletes it. The reforestation will be performed in areas of an ecologically sensitive nature and by FY22 the Group aims to plant nearly a fifth of this target.

Environmental, social and governance continued

Energy use and greenhouse gas emissions

The table below sets out the Group's mandatory report on greenhouse gas emissions and global energy use pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implement the government's policy on Streamlined Energy and Carbon Reporting (SECR).

In FY21, the Group's Scope 1 and 2 carbon emissions were 675 tCO_2e. As the Group was not in existence in its current form prior to the restructuring (as described in note 1 to the Financial Statements on pages 103 and 104), this is the first year for which it has reported on greenhouse gas emissions and energy use.

The Group has delivered reductions during prior years by implementing efficient LED lighting within the London offices and Guernsey factory, where it also runs electric warehouse vehicles. In Guernsey, the sole provider of electricity to the island, Guernsey Electric, supplies 93% (in 2020) renewable electricity. The Group also purchases renewable energy for its London office.

Looking forward, the Group intends to purchase renewable energy for its Dutch offices and identify projects to improve the heating and cooling of its warehouses and offices. Lastly the Group intends to implement a Group-wide Environmental Management System.

	FY21		
Energy consumption (kWh)	**UK**	**NL**	**Total**
Gas	13,427	1,109,564	1,122,991
Electricity (purchased)	782,131	896,019	1,678,150
Total energy consumption	795,558	2,005,583	2,801,141
Mileage claims (miles)	–	14,772	14,772

	FY21		
GHG Emissions (tCO_2e)	**UK**	**NL**	**Total**
Scope 1: Emissions from combustion of gas	2	204	206
Scope 2: Emissions from purchased electricity	64	405	469
Total gross emissions	66	609	675
Intensity ratio: tCO_2e per £1m of revenue	–	–	1.83

The greenhouse gas reporting period is aligned to the financial reporting year. The Group reports emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol"). The 2020 UK Government GHG Conversion Factors for Company Reporting are used to convert energy use in operations to emissions of tCO_2e. Carbon emission factors for purchased electricity are calculated according to the "location-based grid average" method. This reflects the average emission of the grid where the energy consumption occurs. Data sources include billing, invoices and the Group's internal systems.

For transport data where actual usage data (e.g. type and size of engine) was unavailable, conversions were made using average fuel consumption factors to estimate the usage. Mileage claims are provided in number of miles and converted into tCO_2e using an average car calculation.

Netherlands gas consumption figures are estimated from yearly (Jan-Dec) consumption figures.

Environmental, social and governance continued

People

The objective of the Group's people strategy is to promote high performance, high engagement and high levels of inclusion. The Group's employees are its greatest asset, the vital connection between customers and products. The ESG strategy includes two people goals, which focus on inclusion and engagement.

Goal 4 – Increase the combined leadership representation of women and ethnic minorities to at least 50% by 2025
The Group wants its organisation to be representative of its customers and the communities in which it operates. The Group is working to help raise inclusivity across the wider technology sector with an initial focus on gender and ethnicity.

The Group's approach to breadth of representation on the Board and the Group Leadership Team is set out in the Nomination Committee Report at pages 62 to 64. The Nomination Committee approved a Board Diversity Policy in July 2021 which includes a commitment to meet the Hampton-Alexander target with respect to gender representation on the Board of Directors by the FY22 AGM.

The Hampton-Alexander Review and Parker Review each place emphasis on the need to improve representation within the leadership pipeline. In line with the review recommendations, the Board has committed to increasing the combined representation of women and ethnic minorities in the Extended Leadership Team to at least 50% by 2025.

The Group will achieve this through initiatives that include coaching and mentoring for women and ethnic minority leaders, the introduction of supportive employee resource groups (which focus on inspiring women, tackling racism, and supporting the Group's LGBTQ+ community) and the introduction of recruitment processes that incorporate controls to counter bias.

Combined leadership representation of women and ethnic minorities

As at 30 April 2021	Non-Ethnic Minority Male[2]	Women & Ethnic Minority[3]	Total	% Women & Ethnic Minority[3]
Board	4	3	7	43%
Leadership Team[1]	20	16	36	44%

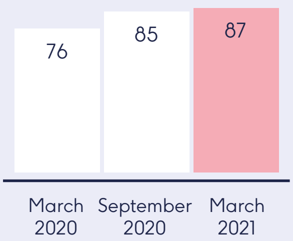
1 Comprises the Group Leadership Team (including Executive Directors and Directors of Group subsidiaries), and their direct reports who are also members of the Extended Leadership Team.
2 Processing of data on employee ethnicity requires explicit consent. In any instance where a relevant employee has not consented to the collection of data, they are counted in the denominator but not the numerator for the above percentage of women and ethnic minority leaders.
3 Ethnicity is special category data under Data Protection legislation and is therefore not collected and held for all employees. Data has been collected on the basis of explicit consent, for the purposes of monitoring racial and ethnic diversity at senior levels.

Goal 5 – Reach and maintain an engagement score at or above 72% in line with the New Tech benchmark
The Group has set a goal to reach an employee engagement score at or above 72% consistent with the Culture Amp New Tech benchmark. In the latest employee survey, 87% of employees were proud to work for the Group, higher than the tech benchmark score of 86%. However, the overall employee engagement score is below benchmark at 69%.

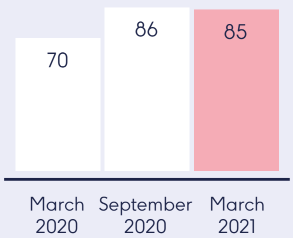
The Group has an innovative, agile and entrepreneurial workforce with a broad range of roles, spanning factory operatives, marketing, creative, commercial, HR and finance, together with technology and data science specialists.

Primary responsibility for employee engagement sits with the CEO and the Group Leadership Team. From a governance perspective, Susan Hooper is the independent Non-Executive Director who has been appointed as the Board's designated representative for workforce engagement.

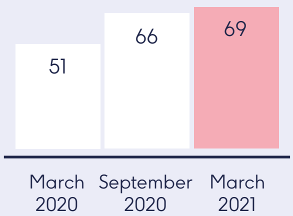
I feel proud to work for this company (%)



I would recommend this company as a great place to work (%)



Overall employee engagement score (%)



Environmental, social and governance continued

Community

The objective of the Group's community strategy is to support local community groups and charities, the technology sector and customers. The ESG strategy includes three community goals, which focus on charitable giving, creating opportunity in under-represented communities and continuing to improve the customer and recipient experience.

Goal 6 – Invest £1.0m between 2020-2025 through the Moonpig Group Foundation

The Group has a long history of charitable activity, from supporting mental health charity Mind, to Comic Relief, the employment trust in Guernsey and Alzheimer Nederland. It is in this context that the Group created the Moonpig Group Foundation in January 2021 with an initial donation of £250,000 from the Group's Chair.

The Group has committed to invest £1.0m between 2020 and 2025 through the Moonpig Group Foundation to causes that spark moments of joy, helping communities to be more resilient and lead to happier, healthier lives. It will fund causes that support wellbeing, inclusivity in the technology industry and access to opportunity for underserved communities.

During FY21 the Group made charitable donations totalling £678,000 (FY20: £214,000), of which £300,000 was to the Moonpig Group Foundation and the balance was to other charities including Mind, Comic Relief and NHS Charities.

Goal 7 – New hires into technical roles to be at least 45% from women by 2025

The Group has committed that at least 45% of technology hires will be women by 2025. For these purposes, the definition of technology talent includes the teams in technology security, engineering, product and analytics. As at 30 April 2021, 27% of employees in these teams are female (April 2020: 28%) and 50% of the overall workforce is female.

To deliver against this goal, the Group has committed to enhancing its recruitment practices, supporting apprenticeship programmes and engaging with bootcamps. It is also supporting technology recruitment firm ShecanCode, who help women enter and excel in the tech community, and supporting Women in Tech Wednesdays.

Gender representation

As at 30 April 2021	Male	Female	Total	% Female
Board	5	2	7	29%
Group Leadership[1]	5	2	7	29%
Extended Leadership[2]	19	10	29	34%
Total Group	208	211	419	50%

1 Comprises the Group Leadership Team excluding Executive Directors.
2 Comprises direct reports to the Group Leadership Team who are also members of the Extended Leadership Team.

Goal 8 – Reach and maintain a top-quartile customer NPS score of at least 70

The Group's mission is to help people connect, and it is important that the Group's customers believe it is doing this. The Group uses Net Promoter Score to track customers' willingness to recommend it to someone else, based on end-to-end experience.

The Group's weighted customer NPS score across its brands was 67 in FY21. This places it in the top quartile for tech companies. As the Group continues to make the full customer and recipient experience better, it aims to maintain a top quartile NPS score of at least 70.

NPS score
FY21
67

Section 172 statement and stakeholder engagement

Section 172(1) statement

The Directors of the Company (and those of all UK companies) are required to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, whilst also having regard to the matters listed in Section 172 of the Companies Act 2006.

The interests of key stakeholders and the Board's approach to these are explained below. Further information on the Board's approach during FY21 to the matters set out in s172 of the Act, and on decisions made by the Board, are set out in the Governance Report at pages 50 to 51, and forms part of this s172(1) statement and is thereby incorporated by reference in this Strategic Report.

Stakeholder	What matters to them	How we engage
Customers and Recipients The Group's business model is built around the progressive accumulation of loyal customer cohorts. The use of data and technology to create a gifting companion ecosystem differentiates it from its competitors.	• Ability to express that they care about the recipient • The right card design • Relevant gifting recommendations • Ability to personalise • Convenience, including same-day despatch • Product quality • Timely delivery • Recipient experience • Data protection	• The Group's investment in its technology platform, the broadening of its range of card designs and gifts, and the securing later cut-off times for same-day despatch are each focused on better addressing the needs of customers. • The Group's platform uses self-learning algorithms to leverage its pools of historical data on customer gifting intent, to continuously enhance the relevance of its recommendations to customers. • Substantial and ongoing investment in data protection and technology security. • The Group makes considerable ongoing investment in multi-channel marketing. • Moonpig and Greetz allow customers to set Reminders, as a way to ensure that they never miss important occasions. • Customer feedback is collected through a range of channels including on-site surveys, multivariate testing, consumer research and monitoring of brand awareness. • The Board has set a goal for the Group to maintain a customer Net Promoter Score of at least 70. • The customer service team operates seven days per week.
Employees The Group's delivery against its strategic objectives is dependent upon it being able to attract, recruit, motivate and retain its highly skilled workforce. Competition remains intense, in particular for technology and data expertise.	• Reward • Career and personal development • Dignity, respect and inclusivity • Employee engagement • Wellbeing • Safe working conditions	• Open, transparent culture including weekly "All Hands" meetings and strategy conferences, which are attended by all employees and led by the Group Leadership Team. • Twice-annual employee engagement surveys, the results of which are presented to and discussed at Board Meetings. • Employee resource groups, which are supportive forums for underrepresented employee groups. • Significant investment in leadership coaching and employee training, including the launch of the internal 'Moonpig University' during FY21. • The Group's ESG strategy includes a goal for maintaining employee engagement in line with the Culture Amp New Tech benchmark (see pages 18 to 23). The Board has appointed a Workforce Engagement Lead. • An all-employee SIP award was made at the time of the IPO and the Board has approved an all-employee SAYE scheme to run from FY22. • Health and safety assessments are regularly undertaken to ensure the safety and well-being of employees. • An independent whistleblowing service allows all employees to raise relevant concerns confidentially.

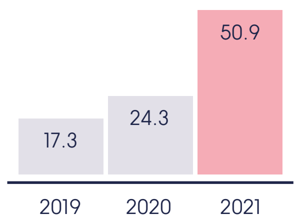
Section 172 statement and stakeholder engagement continued

Stakeholder	What matters to them	How we engage
Investors Access to capital is vital to the Group's long-term performance. The Group aims to provide fair, balanced and understandable information to shareholders and analysts including on strategy, business model, culture, performance and governance.	• High governance standards • A balanced and fair representation of financial results and future prospects • Confidence in the Company's leadership • Clarity around principal risks and uncertainties • Total shareholder return • Progress on ESG strategy delivery	• The Executive Directors engaged extensively with investors during the IPO roadshow. • There will be formal investor roadshows following the half year and final results announcements. • Disclosure through the Prospectus, the results presentation and this Annual Report. • The upcoming Annual General Meeting. • Corporate website and regulatory news service announcements. • Regular updates are provided to the Board on market sentiment, investor relations activity, and equity research reports. • Exponent has one representative on the Board (in addition to one Observer) who has been closely involved in Board decision making since appointment in January 2021. • A Relationship Agreement has been entered into with Exponent, further details of which are set out on page 52.
Suppliers Strong relationships with suppliers critical to the Group's performance. The Group seeks to build long-term mutually beneficial relationships with suppliers, and work with them to ensure that respective standards and expectations of business conduct are adhered to.	• Long-term collaborative relationships • Growth opportunities • Fair terms and conditions • Responsible, ethical procurement • Prompt and accurate payment	• Regular engagement with suppliers and partners, including through members of the Group Leadership Team. • Rigorous supplier onboarding process, which includes technology and data protection due diligence and checks on financial viability, modern slavery and anti-bribery. • Collaboration with key outsourcing partners to continuously raise operational performance. • Partnering with gifts suppliers to broaden the gifting proposition in furtherance of the Group's objective to raise gift attach rates. • The Group's Global Design Platform provides opportunities for independent designers to make their card designs available to the Group's customers in return for royalty payments. • Reporting on the payment of suppliers.
Community and Environment The Group seeks to ensure that it provides a positive contribution to the communities in which it operates and to the environment.	• Having a positive impact on the community • Energy usage and carbon emissions • Sustainability	• The Group has a long history of charitable activity. During FY21 the Group made charitable donations totalling £678,000 (FY20: £214,000), of which £300,000 was to the Moonpig Group Foundation (an account within the Charities Aid Foundation ("CAF")) and the balance was to other charities. • The Group will continue to develop its strategy to support the tech industry, including extending its apprenticeship programme and by continuing to recruit an inclusive range of candidates to participate in coding bootcamps. • The Group has taken significant steps to reduce the Group's use of resources, including eliminating almost all single-use plastic in its packaging of gifts. • The Group has achieved FSC certification for all paper products purchased in the UK and the Netherlands.

Key performance indicators

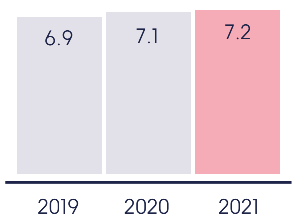
The Group uses a range of financial and non-financial KPIs to measure strategic performance.

Total orders (millions)



Total orders increased by 109% to 50.9m in FY21 driven by an uplift in the number of newly acquired customers and by elevated average rates of customer purchase frequency during lockdown in both the UK and the Netherlands.

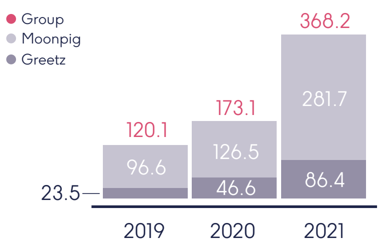
Average order value (£)



Average order value increased by 2% to £7.2, driven primarily by growth in attached gifting, offset by the impact of higher levels of promotional activity as the Group prioritised the delivery of strategic objectives such as encouraging customer reminder setting and migration to the Moonpig app.

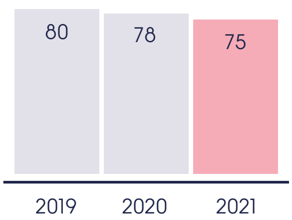
Management believes that some of the strength in gift attach rate during the second half of the year was temporary, having been elevated by lockdowns, which may represent a headwind for AOV growth in FY22.

Revenue (£m)



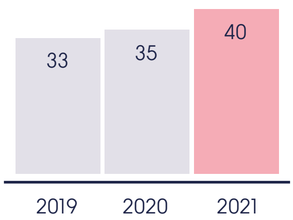
Group revenue increased by 113% to £368.2m, with growth at both Moonpig (123%) and Greetz (86%). The rate of revenue growth was higher at Moonpig due to the UK's Covid-19 lockdown restrictions extending through Summer 2020 and the benefit from the new Moonpig technology and data platform.

Repeat orders share (% Total Revenue)



Repeat orders share has historically remained relatively consistent but decreased in FY20 and FY21 as a consequence of high levels of new customer acquisition. This KPI is not expected to decline in future, as Management expects that retention of customers acquired during lockdown will be at least in line with that for cohorts of customers acquired in previous years.

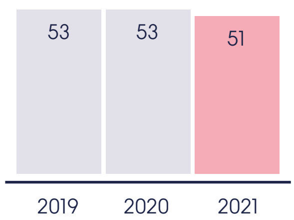
Attached gifting revenue mix (% Total Revenue)



Attached gifting revenue mix increased to 40% of total revenue, in part reflecting ongoing work to broaden the merchandise range, optimise digital user experience and better leverage data and algorithms to produce more personalised gifting recommendations.

Management believes that attached gifting has been temporarily elevated by UK and Dutch lockdowns during Winter and Spring 2021.

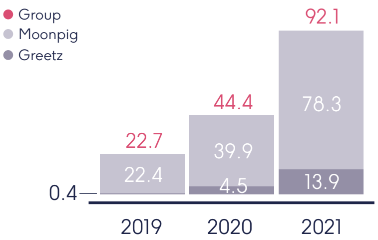
Gross margin rate (% Total Revenue)



Group gross margin rate decreased from 53% in FY20 to 51% in FY21. This was driven by the Moonpig segment and reflected intentional promotional activity to accelerate customer adoption of the mobile app and reminders setting, together with increased use of outsourced card fabrication to deal with rapid growth in volumes. Greetz gross margin improved from 44% in FY20 to 46% in FY21 as a consequence of a shift in strategic focus to prioritise growth in cards, improved promotional discipline and operational efficiencies from implementing Group best practice.

Key performance indicators continued

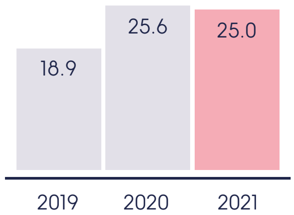
Adjusted EBITDA (£m)



Adjusted EBITDA is profit before tax, interest, depreciation, amortisation, IPO costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset. Refer to the comments on Alternative Performance Measures in the Financial Review on page 31.

Adjusted EBITDA increased by 107% to £92.1m, driven predominantly by revenue growth, offset in part by investment in additional marketing, in maintaining operational resilience and in promotional discounting to drive app downloads and reminder setting.

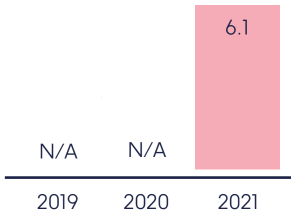
Adjusted EBITDA margin (% Total Revenue)



The Group chose to prioritise market share capture and strategy delivery over short-term optimisation of profitability, whilst delivering an Adjusted EBITDA margin rate that is consistent with the medium-term target rate.

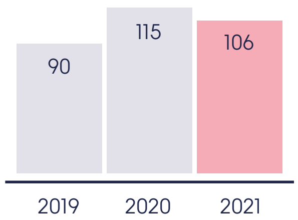
The year-on-year reduction at Moonpig segment reflects an atypically high margin rate in FY20, driven by very high sales volume in the last six weeks of the financial year with a high category mix of cards and low levels of marketing activity. Greetz's Adjusted EBITDA margin increased to 16.0%, driven by operating efficiencies together with economies of scale from higher volumes in the year.

Basic earnings per share (p)



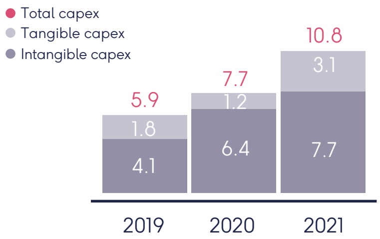
Basic earnings per share was 6.1p in FY21. This key performance indicator is not available on a comparable basis for previous periods as these pre-dated the incorporation of the Company on 23 December 2020 and its acquisition of the Group as part of the pre-IPO restructuring on 1 February 2021.

Operating cash conversion (%)



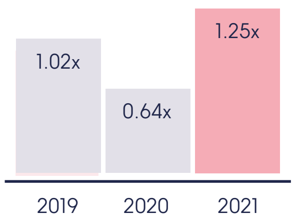
Operating cash conversion decreased year-on-year to 106%, reflecting the unwind of atypically high deferred revenue and VAT creditor balances at 30 April 2020. The unusually high opening creditor position in turn reflected particularly intense trading activity in the early weeks of the first Covid-19 related lockdown experienced in both the UK and the Netherlands.

Capital expenditure (£m)



Total capital expenditure increased by 41% to £10.8m. This was driven by a 21% increase in intangible capex as the Group continued to focus on the development and improvement of its technology platforms and a 148% increase in tangible capex to raise production capacity as required to meet elevated volumes during lockdown.

Net debt to Adjusted EBITDA



On 7 January 2021 in connection with the demerger, the Group entered into a Senior Facilities Agreement comprising a five-year Term Loan B of £175.0m. In connection with the IPO, the Group raised gross proceeds of £20.4m from the issue and sale of shares, with the intention of ensuring that the Group's ratio of net debt to Adjusted EBITDA as at 30 April 2021 was below 2.00x. Actual net debt to Adjusted EBITDA at April 2021 was 1.25x. This was lower than anticipated at the IPO and reflects the Group's strong trading performance and cash flow generation.

Note: In addition to the above, specific environmental and employee KPIs are set out in the ESG section on pages 18 to 23.

Chief Financial Officer's review

"

The Group has a powerful, scalable financial model with a track record of revenue growth, loyal customers, a leading Adjusted EBITDA margin rate and robust cash generation.

Overview

It has been a year of rapid change for Moonpig Group, arising entirely within the duration of Covid-19 related restrictions. We're proud of the way the business has dealt with the challenges that these circumstances have raised and its agility in responding to the opportunities presented. As well as protecting the Group's people and supporting suppliers, we have substantially grown the active customer base and helped customers to maintain connections with the people they care about most.

Throughout the year, the business has executed at pace against the strategy that we set out at the IPO. We have focused on delivering 109% growth in total orders, building further resilience into the Group's efficient and scalable operational network. We have expanded customer acquisition into additional digital channels and introduced entirely new creative platforms for advertising in both the UK and the Netherlands. We have expanded the Group's range of card designs and its gifting proposition, whilst innovating new formats such as e-cards and group cards. We have completed the three-year migration of Moonpig onto a new technology and data platform.

Whilst we expect online market demand for cards and gifting to be lower next year than in FY21, we will nevertheless have delivered an enduring uplift in the scale of the business through lockdown. We expect FY22 to feature a larger customer base, an uplift in purchase frequency and a step change in Adjusted EBITDA margin rate compared against FY19, which was the most recent financial year arising wholly prior to lockdown.

Financial performance

	FY21	FY20	Change
Revenue £m	368.2	173.1	113%
Gross profit £m	186.0	91.7	103%
Gross margin %	50.5%	53.0%	(2.4%pts)
Adjusted EBITDA £m	92.1	44.4	107%
Adjusted EBITDA margin %	25.0%	25.6%	(0.6%pts)
Reported profit before tax £m	32.9	31.8	3%
Adjusted profit before tax £m	74.6	33.2	125%
Earnings per share – basic (pence)	6.1	–	–
Earnings per share – diluted (pence)	6.0	–	–

Chief Financial Officer's review continued

Group revenue grew year-on-year by 113% to £368.2m in FY21, reaching the top end of guidance that revenue was expected to be approximately double the £173.1m revenue for the previous year.

Gross profit increased by 103% to £186.0m and Adjusted EBITDA grew by 107% to £92.1m, driven by strong volume growth and the operating leverage inherent in the business. We chose to prioritise market share capture and strategy delivery over short-term optimisation of profit margin rate. We therefore invested in additional marketing, in maintaining operational resilience and in promotional discounting to drive app downloads and reminder setting, whilst ensuring that the Adjusted EBITDA margin rate of 25.0% remained in line with medium-term guidance of approximately 24.0% to 25.0%.

Revenue

	FY21	FY20	Change
Orders m	50.9	24.3	109%
AOV £ per order	7.2	7.1	2%
Group revenue £m	368.2	173.1	113%

	FY21	FY20	Change
Moonpig £m	281.7	126.5	123%
Greetz £m	86.4	46.6	86%
Group revenue £m	368.2	173.1	113%

The Group delivered growth in total orders at 109% year-on-year across FY21 as a whole, driven both by higher rates of new customer acquisition and by higher purchase frequency.

The Group saw growth in new customer acquisition through unpaid channels, as the strength of the Group's brands enabled it to capture a higher proportion of Covid-19 related growth in online demand than its nearest competitors. The Group also increased marketing activity to accelerate paid customer acquisition.

Orders growth was also driven by higher customer purchase frequency, which was elevated to varying degrees throughout the year due to Covid-19 related lockdown measures. In both the UK and the Netherlands, frequency was highest during the periods when government restrictions were most comprehensive and decreased during intervening periods of relaxation.

Average order value increased by 2% year-on-year in FY21 driven by a trend of more customers attaching gifts to their orders, in particular during the lockdown restrictions of Winter and Spring 2021. This was offset in part by the Group choosing to invest in promotional incentives to accelerate the delivery of strategic objectives including the migration of Moonpig customers from web to app and incentivised customer reminder setting.

In consequence, Group revenue increased by 113% year-on-year to £368.2m in FY21 reflecting growth of 123% at Moonpig and +86% at Greetz. The higher overall rate of growth at Moonpig reflects the greater severity of government restrictions in the UK versus the Netherlands on average across the year as a whole, and also the benefits from the last three years' investment to build the Moonpig technology and data platform.

Group – Gross margin rate %

	FY21	FY20	Change
Moonpig	51.9%	56.3%	(4.4pts)
Greetz	46.2%	43.9%	2.3pts
Group gross margin rate %	50.5%	53.0%	(2.4pts)

The Group's gross margin rate decreased by 2.4%pts year-on-year, driven by Moonpig, where gross margin rate was 4.4%pts lower than in the prior year. This reflected promotional discounting to drive migration to the app and to incentivise reminder setting, together with growth in attached gifting at lower-than-average percentage gross margin rate. Additional variable costs were also incurred to maintain production and fulfilment during periods of exceptionally high consumer demand.

Greetz gross margin increased by 2.3%pts year-on-year, reflecting the delivery of operational efficiencies through the application of the Group's management expertise to Greetz's merchandising and operational processes.

Group – Adjusted EBITDA margin %

	FY21	FY20	Change
Moonpig	27.8%	31.5%	(3.8pts)
Greetz	16.0%	9.6%	6.4pts
Group Adjusted EBITDA margin %	25.0%	25.6%	(0.6pts)

Strategic report
Corporate governance
Financial statements

Chief Financial Officer's review continued

The Group's operating expenses (representing costs between gross profit and Adjusted EBITDA) comprise marketing expenditure, variable overheads and indirect overheads (including employee benefit costs and indirect supplier costs including for facilities and technology services). The Group's cost discipline and ability to leverage its operating model enabled it to reduce indirect costs as a percentage of revenue from 27.3% in FY20 to 25.5% in FY21.

The Adjusted EBITDA margin rate of the Moonpig segment decreased from 31.5% in FY20 to 27.8% in FY21. The Group's preference is to prioritise market share capture over short-term optimisation of profitability, as this is considered likely to create greater long-term shareholder value. Accordingly, the Group increased marketing activity to heighten new customer acquisition and incurred additional supply chain costs to deliver the resulting higher levels of customer orders.

Greetz, which had a 15-year track record of negligible operating profit prior to its acquisition in August 2018, has been transformed through the application of the Group's cards-first strategy and operational playbook. Its Adjusted EBITDA margin rate increased further this year from 9.6% in FY20 to 16.0% in FY21.

Depreciation and amortisation increased from £10.4m in FY20 to £11.7m in FY21, with the increase reflecting investment in the technology re-platforming of the Moonpig brand which has been ongoing throughout the last three years. Taking this into account, Adjusted EBIT grew by 133% to £80.4m (FY20: £34.5m). Group PBT increased by 3.4% to £32.9m (FY20: £31.8m).

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 considered to be a substitute for, or superior to, IFRS measures. These APMs may not be necessarily comparable to similarly titled measures used by other companies.

Directors and management use these APMs alongside IFRS measures when budgeting and planning, and when reviewing business performance. Executive management bonus targets include an Adjusted EBITDA measure and long-term incentive plans include an Adjusted basic EPS measure.

	IFRS Measures FY21	Adjusted Measures FY21	IFRS Measures FY20	Adjusted Measures FY20	IFRS Measures Change	Adjusted Measures Change
IPO Admission related transaction costs		(10.6)		–		
IPO Admission related bonuses		(4.3)		–		
Recognition and remeasurement of pension indemnity		(1.8)		2.3		
Pension provision		2.1		(2.8)		
IPO Admission related share-based payment charges		(27.1)		–		
Restructuring and other		–		(0.9)		
Total Adjusting Items		(41.7)		(1.4)		
Revenue	*368.2*	*368.2*	*173.1*	*173.1*	*112.7%*	*112.7%*
PAT	20.8	61.3	30.7	32.1	(32.3%)	90.9%
Taxation	*(12.1)*	*(13.3)*	*(1.1)*	*(1.1)*	*1,023.2%*	*1,132.4%*
PBT	32.9	74.6	31.8	33.2	3.4%	124.7%
PBT margin	8.9%	20.3%	18.4%	19.2%	(9.4%pts)	1.1%pts
Net interest	*5.8*	*5.8*	*1.3*	*1.3*	*334.1%*	*334.1%*
EBIT	38.7	80.4	33.1	34.5	16.8%	132.8%
EBIT margin	10.5%	21.8%	19.1%	19.9%	(8.6%pts)	1.9%pts
Depreciation and amortisation	*11.7*	*11.7*	*10.4*	*10.4*	*12.9%*	*12.9%*
EBITDA	50.4	92.1	43.5	44.4	15.8%	105.1%
EBITDA margin	13.7%	25.0%	25.1%	25.6%	(11.4%pts)	(0.9%pts)

Costs arising in connection with the Initial Public Offering have been isolated in recognition of the nature, infrequency and materiality of this capital markets transaction.

Adjusting items associated with the Greetz pension case (both the provision for historical pension liabilities and the associated indemnification asset due from the sellers of Greetz) relate to the remeasurement of balances recognised in connection with an M&A transaction that are material, non-recurring and outside the ordinary course of business.

Chief Financial Officer's review continued

In addition, adjustment has been made for the one-off compensation arrangements granted prior to IPO and described in the Prospectus as the Legacy Items and the All-Employee IPO Awards (together "Legacy Incentives"). Further details of these awards are set out in Note 19 to the Financial Statements on page 125 of this Report. These Legacy Incentives comprise a combination of cash and share-based payments and those that have not yet vested will vest across each of the subsequent financial years ending 30 April 2024. The Group believes that it is appropriate to treat these costs as an adjusting item as they relate to a one-off award, designed and implemented whilst the Group was under private equity ownership (and are reasonably typical of that market and appropriate in that context).

The Group now operates in a new environment and the Remuneration Committee will apply the Remuneration Policy in a listed company context, hence similar awards are not expected in future. For clarity, where share-based payment charges arise as a consequence of the operation of the Group's post-Admission Remuneration Policy, these are not treated as adjusting items and the cost is deducted from each of the APMs defined below. This includes costs of £0.2m in FY21 relating to a grant in connection with the FY24 Long Term Incentive Plan.

Restructuring and other costs in 2020 relate to the reorganisation of the Group's operating model in order to prepare the Group for Admission to the London Stock Exchange in 2021.

The definitions for the above adjusted measures are as follows:

- Adjusted PAT is the profit after tax, before IPO costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset.
- Adjusted PBT is the profit before tax, before IPO costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset. Adjusted PBT margin is Adjusted PBT divided by total sales.
- Adjusted EBIT is the profit before tax, interest, IPO costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset. Adjusted EBIT margin is Adjusted EBIT divided by total sales.
- Adjusted EBITDA is the profit before tax, interest, depreciation, amortisation, IPO costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset. Adjusted EBITDA margin is Adjusted EBITDA divided by total sales.

Net finance expense

Net finance expense in FY21 was £5.8m (FY20: £1.3m). The increase in FY21 reflects the entering of the £195.0m Senior Facilities Agreement on 7 January 2021 in connection with the Group's restructuring and demerger.

Tax

The Group tax charge of £12.1m (FY20: £1.1m) represents an effective tax rate of 36.8% in FY21 (FY20: 3.4%). Prior to the demerger that was completed in January 2021, the Group's operating legal entities were part of a different corporation tax group. Undertakings formerly under common control surrendered their losses by way of group relief and the Group utilised these to offset its own taxable profits in accordance with prevailing tax regulations. Offsetting this in part, the Group incurred £9.9m of costs in connection with the IPO that are disallowed for corporation tax purposes.

Earnings per share ("EPS")

Basic EPS for FY21 was 6.1p based on the weighted average number of ordinary shares outstanding during the period since Admission of 342,112,621, less 3,076,329 shares subject to potential repurchase. After accounting for the effect of employee share arrangements, diluted earnings per share was 6.0p.

Adjusted basic EPS was 18.1p. Adjusted basic EPS adjusts for the one-off costs in the year (primarily IPO costs, and charges or credits relating to the Greetz pension provision and associated indemnity asset) and for Legacy Incentive costs.

Chief Financial Officer's review continued

Cash flow

Net cash generated from operating activities increased by £3.4m in FY21 to £64.4m primarily due to higher operating profit. This was partially offset by the adverse working capital movements mainly driven by the increase in inventories to support revenue growth and creditors' phasing compared to FY20.

Net cash used in investing activities increased by £6.9m in FY21 to £14.4m largely due to the outflows in connection with gross capital expenditure and investment in the development of technology, app and platform enhancements, internal use software and internally generated software.

Net cash used in financing activities was an inflow of £14.9m in FY21 (FY20: £44.2m outflow), with the inflow largely driven by the net movement in borrowings, movements on lease liabilities and proceeds received from share issuance in FY21 only.

The Group drew down the full amount of £175.0m under a new five-year term loan facility. The Group repaid £168.8m to an undertaking formerly under common control and used to refinance or otherwise discharge the existing debt of a former parent undertaking.

Operating cash conversion

The Group is cash generative with an operating cash flow of £97.2m (FY20: £51.0m), representing adjusted operating cash conversion of 106% (FY20: 115%).

Adjusted operating cash conversion is a non-GAAP measure and 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.

Operating cash conversion

	2021 £m	2020 £m
Profit before tax	32.9	31.8
Add back: Net finance costs	5.8	1.3
Add back: Adjusting items (excluding Share-Based Payments)	14.6	1.4
Add back: Share-Based Payments	27.1	0.0
Add back: Depreciation and Amortisation per the Income Statement	11.7	9.9
Adjusted EBITDA	92.1	44.4
Less: Capital expenditure (Fixed Assets)	(10.8)	(7.7)
Add back: (Increase) in inventories	(12.0)	(0.2)
Add back: (Increase) in trade and other receivables	(1.8)	(1.1)
Add back: Increase in trade and other payables	29.7	15.6
Operating cash flow	97.2	51.0
Operating cash conversion	106%	115%
Add back: Capital expenditure (Fixed Assets)	10.8	7.7
Add back: Increase in debtors and creditors with undertakings formerly under common control	(3.1)	3.5
Less: Adjusting items (excluding Share-Based Payments)	(14.6)	(1.4)
Less: Non-cash movement with undertakings formerly under common control	(25.4)	0.0
Less: Research and Development tax credit	(0.5)	(0.3)
Less: Depreciation and Amortisation per the Income Statement[1]	(11.7)	(9.9)
Add back: Depreciation and Amortisation per the Cash Flow Statement[1]	11.7	10.4
Cash generated from operating activities	64.4	61.0

1 Depreciation and amortisation as charged in the condensed consolidated income statement is stated after recharges to other undertakings formerly under common control. Following the entering of a sublease over space at the Group's head office premises effective 1 May 2020, these recharges have ceased.

The Group has an asset-light business model, which combines lean process design and automation with an efficient supply chain strategy consisting of a mix of in-house and outsourced functions to provide operational flexibility and minimise capital expenditure requirements. Capex, the majority of which relates to software development, remained relatively constant year-on-year at £10.8m (FY20: £7.7m).

The business likewise has an inventory-light model. The year-on-year increase in inventories reflects stock holding at multiple distribution facilities for improved operational resilience and temporary accumulation of buffer stock to provide additional forward cover during lockdown. There has also been some additional increase in inventories to support strong growth in gifting sales volumes and the broadening of the Group's off-the-shelf gift range.

The year-on-year increase in trade and other payables was driven by very strong trading activity during Spring 2021 throughout the latest period of lockdown in both the UK and the Netherlands.

Chief Financial Officer's review continued

Net debt

On 7 January 2021, in connection with the demerger, the Group entered into a Senior Facilities Agreement comprising a five-year Term Loan B of £175.0m (with fees of approximately £6.4m capitalised on the balance sheet) and a committed revolving credit facility ("RCF") of £20.0m.

The Company raised gross proceeds of £20.4m from the issue and sale of shares in connection with the IPO, with the intention of ensuring that the Group's ratio of net debt to Adjusted EBITDA as at 30 April 2021 was below 2.0x.

Net debt is a non-GAAP measure and is defined as total borrowings (see page 124 of the Financial Statements) less cash and cash equivalents. Group net debt was £115.1m (FY20: £28.3m), comprising cash and cash equivalents of £66.0m (FY20: £12.1m) and total debt of £181.4m (FY20: £40.4m). The year-on-year increase in net debt reflects the entering of the Senior Facilities Agreement, prior to which the Group's principal operating entities had been guarantors of the debt facilities of the predecessor holding company but did not act as borrower.

Actual net debt to Adjusted EBITDA as at 30 April 2021 was 1.25x. This is comfortably lower than was anticipated at the IPO and reflects the Group's strong trading performance and cash flow generation through the final quarter of the year.

Capital allocation

In future capital allocation, our priority will be organic investment to drive growth, for instance investments to drive the breadth and quality of our product and service offering. This may include additional marketing investment to drive customer acquisition or further strengthen our brands; promotional activity to incentivise customer reminder setting and app downloads; an increase to the rate of investment in our technology and data platform; or further enhancement to the flexibility and scalability of our operations footprint.

The Group has now extended the lease on Greetz's Amsterdam facility to October 2022; before this date, as previously advised, the Group will incur capital expenditures outside of the ordinary course in connection with moving to new premises.

We will consider value-accretive M&A opportunities in our current markets and in areas that will accelerate our medium-term goals. We will only do so where this is complementary to our strategy and our current financial model.

As set out in the Prospectus, the Company does not intend to pay dividends as the Group invests in growth. Similarly, the Group has no current intention to repay any of the Term Loan B. The RCF remains in place and is undrawn.

The Group intends to keep both its capital structure and its dividend policy under review and may revise these from time to time.

Outlook

The new financial year has started moderately ahead of expectations, consistent with the slower lifting of lockdown restrictions in the UK and the Netherlands.

As restrictions have eased, we have seen customer purchase frequency start to normalise from elevated levels, and we expect this trend to continue until customer purchase frequency has settled at a level 5% higher than before Covid-19.

The retention of customers acquired during the past year is consistent with historical cohorts, albeit there will be a headwind for trading as we annualise the large FY21 cohort of new customers following historical second-year spending patterns. This, together with the moderation in purchase frequency, means that we continue to expect a year-on-year decrease in headline revenue in FY22.

Our business has nevertheless been step-changed through lockdown. We now expect revenue in FY22 of approximately £250 million – £260 million, which represents growth of approximately 45% to 50% compared to FY20 and underlying double-digit growth compared to FY21.

In line with our approach during the second half of FY21, we will continue to prioritise additional investments in marketing and market share capture over short-term maximisation of profit margin rate.

Our business is well positioned to drive sustained underlying growth in both revenue and absolute profit, as we continue to deliver against the strategy outlined at the IPO. With respect to the medium-term, the Group continues to target annual revenue growth in the mid-teens and an Adjusted EBITDA margin rate of approximately 24% to 25%.

Andy MacKinnon
Chief Financial Officer
27 July 2021

Risk management

The Board has collective responsibility for determining the Group's risk management framework. This framework, the Group's risk culture, its governance structure and internal controls together give the Board assurance that risks are being appropriately identified and managed in line with its risk appetite.

The Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives; the Group does not have a separate risk committee.

The Board sets the culture of risk to be flowed down through the business. This ensures the Board remains aligned on risk appetite and daily decisions are made within the agreed risk framework.

Board

- Overall responsibility for the Group's risk management framework and internal control processes
- Determines the Group's risk appetite
- Determines the Group's culture
- Approves the Risk Register on the basis of advice from the Audit Committee

Audit Committee

- Assists the Board in reviewing the effectiveness of the internal control and risk management processes in place
- Advises the Board on risk appetite, tolerance and strategy, and on principal and emerging risks
- Agrees the scope of the internal audit and external audit functions, and reviews their work

First Line: Group Leadership Team

- Operational management has primary day-to-day responsibility for risk management
- Ensures that risk management is an integral part of implementing the strategic objectives
- Ensures that the Group operates within the set risk appetite and tolerances
- Supported by and contributes to internal risk management systems and processes

Second Line: Oversight Functions

- Functions: Group Finance, Legal, Data Protection, Technology Security, Procurement, Human Resources
- Establish appropriate policies
- Guide, advise and challenge management on the implementation and operation of internal controls
- Co-ordinate appropriate and timely delivery of risk management information to the Group Leadership Team

Third Line: Independent Assurance

- Provides independent assurance that risk is being appropriately managed
- Work carried out ahead of the IPO to support the Directors' assessment of financial position and prospectus procedures
- Internal audit programme to commence in the second half of FY22, to be run in conjunction with KPMG LLP

Risk Management Process

- Twice-annual assessment of the Group's principal and emerging risks and the effectiveness of risk mitigations

Risk management continued

Risk management process

Effective risk management is key for enabling the Group to meet its strategic objectives and to achieve sustained long-term growth. The Group follows a five-step process to identify, monitor and manage risks. Identified risks and mitigations are captured in a Risk Register:

01 Set strategy

The Board reviews and approves the Group's strategy annually, and this forms the basis of the Group's risk identification process, enabling a focus on those risks with relevance to the achievement of strategic objectives. In the context of the IPO, FY22 strategy was set in advance of the issue of the Prospectus and reconfirmed by the Board during consideration of the FY22 Budget.

02 Identify risks

Twice annually, an exercise is undertaken to identify the principal and emerging risks facing the Group. The detailed work is performed by the Group Leadership Team and then considered and approved by the Board.

03 Evaluate risks

The Group evaluates risks based on two key parameters: the likelihood of the risks occurring over the next three years, and the impact on the Group from a financial, reputational, compliance, ethical and safety perspective were the risks to crystallise. The identified risks are then categorised and rated based on the aggregate impact of these two parameters.

04 Manage & mitigate risks

The Group Leadership Team identifies mitigating actions for each risk, based on an assessment of the effectiveness of the existing control environment. Where appropriate, changes to the control environment are identified and implemented.

05 Monitor & review risks

The Group Leadership Team is responsible for ongoing monitoring of risks and mitigations, which are captured in a Risk Register. From the second half of FY22, they will be assisted in this monitoring process by the Group's internal audit programme, which is to be run in conjunction with KPMG LLP. The Board approved the Risk Register at Board Meetings in both January 2021 and July 2021, with a particular focus on the principal risks identified.

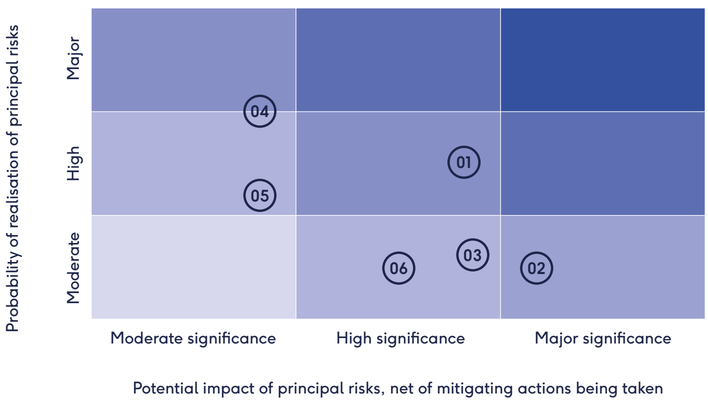
The recommendations of the TCFD

The Group considers ESG-related risks as part of its risk management process. Climate-related risks are captured and monitored but are not currently classified as principal risks as they have a limited short-term effect on the Group's business model and strategy.

The Board notes the recommendations of the TCFD and intends to expand disclosure against the TCFD framework in future annual reports.

Principal risks and uncertainties

The Board has carried out a robust assessment of the emerging and principal risks facing the Group as at 23 July 2021. This included an assessment of the likelihood of each emerging and principal risk identified, and the potential impact of each risk after taking into account mitigating actions being taken. Risk levels were modified to reflect the current view of the relative significance of each risk.



Key

- 01 Uncertainty regarding the revenue impact of emergence from Covid-19 lockdown
- 02 Data protection and technology security
- 03 Brand strength and reputation
- 04 Securing, development and retention of talent
- 05 Disruption to operations
- 06 Competitive environment

Risk management continued

Key

↑ Increasing ↓ Decreasing ↔ Stable

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

Risk	Description	Mitigation	Developments in FY21	Risk trend[1]
01 **Uncertainty regarding the revenue impact of emergence from Covid-19 lockdown**	Since March 2020, revenue from each of the Group's customer cohorts has been uplifted by the impact of Covid-19 and lockdown. The extent and timing of the reversal of this uplift is subject to uncertainty regarding the rate of deployment of vaccines, whether or not there will be an impact from future variants of the virus, and the duration, nature and extent of any further government lockdown measures in both the UK and the Netherlands.	Driving improvements in customer cohort retention, purchase frequency and attach rate are core to the Group's strategy. The Group's FY22 budget envisages a year-on-year reduction in revenue, which reflects an expected moderation in the higher levels of purchase frequency seen in FY21 as well as the expected decrease in overall spending from the customer cohort acquired in FY21. The Group had liquidity headroom under the Senior Facilities Agreement of £86.0m as at 30 April 2021, together with significant forecast headroom versus its covenants, which are tested twice annually.	Management has focused during FY21 on actions that align with higher customer retention and purchase frequency, such as raising app penetration of orders, encouraging customers to set reminders and increasing the proportion of orders with an attached gift.	↑
02 **Data protection and technology security**	As a digital platform, the Group is reliant on its IT infrastructure to continue to operate. Any downtime of the Group's systems as a result of a technology security breach would result in an interruption to trading. Either a technology security breach or a failure to appropriately process and control the data that the Group's customers share (whether as a result 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.	The Group has a disaster recovery and business continuity plan in place which is regularly reviewed and tested. The Moonpig platform is cloud-based and the Greetz platform includes the use of two data centres. The Group's IT Security team performs regular security testing of the platform and applications, and reviews internal processes and capabilities. The Group subscribes to bug bounty schemes that reward friendly hackers who uncover security vulnerabilities. Quarterly health checks are performed on critical security tools to ensure they are configured and operating appropriately. The Group works closely with suppliers to ensure that they only receive and store the minimum data for the purposes required (and for the duration required); security audits are performed to confirm these suppliers operate at a high standard to protect and manage data. Annual GDPR training is mandatory for all employees.	The Group has made substantial investments in the security environment at Moonpig and is in the process of bringing the Greetz security environment up to the same standard through migration to the Moonpig platform (with completion anticipated during calendar year 2022). Ahead of the IPO the Group has performed a comprehensive review of its technology systems, data protection environment and disaster recovery plans.	↔

1 This risk trend is based on the risk position in the current year compared to the previous year, in each case as assessed at the July 2021 Audit Committee.

Risk management continued

Risk	Description	Mitigation	Developments in FY21	Risk trend[1]
03 **Brand strength and reputation**	The Group's business depends on the strength of its Moonpig and Greetz brands. If events occur that damage the Group's reputation or brands, this could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.	The Group has market-leading brands, with unprompted brand awareness as at 30 April 2021 of 46% for Moonpig in the UK and 59% for Greetz in the Netherlands. The Group also has a top-quartile customer Net Promoter Score of 67. Ongoing investment in brand marketing across a range of media maintains the brand in consumers' minds. The Group's brands are further strengthened by the network that is created with each customer interaction. When each of the 73.0 million gifts and cards were sent in FY21, the Group gained exposure and the recipient became a potential future customer. The Group's investment in data protection and technology security helps to protect us from the adverse impact of a data breach or cyber-attack.	The Group launched new creative campaigns for both Moonpig and Greetz in Spring 2021. It is also pursuing brand marketing activity outside peak trading periods, as the scale of the Group's business means that there are now likely to be more opportunities during the year to operate at or above desired payback levels. Customer Net Promoter Score has been embedded into the Group's ESG Strategy (see pages 18 to 23).	⇔
04 **Securing, development and retention of talent**	The Group's delivery against its strategic objectives is dependent upon it being able to attract, recruit, motivate and retain its highly skilled workforce. Competition remains intense, in particular for technology and data expertise.	The Group has competitive reward schemes in place for all employees. For senior management, these include a blend of short- and long-term incentives. The Group performs ongoing succession planning and invests in leadership development. On an ongoing basis, management works to strengthen the culture of the Group, which generates employee engagement. In the Group's March 2021 engagement survey, 87% of its employees said they are proud to work for the Group. In addition, Moonpig's Glassdoor rating based on anonymous reviews is 4.6 out of 5. Operating from four hubs in London, Amsterdam, Guernsey and Manchester provides the Group with access to a broader pool of talent.	An all-employee SIP award was made at the time of the IPO and the Board has approved an all-employee SAYE scheme to run from FY22. Management has performed the preparatory work necessary for employee remuneration structures to be aligned between Moonpig and Greetz with effect from FY22. Significant investment in leadership coaching and employee training, including the launch of the internal 'Moonpig University' during FY21. The Group's ESG strategy includes a goal for maintaining employee engagement in line with the Culture Amp New Tech benchmark (see page 22). In accordance with the Code, the Board has appointed a Non-Executive Director as a designated representative for workforce engagement.	⇔

1 This risk trend is based on the risk position in the current year compared to the previous year, in each case as assessed at the July 2021 Audit Committee.

Risk management continued

Key

↑ Increasing ↓ Decreasing ↔ Stable

Risk	Description	Mitigation	Developments in FY21	Risk trend[1]
05 **Disruption to operations**	Any disruption to in-house or third-party facilities within the Group's production and fulfilment network could have an adverse effect on trading. The Group uses select third-party suppliers for certain solutions on its platforms, and any disruptions, outages or delays in these would affect the availability of, prevent or inhibit the ability of customers to access or complete purchases on its platforms.	The Group operates flexible fulfilment technology with application programming interface ("API") based data architecture, allowing the Group to add third-party suppliers to its production and fulfilment network with relative speed. The Group fulfils orders for UK greeting cards and gifts from multiple locations for resilience. The resilience of the Dutch operation is being progressively increased. Whilst flowers are fulfilled by a single supplier in each of the UK and the Netherlands, there is partial substitutability of demand between flowers and other gifting product categories. The Group has contracts and service level agreements in place with all key suppliers, each of which have appropriate contract length and notice periods. 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. The Group's procurement function supports the business with the selection of strategic third-party suppliers and negotiation of contracts.	The Group added third-party print suppliers to its network in each of the UK and the Netherlands to increase production capacity during Covid-19 lockdowns. At times during FY21 when the States of Guernsey implemented Covid-19 related restrictions on the number of employees able to work at Moonpig's Guernsey production facility at any time, the Group was able to scale up card production at third-party suppliers. Fulfilment of off-the-shelf gifts in the UK was transitioned from a single site to a multi-site basis in order both to increase capacity and to improve resilience. A full review of contracts and service level agreements with all major production, fulfilment and logistics suppliers was completed in advance of the IPO.	↓

1 This risk trend is based on the risk position in the current year compared to the previous year, in each case as assessed at the July 2021 Audit Committee.

Risk management continued

Risk	Description	Mitigation	Developments in FY21	Risk trend[1]
06 **Competitive environment**	The Group competes in the gifting market, which is large, evolving and highly competitive and includes the sale of greeting cards and gifts. The Group faces competition from a wide range of companies, ranging from traditional brick and mortar competitors that serve the offline channel to other online gifting companies. The Group's business model is characterised by strong revenue growth, customer loyalty, high operating profit margins and strong cash conversion. This may be attractive to both existing and potential new competitors. Additional disclosure relating to the Group's strategy and its execution following the IPO may encourage others to attempt to copy elements of its business model.	The Group's key sources of competitive advantage are its brands, its pools of data on customer gifting intent, its relative scale and its proprietary technology platform. The Group is the clear market leader in online cards in the UK and the Netherlands, with category-defining brands and (as noted above) high levels of brand awareness in both the UK and the Netherlands. The Group's proprietary recommendation algorithms are optimised across rich pools of customer data. The Group's scale means that it captures more than three times the customer data of the nearest competitor, and its brands are amplified by viral effects, as recipients become users. The Group has a proprietary technology platform, which is constantly optimised through experimentation. Its smart routing technology enables market-leading cut-off times for same-day dispatch. Whilst competitors may seek to mimic external facing aspects of the Group's proposition (such as elements of its website user experience or product range) it will be much harder for them to replicate the Group's data or the cumulative insight built up by its self-learning algorithms.	Through the Covid-19 lockdown, the Group continued to grow market share. According to OC&C, in the first seven months of 2020 Moonpig accounted for approximately 64% of revenue in the UK specialist online cards market, up from approximately 60% in 2019. The Group leveraged the lockdown to invest in elevated levels of new customer acquisition and to drive additional customer reminder-setting. It also raised app penetration of Moonpig orders from 22% in April 2020 to 44% in April 2021.	↔

1 This risk trend is based on the risk position in the current year compared to the previous year, in each case as assessed at the July 2021 Audit Committee.

Viability statement

As required by the Code, the Directors have assessed the prospects and viability of the Group over a period significantly longer than 12 months from the approval of these financial statements.

Assessment of prospects

The Directors have assessed the Group's prospects taking into account its current financial position, its recent historical financial performance, its business model and strategy (pages 16 to 17) and the principal and emerging risks and uncertainties (pages 35 to 39).

The Group's prospects are assessed primarily through its strategic planning process. This includes an annual review which considers forecast monthly profitability, cash flows and liquidity over three years. The first year of the forecast is the Group's annual budget. The second and third years are prepared using the same calculation methodology as the budget with a top-down strategic overlay.

The Group's financial forecasts are based on modelling of KPIs that include orders and revenue for each monthly customer cohort of customers that has (or is expected in future to be) acquired by the Group. Detailed monthly financial forecasts are then prepared for each segment that consider orders, revenue, profit, capital expenditure, working capital, cash flow and key financial ratios.

The Group's funding position is considered, both in terms of liquidity headroom and ongoing compliance with the six-monthly covenants attached to the Group's Senior Facilities Agreement.

The planning process is led by the CEO and CFO through the Group Leadership Team and in conjunction with relevant functions. The Board participates fully in the annual process and has the task of considering whether the plan continues to take appropriate account of the external environment including technological, social and macro-economic changes. The most recent plan was approved by the Board in April 2021.

As set out in the Audit Committee Report at pages 55 to 61, the Audit Committee reviews and discusses with management the schedules supporting the assessments of going concern and viability.

The assessment period

The Directors have determined that three years to April 2024 is an appropriate period over which to provide the Board's viability statement. This was considered the appropriate timeframe by the Directors because:

- It is consistent with the three-year horizon of the Group's strategic planning process;
- It aligns to the investment cycle of a technology platform business; and
- Projections looking out further than three years are considered to be significantly less meaningful in view of the fast pace of the Group's digital environment, taking into account that it relies on customer transactions for its revenue and does not have contracted revenue streams.

Emergence from Covid-19 lockdown

A key area of judgement in the FY22 strategic plan has been to model how the relaxation of government lockdown measures might impact the behaviour of the Group's customer cohorts. Core to the Group's financial model is its ability to generate revenue from customer cohorts over an extended period. For each of these customer cohorts, annual revenue from their second year onwards has been relatively stable until mid-March 2020, and these patterns have in the past provided the Group with relatively predictable revenue. Since March 2020, revenue from each customer cohort has been significantly uplifted by the impact of Covid-19 and lockdown. The extent and timing of the reversal of this uplift is subject to uncertainty regarding the rate of deployment of vaccines, whether or not there will be an impact from future variants of the virus, and the duration, nature and extent of government lockdown measures for both the UK and the Netherlands.

The Group's FY22 budget reflects an expected moderation in the higher levels of purchase frequency seen in FY21 as well the expected decrease in overall spending from the customer cohort acquired in FY21, assuming that the historical cohort spending patterns are observed in this new customer cohort. For the purposes of the assessment of viability, we have explored a scenario in which revenues fall materially below plan as a consequence of reduced customer purchase frequency.

Viability statement continued

Assessment of viability

The output of the Group's strategic planning process reflects the Board's best estimate of the future prospects of the business. To make the assessment of viability, however, additional scenarios have been modelled over and above those in the ongoing plan. These scenarios were overlaid into the plan to quantify the potential impact of one or more of the Group's principal risks and uncertainties crystallising over the assessment period.

The Group's principal risks and uncertainties are set out at pages 34 to 37. Each of these has a potential impact and has therefore been considered as part of the assessment, however only those that represent severe but plausible scenarios have been modelled. These were:

Scenario modelled	Principal risks included in the scenario
01 **Data breach** The impact of a significant data breach has been considered. We modelled a reduction in revenue as a result of any reputational brand damage in each of the assessment years. It is additionally assumed that the Group receives the maximum possible fine under the General Data Protection Regulation ("GDPR") in one of its countries of operation.	• Brand reputation • Data protection and technology security
02 **Customer cohort decline** To consider the impact of risks that could lead to a sustained adverse impact on trading, we have modelled a significant reduction in revenue. This is intended to capture the possibility of either lower purchase frequency, reduction in new customers, changes in reactivation levels, reduced attach rates or lower average order value.	• Brand reputation • Competitive environment • Economic environment • Uncertainty regarding the impact of emergence from Covid-19 lockdown on customer demand

The results of the above scenario modelling showed that the business would be able to withstand a combination of both scenarios, without recourse to mitigating actions. This reflects the resilient nature of the Group's business model, its profitability and strong operating cash conversion, together with current strong liquidity headroom.

In the event of such a scenario, Management would have a number of options available to maintain the Group's financial position including cost reduction measures and reducing acquisition marketing spend.

Furthermore, the Directors reviewed the results of reverse stress testing performed to provide an illustration of the level of frequency and deterioration in new customer acquisition which would be required to trigger a breach in the Group's covenants or exhaust cash down to minimum working capital requirements. The probability of these factors occurring was considered to be remote.

Viability statement

Based on the assessment above, the Directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the three-year period ending April 2024.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of preparation paragraph in Note 1 to the Financial Statements.

Non-financial information statement

The Group complies with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The below table outlines the Group's position on non-financial matters and provides signposts to where the information required is included in the report.

Reporting requirement	Policies and Standards which govern the Group's approach	Additional information and risk management
Description of Business Model	N/A	Business model pages 12 to 13
Non-Financial KPIs	N/A	Key performance indicators pages 26 to 27
Stakeholders	Group Data Protection Policies Code of Conduct	Stakeholder engagement pages 24 to 25 s172 statement pages 50 to 51 Board activities page 52 Environmental, social and governance disclosures pages 18 to 23 Employee engagement page 22 Corporate Governance report pages 46 to 54 Audit Committee report pages 55 to 61
Environmental	Environmental Policy	Environmental, social and governance disclosure pages 18 to 23
Employees	Code of Conduct Flexible Working Policy Whistleblowing Policy Health, Safety and Environment Integrated Management System	Environmental, social and governance disclosure pages 18 to 23 s172 statement pages 50 to 51
Human Rights	Anti-Slavery and Human Trafficking Policy Code of Conduct	Page 43 Corporate Governance report pages 46 to 54
Social Matters	Anti-Slavery and Human Trafficking Policy	Environmental, social and governance disclosure pages 18 to 23 Directors' Report pages 83 to 86
Anti-Corruption and Bribery	Anti-Bribery and Corruption Policy (which includes hospitality and gifts clauses) Conflicts of Interest Policy	Page 43
Principal Risks and Impact on the Business	N/A	Risk management pages 34 to 39 Principal risks pages 35 to 39 Business model pages 12 to 13 Audit Committee report pages 55 to 61

Non-financial information statement continued

Across the Group, policies and codes of conduct are in place to ensure consistent governance on a range of issues. For the purposes of the Non-Financial Reporting requirements, these include, but are not limited to:

People

The Group understands that its behaviour, operations and how it treats employees all have an impact on the environment and society. It recognises the importance of health and safety and the positive benefits to the Group.

The Group has a Health, Safety and Environment Integrated Management System which is communicated to all employees through a handbook, which is regularly reviewed and updated. A Code of Conduct applies to all employees and sets out the Group's commitment to:

- behave ethically;
- comply with relevant laws and regulations; and
- do the right thing.

Disclosure concerning employment of disabled persons

We give full and fair consideration to applications for employment by the Company made by disabled persons, having regard to their particular aptitudes and abilities. We are also committed to continuing employment of, and for arranging appropriate training for, employees of the Company who have become disabled persons during the period for which they were employed by the Company. Training, development and promotion opportunities are provided for all employees.

Human rights

The Group's Code of Conduct also confirms that it respects and upholds internationally proclaimed human rights principles as specified in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work ("ILO Convention") and the United Nations' Universal Declaration of Human Rights. In addition, the Group has an Anti-Slavery and Human Trafficking Policy which applies to both suppliers and employees. Training is provided to all employees on issues of modern slavery in an e-learning module. The Group is committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its own business or in any of its supply chains. The Group's Procurement Policy outlines how it procures goods and services. The Group publishes its Modern Slavery Act Transparency Statement annually and this, together with previous statements, can be viewed on the Group's corporate website at https://www.moonpig.group.

Data protection

As a data-driven business, the Group is committed to respecting and protecting privacy and security of personal information. The Group's Privacy Statement governs how it collects, handles, stores, shares, uses and disposes of information about people, whether they are customers, employees or people in the Group's supply chain. Data Protection Policies are a key element of corporate governance within the Group.

Anti-corruption and anti-bribery

The Group has an Anti-Bribery and Anti-Corruption Policy and a Conflict of Interest Policy, each of which incorporates the Group's key principles and standards, governing business conduct towards key stakeholder groups. The Anti-Bribery and Anti-Corruption Policy is supported by clear guidelines and processes for giving and accepting gifts and hospitality from third parties.

Whistleblowing

The Group's Whistleblowing Policy is supported by an external, confidential reporting hotline which enables employees to raise concerns in confidence. Any reported issues will be reported to the full Board and handled in the first instance by the Audit Committee and, where appropriate, remedial actions taken.

Tax strategy

The Group is committed to acting with integrity and transparency in all tax matters. The Group undertakes tax planning only where it supports genuine commercial activity and in doing so is committed to remaining compliant with all relevant tax laws and practices. A copy of the Group's tax strategy is available at https://www.moonpig.group.

Dividend policy

As set out in the Prospectus, the Company's current dividend policy is not to pay any dividends as the Group invests in growth. The Company may revisit its dividend policy in future.

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

Nickyl Raithatha
Chief Executive Officer
27 July 2021

Board of Directors

The right balance of skills and expertise to deliver long-term success.

Kate Swann
Chair

N R

Kate joined the Group as Chair in August 2019 and was appointed to the Board of Moonpig Group plc in January 2021.

Background and experience
Kate has more than 30 years of experience leading businesses, having held many senior positions throughout her career. She has extensive listed company experience, having served as the Chief Executive Officer and Executive Director of SSP Group plc from 2013 to 2019 and as the Chief Executive Officer of WH Smith PLC from 2003 to 2013. Prior to this, Kate held roles as Managing Director of Homebase, and Managing Director of Argos.

In 2012, Kate was awarded the National Business Awards' Daily Telegraph Special Award for a decade of excellence in business, and in 2019, she was awarded the Business Leader of the Year award at the Evening Standard Business Awards.

Kate holds a Bachelor of Science with honours in Business Management from the University of Bradford and, in 2007, was awarded an honorary doctorate from the University of Bradford.

Current external appointments
Chair of Secret Escapes, an online members-only luxury travel club, Chair of IVC Evidensia, a large veterinary care provider, Chair of Parques Reunidos, an international leisure park operator, Chair of Beijer Ref AB, leading wholesaler of cooling technology and air conditioning and Chancellor of the University of Bradford.

Nickyl Raithatha
Chief Executive Officer

Nickyl is the Chief Executive Officer of the Group, having held the role since June 2018. Nickyl was appointed to the Board of Moonpig Group plc at incorporation on 23 December 2020.

Background and experience
Nickyl has significant e-commerce leadership experience, having founded Finery, an online British womenswear brand in 2014 and holding the role of Chief Executive Officer until 2017. Nickyl served as the Chief Executive Officer of e-commerce for Rocket Internet, a company that incubates and invests in internet and technology companies globally, from 2012 to 2014.

Nickyl spent the early part of his career in financial services, where he was Vice President at Goldman Sachs until 2010 and then worked at Arrowgrass Capital Partners LLP until 2012, leading research and investments into global technology, media and telecoms companies.

Nickyl holds an MBA from Harvard Business School and a bachelor's degree in Economics from Cambridge University.

Current external appointments
None

Andy MacKinnon
Chief Financial Officer

Andy is the Chief Financial Officer of the Group, having held the role since January 2019. Andy was appointed to the Board of Moonpig Group plc at incorporation on 23 December 2020.

Background and experience
Andy has extensive operational and financial leadership experience in e-commerce, having previously held roles as Chief Financial Officer of Wowcher, an online consumer business operating in the daily voucher deals sector, from 2015 to 2018, and as Chief Financial Officer of The LateRooms Group, an online travel agency business, where he worked from 2012 until 2015. Prior to that, he worked at Shop Direct Group (now The Very Group), which is one of the UK's largest online retail and financial services businesses. Andy spent his early career working in corporate finance with professional service firm Deloitte and at HSBC's investment banking division.

Andy holds a Bachelor of Science with honours in Management Sciences from the University of Manchester, and has, since 2009, been a Fellow of the ICAEW, having qualified as a Chartered Accountant and ACA with KPMG in 1999.

Current external appointments
None

Board of Directors continued

David Keens

Ⓐ Ⓝ Ⓡ

Senior Independent Non-Executive Director

David joined the Board of Moonpig Group plc as the Senior Independent Non-Executive Director in January 2021.

Background and experience
David brings a breadth of experience in online, consumer-facing businesses, together with core skills in finance. He was Independent Non-Executive Director and Chair of the Audit Committee of J Sainsbury plc from 2015 until July 2021. He was formerly Group Finance Director of NEXT plc from 1991 to 2015 and Group Treasurer from 1986 to 1991. Previous management experience also includes nine years in the United Kingdom and overseas operations of multinational food manufacturer Nabisco and, prior to that, seven years in the accountancy profession.

David is a member of the Association of Chartered Certified Accountants and of the Association of Corporate Treasurers.

Current external appointments
Senior Independent Director and Chair of the Audit Committee of Auto Trader Group plc.

Susan Hooper

Ⓡ Ⓐ Ⓝ

Independent Non-Executive Director

Susan joined the Board of Moonpig Group plc as an Independent Non-Executive Director in January 2021.

Background and experience
Susan has a track record of leading consumer facing businesses combined with broad non-executive experience. She was a Non-Executive Director of both Wizz Air plc and the Department for Exiting the European Union until 2020. She was Managing Director of British Gas Residential Services during 2014 and Chief Executive of Acromas Group's travel division (including the brands Saga and the AA) from 2009 until 2013. Prior to this, Susan held senior roles at Royal Caribbean International, Avis Europe, PepsiCo International, McKinsey & Co, and Saatchi & Saatchi.

Susan holds bachelor's and master's degrees in International Politics and Economics from the John Hopkins University's School of Advanced International Studies ("SAIS").

Current external appointments
Non-Executive Director of Uber Britannia Limited, Non-Executive Director of The Rank Group plc, Non-Executive Director and Chair of the Remuneration Committee of Affinity Water Limited, Chair of Caresourcer Limited, and a director of Chapter Zero Limited.

Niall Wass

Ⓐ Ⓝ Ⓡ

Independent Non-Executive Director

Niall joined the Board of Moonpig Group plc as an Independent Non-Executive Director in January 2021.

Background and experience
Niall has deep experience in the online consumer business space. He is a Partner at Atomico, an early and growth stage venture capital fund, where he helps portfolio companies in the consumer space with their growth strategy and scaling. Niall has also spent over 15 years as CEO and COO in early-stage tech-enabled consumer businesses. His most recent operational role was as part of the Executive Team at Uber, leading the international business into 50 countries.

Niall holds degrees in Economics from Oxford University and Birmingham University and an MBA from INSEAD.

Current external appointments
Chair and Independent Non-Executive Director of Glovo and Chair and Independent Non-Executive Director of Trouva. Non-Executive Director (in his capacity as a Partner at Atomico) at each of Koru Kids, Habito, OnTruck, Ree Technology and Jobandtalent.

Simon Davidson

Non-Executive Director

Simon has been a director of the Group since 2016 and was appointed as a Non-Executive Director of Moonpig Group plc in January 2021. He serves as a Nominee Director, appointed under the terms of the Relationship Agreement.

Background and experience
Simon Davidson is a Senior Partner at Exponent, where he invests in the consumer sector. In addition to leading Exponent's investment into Moonpig in 2016, his other realised investments at Exponent include the Ambassador Theatre Group and Quorn Foods. Prior to joining Exponent in 2008, Simon worked at Apax Partners and OC&C Strategy Consultants.

Simon holds an MBA from the Wharton School and a bachelor's degree in Politics, Philosophy and Economics from Oriel College, Oxford.

Current external appointments
Senior Partner, Exponent. Non-Executive Director (in his capacity as a Partner of Exponent) in Photobox, Wowcher, Evergreen Garden Care, Vibrant Foods, Warp Snacks and Gu. Director of the Unicorn Children's Centre.

Key

- Ⓐ Audit
- Ⓝ Nomination
- Ⓡ Remuneration
- ◯ Chair

Strategic report
Corporate governance
Financial statements

Chair's Corporate Governance introduction

"The Board is committed to achieving the highest standards of corporate governance.

Kate Swann
Non-Executive Chair

On behalf of the Board, I am pleased to present the Group's first Corporate Governance Report since Admission to trading on the Main Market of the London Stock Exchange on 5 February 2021.

This Report explains the key features of the Group's governance framework and how it complies with the UK Corporate Governance Code 2018, which was published by the Financial Reporting Council ("FRC") in July 2018 ("the Code").

Code compliance

The Board is committed to maintaining high standards of corporate governance. We have a clear governance structure, which ensures that the Board and the business act responsibly in decision-making, risk management and delivery of objectives.

The Prospectus set out that the Company would comply with the relevant provisions of the Code from Admission, and the Group has done so throughout the subsequent period. Further details are set out in the Directors' Report at page 83.

Leadership and purpose

The Board sets the tone and culture for the Group and the expectations placed on its people. The Group has a clear purpose, which focuses on creating better, more personal, connections between people. It combines this with a dynamic growth culture that emphasises high performance, employee engagement and inclusion.

This clarity of purpose and culture have underpinned the Group's commercial success during a landmark year. The Board is proud of the way the Group's employees have supported customers through this time.

Breadth of leadership representation

The Board places emphasis on inclusivity at all levels, and the Group's plans for creating an engaged and representative workforce are set out in the ESG section on page 22. Board appointments are based solely on merit with the objective of ensuring an appropriate balance of skills and knowledge. The Nomination Committee has approved a Board Diversity Policy which commits the Company to meeting the Hampton-Alexander target for 33% representation of women on the Board by the time of the 2022 AGM. At the date of this report, the Board has 29% female representation.

Stakeholder engagement

We spent considerable time engaging with stakeholders and the Group's new shareholders in the course of the IPO, to help us get to know their objectives and also to ensure they understand the business. A full review of stakeholder engagement can be found in the Strategic Report at pages 24 to 25.

Annual General Meeting

The AGM is scheduled to take place at 10:00am on 28 September 2021 and will be held at The Goldsmiths' Centre, 42 Britton Street, London EC1M 5AD.

Kate Swann
Non-Executive Chair
27 July 2021

Corporate Governance framework

Governance framework

The Board	• Sets the Group's purpose, values and strategy and satisfies itself that these are aligned with culture. • Provides entrepreneurial leadership, promoting long-term sustainable success and shareholder value creation. • Oversees the Group's risk management processes and internal control environment.
Board Committees	• The Board delegates certain matters to its three permanent Committees, the terms of reference of which are available at www.moonpig.group/investors.
Audit Committee Audit Committee Report Pages 55 to 61	• Reviews and reports to the Board on the Group's financial reporting, internal control, whistleblowing, internal audit and the independence and effectiveness of the external auditors.
Nomination Committee Nomination Committee Report Pages 62 to 64	• Reviews the structure, size and composition of the Board and its Committees, and makes recommendations to the Board. Reviews diversity, talent development and succession planning.
Remuneration Committee Remuneration Committee Report Pages 65 to 87	• Responsible for all elements of the remuneration of the Executive Directors, the Chair and the Group Leadership Team. Also reviews workforce remuneration policies and practices.
Group Leadership Team	• Supports the CEO in the development and delivery of strategy. • Responsible for day-to-day management of the Group's operations.

To assist the Board in discharging its obligations relating to monitoring the existence of inside information and its disclosure, a Disclosure Committee has been established. The committee has a quorum of two, and current members are Kate Swann, David Keens, Nickyl Raithatha and Andy MacKinnon.

Corporate Governance statement

This statement explains key features of the Company's governance framework and how it complies with the UK Corporate Governance Code 2018.

Culture

The Board is responsible for setting the Group's purpose, values and strategy, which are set out in the Strategic Report at pages 16 to 17.

The Group has an entrepreneurial, high-performance, growth-oriented culture with high inclusivity. The Board recognises the contribution of this culture to the success of the business and is satisfied that it is aligned with the Company's purpose, values and strategy.

The Board monitors the culture of the Group through periodic updates provided from the People Director on people, culture, inclusivity and talent, through the regular attendance of members of the Group Leadership Team at Board meetings, and through the monitoring of metrics on culture, including the results of employee engagement surveys presented to the Board. No specific corrective action was requested of management during the year.

Workforce engagement

The Group has consistently raised employee engagement scores across the last three years and has set a goal to reach an engagement score of 72% consistent with the Culture Amp New Tech benchmark. This goal is embedded in the Group's ESG strategy (see pages 18 to 23). In the Group's latest employee survey, 87% of employees were proud to work for the Group, higher than the tech benchmark score of 86%. However, the Group's overall employee engagement score is below benchmark at 69%.

Workforce engagement is primarily the responsibility of the Executive Directors and Group Leadership Team. From a governance perspective, Susan Hooper has been designated as the Workforce Engagement Lead in accordance with the Code. To ensure that the Board has good visibility of the key operations of the business, members of the Group Leadership Team attend Board meetings regularly to provide updates on their specific areas of expertise and the execution of the Group's strategy. Various non-executive members of the Board also interacted with employees at ad hoc sessions during the year, including attendance at Q&A Sessions and at "All Hands" meetings.

Shareholder engagement

We conducted a comprehensive programme of investor and analyst meetings prior to Admission. Looking forward, the Board has defined an investor relations programme that aims to ensure both that existing and potential investors understand the Group's strategy and business, and that executive management are able to devote appropriate time to business leadership and shareholder value creation.

The Executive Directors will give formal presentations to investors and analysts on the half-year and full-year results (in July and December respectively), following which these updates will be posted on the Group's investor relations website and available to all shareholders. The results presentations will be followed by formal investor roadshows.

There is also an ongoing programme of meetings with investors, fund managers and analysts. These meetings cover a range of topics including strategy, performance and governance, with care taken to ensure that any price-sensitive information is released to all shareholders at the same time.

The Chair (or the Senior Independent NED) will engage directly with our major shareholders to discuss governance matters, performance against strategy and any material changes. The chair of the Remuneration Committee intends to consult with shareholders in relation to our Remuneration Policy.

The Board is kept informed of the views and opinions of shareholders and analysts. Directors receive regular updates from the CEO and the CFO, as well as share register analyses and market reports from the Company's corporate brokers, J.P. Morgan Cazenove.

Operation of the Board and advice for Directors

All Directors have the right to have any concerns about the operation of the Board recorded in the minutes. All Directors may seek independent professional advice in connection with their roles as Directors. All Directors have access to the advice and services of the Company Secretary at the expense of the Company.

Conflicts of interest

In accordance with the Company's Articles of Association, the Board has a formal system in place for Directors to declare conflicts of interest and for such conflicts to be considered for authorisation.

Any external appointments or other significant commitments of the Directors require the prior approval of the Board. Since Admission, Kate Swann has been appointed as Chair of Beijer Ref AB. The Board considered this and permitted the appointment, taking into account that she will soon step down as Chancellor of the University of Bradford.

None of the Executive Directors have any external directorships as at the date of this report. The Board is comfortable that external appointments of the Chair and the independent NEDs do not create any conflict of interest.

Corporate Governance statement continued

The Board remains confident that individual members will continue to devote sufficient time to undertake their responsibilities effectively.

Division of responsibilities

There is a clear division between executive and non-executive responsibilities. The roles of Chair and CEO are not held by the same person.

The division of role responsibilities between the Chair and the CEO is set out in a written statement that has been approved by the Board and is accessible at www.moonpig.group/investors

Chair	• Leads the Board and is responsible for the overall effectiveness of Board governance • Sets the Board's agenda, with emphasis on strategy, performance and value creation • Ensures good governance • Shapes the culture of the Board, promoting openness and debate
Chief Executive Officer	• Develops strategies, plans and objectives for proposing to the Board • Runs the Group on a day-to-day basis and implements the Board's decisions • Leads the organisation to ensure the delivery of the strategy agreed by the Board
Chief Financial Officer	• Provides strategic financial leadership of the Group and runs the finance function on a day-to-day basis • Runs the Group on a day-to-day basis and implements the Board's decisions
Senior Independent Director	• Acts as a sounding board for the Chair • Available to shareholders if they require contact both generally and when the normal channels of Chair, CEO or CFO are not appropriate • Leads the annual appraisal of the Chair's performance and the search for a new Chair, when necessary
Non-Executive Directors	• Demonstrate independence and impartiality (other than the Nominee Director) • Bring experience and special expertise to the Board • Constructively challenge the Executive Directors • Monitor the delivery of the strategy within the risk and control framework set by the Board • Monitor the integrity and effectiveness of the Group's financial reporting, internal controls and risk management systems
Company Secretary	• Responsible for advising the Board and assisting the Chair in all corporate governance matters

The Board's approach to section 172

The Code requires the Board to understand the views of the Company's key stakeholders and describe how their interests, and the matters set out in section 172 of the Companies Act 2006, have been considered in Board discussions and decision-making.

The Board's approach during FY21 to the matters set out in s.172 of the Act is summarised below. Our key stakeholder groups, the interests of these key stakeholders and the Board's approach to considering these interests are set out in the Strategic Report at pages 24 to 25.

s.172(1) of the Companies Act 2006	The Board's approach in FY21 since incorporation
(a) Long-term decision making The Board maintains oversight of the Group's performance, and reserves to itself specific matters for approval, including the strategic direction of the Group, M&A activity and entering into material contracts above set thresholds.	• The Board agreed the Group's strategy, which is set out in the Prospectus and at pages 16 to 17 of this Report. • The Board approved the Group's application for Admission to the Official List and the Main Market of the London Stock Exchange. • The Board approved the entering of the Group's five-year £195.0m Senior Facilities Agreement. • The Board implemented the Group's risk management framework (see pages 34 to 39) and considered the Group's principal risks. • The Board approved the Group's FY22 annual budget and three-year plan at the April 2021 Board Meeting.
(b) Interests of employees The success of the Group depends upon a highly skilled and motivated workforce, and an entrepreneurial and innovative culture, set within structures that provide fairness for all.	• The Board approved the Group's ESG strategy, which includes goals focused on increasing leadership representation of women and ethnic minorities and raising employee engagement (see pages 18 to 23). • The Board oversaw the Group's approach to employees during the Covid-19 pandemic, with emphasis upon their safety and wellbeing. No staff were made redundant as a consequence of Covid-19 and none were furloughed. • The Board approved an all-employee award under the Group's Share Incentive Plan in connection with the IPO. • The Board appointed Susan Hooper as Workforce Engagement Lead under Provision 5 of the Code.
(c) Fostering business relationships with suppliers, customers and others The Group works with a significant number and variety of customers, suppliers, providers and other third parties. It is of great importance that relations with those parties are appropriate.	• The Board received presentations on specific business areas from members of the Group Leadership Team. In each case, discussion includes the impact of the Group's activities upon customers, suppliers and partners. • The Board approved the inclusion within the Group's ESG Strategy of a goal to maintain a customer Net Promoter Score of at least 70%. • The Board considered and approved the Group's Anti-Bribery Policy and its Anti-Human Trafficking Policy.
(d) Impact of operations on the community and the environment The Group seeks to ensure that it provides a positive contribution to the communities in which it operates and to the environment.	• The Board approved the Group's ESG strategy, which includes goals focused on community and environmental impact (see pages 18 to 23). • The Board approved the creation of the Moonpig Group Foundation, which has been implemented via an account with the Charities Aid Foundation. • The Board approved charitable donations in FY21 totalling £678,000 (FY20: £214,000), including £300,000 donated to the Moonpig Group Foundation.

Corporate Governance statement continued

s.172(1) of the Companies Act 2006	The Board's approach in FY21 since incorporation
(e) Maintaining high standards of business conduct The Board sets the Group's purpose, values and strategy and satisfies itself that these are aligned with culture. It oversees the Group's risk management processes and internal control environment.	• Ahead of the IPO, the Board established a comprehensive corporate governance framework, which is summarised at page 47. • The Board has pursued full compliance with the Code from the point of Admission. • The Board has approved a range of policies and procedures which promote corporate responsibility and ethical behaviour. • Prior to Admission, the Company's external lawyers provided all Directors with training in respect of their legal, regulatory and governance duties, responsibilities and obligations. • The Board receives regular corporate governance updates.
(f) Acting fairly between members The Board aims to understand the views of shareholders and to always act in their best interests.	• Members of the Board spent considerable time engaging with the Group's new shareholders during the course of the IPO. • The Board intends to continue to engage with shareholders, including our new institutional shareholders, through the Chair, Senior Independent Director, CEO and CFO as appropriate. • Exponent has one representative on the Board (in addition to one Observer) who has been closely involved in Board decision making since appointment in January 2021. • A Relationship Agreement has been entered into with Exponent, further details of which are set out on page 52.

Composition, succession and evaluation

Board composition

At Admission, and at the date of this Annual Report, the Board comprised seven Directors: the Chair (who was independent on appointment), two Executive Directors, three Independent Non-Executive Directors and one Non-Executive Director (the "Nominee Director").

The Company regards each of the three Independent NEDs (i.e. excluding the Nominee Director) as "independent" within the meaning of the Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Accordingly, the Company complies with the Code recommendation that at least half the Board, excluding the Chair, should be independent.

The Code recommends that the Chair, on appointment, should meet such independence conditions. Notwithstanding her 0.7% shareholding in the Company immediately following Admission, her shareholding in a company formerly under common control with the Group and the £1.0m cash consideration in connection with her services in relation to preparing and bringing the Group to Admission, the Board considered that Kate Swann was independent on appointment as Chair of Moonpig when assessed against these conditions, taking into account her independence of character, judgement and ability to bring challenge.

The independence of all NEDs was reviewed at Admission and the outcome of this review was disclosed in the Prospectus. No matters have since come to light which the Board considers would adversely impact this assessment. The independence of the NEDs will be reassessed as part of the annual Board evaluation process.

Corporate Governance statement continued

Relationship Agreement

The Company and Exponent Private Equity Partners III (SPV), LP ("Exponent") have entered into a relationship agreement (the "Relationship Agreement") to ensure that the Company is capable at all times of carrying on its business independently of its former controlling shareholder and its associates. Under the Relationship Agreement:

- Nominee Director(s): Exponent has a right to nominate for appointment up to two Non-Executive Directors to the Board whilst its and its associates' shareholding in the Company are greater than or equal to 20% and to nominate for appointment one Non-Executive Director to the Board whilst its and its associates' shareholding in the Company are greater than or equal to 10%. The Nominee Director(s) are not considered to be independent within the meaning of the Code.
- Observer: Where Exponent holds more than 20% of the shares in the Company but has not exercised its right to appoint a second nominee director, Exponent may appoint one additional person to attend meetings of the Board, the Nomination Committee and the Remuneration Committee in a non-voting observer capacity.

Exponent appointed one Nominee Director at Admission, being Simon Davidson. It also nominated David McGovern to fulfil the Observer role. To date, no further Board nominations or appointments have been made under the Relationship Agreement.

Board and Committee meeting attendance

The membership of the Committees of the Board and attendance at Board and Committee meetings for FY21 are set out in the table below:

Attendance at meetings

Name[1,2]	Date of appointment (to the Board)	Board meetings[3]	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Kate Swann	10/01/2021	4/4	N/A	1/1	-/-
Nickyl Raithatha	23/12/2020	4/4	N/A	N/A	N/A
Andy MacKinnon	23/12/2020	4/4	N/A	N/A	N/A
David Keens	10/01/2021	4/4	1/1	1/1	-/-
Niall Wass	10/01/2021	4/4	1/1	1/1	-/-
Susan Hooper	10/01/2021	4/4	1/1	1/1	-/-
Simon Davidson	10/01/2021	4/4	N/A	N/A	N/A

1 The composition of the Board and its committees is shown as at 30 April 2021 and remains unchanged as at the date of this document.
2 The Disclosure Committee has been omitted from the above table as it meets only on an ad hoc basis, rather than on a scheduled basis. It did not meet during the period under review.
3 The attendance table reflects the number of Board meetings held from Admission on 5 February 2021 until 30 April 2021. The Board also met on a number of occasions prior to Admission.

Certain Board members previously served as directors of the predecessor ultimate holding company, namely Kate Swann (since 23 October 2019), Nickyl Raithatha (since 12 September 2019), Andy MacKinnon (since 12 September 2019) and Simon Davidson (since 5 October 2015).

Board activities in FY21

The Board makes decisions in order to ensure the long-term success of the Group whilst taking into consideration the interests of wider stakeholders as required under s172 of the Companies Act 2006. Board meetings are one of the mechanisms through which the Board discharges this duty. Further information about stakeholder engagement is included on pages 24 to 25.

Corporate Governance statement continued

The following table sets out some of the Board's key activities since the incorporation of Moonpig Group plc on 23 December 2020:

Strategy and operations

- Approved the IPO transaction
- Oversaw the Group's response to the 2021 Covid-19 lockdown
- Determined the Group's ESG strategy
- Oversaw a review of the Group's operations network strategy

Leadership and employees

- Appointed three new independent NEDs
- Agreed the Group's approach to workforce engagement
- Received an update on employee engagement

Finance and investor relations

- Approved the FY22 annual budget and three-year plan
- Approved the Group's February 2021 Trading Update announcement
- Approved audited financial statements for the year ended 30 April 2021
- Received reports and updates on investor relations activities

Business performance

- Reviewed strategic and operational performance
- Reviewed trading updates and financial performance against budget

Governance

- Approved the numerous procedures and controls needed to comply with the regulation and governance of a listed company
- Agreed the annual programme of business for the Board and each of the Committees

Corporate Governance statement continued

Election and re-election
The Company's Articles specify that a Director appointed by the Board must stand for election at the first AGM subsequent to such appointment and at each AGM thereafter every Director shall retire from office and seek re-election by shareholders. This is in line with the Code, which recommends that Directors should be subject to annual re-election. All Directors, having been appointed during the period under review, will stand for election at the Company's 2021 AGM.

Appointment, removal and tenure
The rules relating to the appointment and removal of Directors are set out in the Company's Articles of Association, as adopted on 22 January 2021 (the "Articles").

NEDs are appointed for a term of three years, subject to earlier termination, including provision for early termination by either the Company or by the individual on three months' notice. All NEDs serve on the basis of letters of appointment, which are available for inspection at the Company's registered office and at the AGM.

All Non-Executive Directors are required to devote sufficient time to meet their Board responsibilities and demonstrate commitment to their role. The time commitment of each NED was considered prior to their appointment to determine that it was appropriate. The letters of appointment for each NED specify the time commitment expected of them and contain an undertaking that they will have sufficient time to meet the expectations of their role.

The Board considers new external appointments in advance to determine that there is no conflict of interest, and that the Director would continue to have sufficient time to devote to his or her role with Moonpig Group. Since Admission, Kate Swann has been appointed as Chair of Beijer Ref AB. The Board considered this and permitted the appointment, taking into account that she will soon step down as Chancellor of the University of Bradford.

The Board is comfortable that the Directors' external directorships do not adversely affect the time that any Director devotes to the Company and believes that this experience enhances the capability of the Board.

Audit, risk and internal control
The Board accepts responsibility for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives and monitors and reviews the effectiveness of the Company's risk management and internal control systems. Further details can be found in the Audit Committee Report and in the Risk Management section of the Strategic Report. At a meeting on 1 February 2021 the Board performed a review of the Group's risk management strategy and internal control systems, ahead of Admission. On 23 July 2021 the Audit Committee completed its annual reassessment of risk management and internal control systems, and this was considered and approved by the Board.

Remuneration
The Annual Remuneration Report describes the policies and practices in place to ensure that the Group's leadership is motivated to deliver long-term sustainable growth. The work of the Remuneration Committee is set out later in this Governance section.

Kate Swann
Non-Executive Chair
27 July 2021

Audit Committee Report

> "The Audit Committee has monitored the integrity of financial reporting and the effectiveness of internal control in a year of significant and rapid change for the Group.

David Keens
Chair of the Audit Committee

Overview

- Comprises three independent Non-Executive Directors.
- David Keens is considered by the Board to have recent and relevant accounting experience. All members have relevant commercial and operating experience.
- One meeting was held during the three months from Admission to 30 April 2021.
- The CEO and CFO, other members of management, internal auditor and external auditors attend the meetings by invitation.
- Representatives of the external auditors attend all of the meetings of the Committee. The Committee members also meet for private discussions with the external auditors.

Progress in the three months between Admission and 30 April 2021

- Approving the audit plan and fee for the year ended 30 April 2021 following discussions with PricewaterhouseCoopers LLP.
- Appointing KPMG LLP to provide an outsourced internal audit function.
- Approval of a formal policy on procuring non-audit services.

Focus areas for FY22

- Oversee and scrutinise the preparation of the financial statements for the year ended 30 April 2021 and assess whether suitable accounting policies have been adopted.
- Discuss key areas of financial judgement.
- Review the performance of the external auditors, PricewaterhouseCoopers LLP.
- Review the inaugural internal audit plan proposed by the outsourced internal auditor, KPMG LLP.
- Assist the Board in its review of the effectiveness of the Group's systems of internal control and risk management methodology.
- Undertake a review of the Committee's performance since Admission, its composition and terms of reference.
- Review the effectiveness of the Group's whistleblowing procedures and make appropriate recommendations to the Board.

Committee member	Meetings attended
David Keens (SID and Chair of the Committee)	1/1
Susan Hooper (INED)	1/1
Niall Wass (INED)	1/1

For more information on the Committee's Terms of Reference visit https://www.moonpig.group/investors.

Audit Committee Report continued

Dear Shareholders,
I am pleased to present the Group's first Audit Committee report. This report provides a summary of the Committee's role and activities for the period from Admission on 5 February 2021 to the end of the financial period ended 30 April 2021 and sets out the work that the Committee has performed in respect of this Annual Report.

The Committee is comprised entirely of independent Non-Executive Directors. David Keens fulfils the requirement for a committee member to have recent and relevant financial experience, and all members (and therefore the Committee as a whole) have relevant business experience. The biographies of each member of the Committee are set out on pages 44 to 45.

The Committee's Terms of Reference include monitoring the integrity of the Group's financial reporting; effectiveness of the internal control and risk management framework; internal audit; and the independence and effectiveness of external audit. The internal audit function will be outsourced to KPMG LLP, who will provide the Group with specialist expertise in delivering a risk-based rolling review programme.

The Group's external auditors, PricewaterhouseCoopers LLP, attended the one Audit Committee meeting held during the period between Admission and 30 April 2021. The Chief Executive Officer, Chief Financial Officer and other members of management attended by invitation. Both PricewaterhouseCoopers LLP and the newly appointed internal auditor, KPMG LLP, will regularly attend future meetings.

During the year, the Group has undergone a restructuring exercise to execute a demerger from its former parent company, has completed a refinancing of senior debt facilities and has delivered an initial public offering. The Committee reviewed the impact of these changes and other significant accounting matters with appropriate challenge and debate. The Committee has reviewed the content in the Annual Report and considers that it explains the Group's strategic objectives and is fair, balanced and understandable.

Whilst this Audit Committee Report contains some of the matters addressed during the year, it should be read in conjunction with the external auditors' report starting on page 89 and the Moonpig Group plc financial statements in general.

At the 2021 AGM, shareholders will vote on the Board's recommendation to reappoint PricewaterhouseCoopers LLP as the Group's external auditors. During FY22, the Committee will carry out a review of the effectiveness and continued independence of PricewaterhouseCoopers LLP.

David Keens
Chair of the Audit Committee
27 July 2021

Audit Committee Report continued

Financial reporting

The primary role of the Committee in relation to financial reporting is to review and monitor the integrity of the financial statements, including annual and half-year reports, and any other formal announcement relating to the Group's financial performance.

In the preparation of the Group's FY21 financial statements, the Committee assessed the accounting principles and policies adopted, and whether management had made appropriate estimates and judgements.

In doing so, the Committee discussed management reports and enquired into judgements made. The Committee reviewed the reports prepared by the external auditors on the FY21 Annual Report.

The Committee, together with management, identified significant areas of financial statement risk and judgement as described below.

Description of Significant Area	Audit Committee Action
Revenue recognition Revenue recognition for the Group's revenue streams is not complex. However, this is an area of focus due to the large volume of transactions and as revenue is the largest figure in the income statement.	The Committee reviewed the assumptions and disclosure around revenue recognition made by management. Particular focus was placed upon revenue cut-off for cards sent by post, taking account of variation in the average delivery times of the regulated postal service providers during Covid-19 lockdown. These impact deferred revenue balances, as revenue is recognised at the point of delivery to the customer (or gifting recipient, where applicable). The Committee was satisfied with the explanations provided and conclusions reached in relation to revenue recognition.
Share-based payments The Company has a number of share-based payment arrangements, accounted for under IFRS 2. These require the use of valuation models and certain assumptions in determining their fair value at grant date and in the recognition of charges in the income statement.	The Committee reviewed the assumptions made by management with advice from FIT Remuneration Consultants (Refer to Directors' Remuneration Report on page 65 to 82). The Committee reviewed the relevant section within PricewaterhouseCoopers LLP's report into the calculation of the charge. The Committee in particular considered: • How the Company has accounted for the modifications to the vesting conditions for the Legacy Shares Scheme, which were implemented by the former parent undertaking in January 2021 to enable the Demerger; and • The valuation of Legacy Shares in the former parent undertaking at the point of Demerger in accordance with IFRS 2. The Committee is satisfied that the share-based payment accounting is appropriate and in accordance with accounting standards.
Restructuring of Moonpig Group plc In January 2021, ahead of the IPO, the Group separated from its former parent undertaking. This was completed through a series of reorganisation steps and included the drawdown of £175.0m of external debt. Subsequent to the successful IPO the Group has completed a number of steps to simplify legal entity structure.	The Committee reviewed the assumptions made by and challenged management in respect of the reorganisation and legal entity simplification and was satisfied that these were appropriately accounted for under IFRS. The Committee has satisfied itself that accounting for the Group reorganisation using common control merger accounting is appropriate.

Audit Committee Report continued

Description of Significant Area	Audit Committee Action
Alternative Performance Measures The Directors have included reference to a number of Alternative Performance Measures ("APMs") within the Annual Report, including Adjusted EBITDA, considering that these provide useful financial information in addition to those provided under IFRS.	The Committee considered the disclosures around APMs to satisfy itself that these are appropriate, including: • Whether definitions are clear. • Whether there is a clear reconciliation to IFRS measures. • Use of "adjusted" as the principal description for APMs in preference for terms such as "non-recurring" or "one-off". • Ensuring equal prominence of APMs and IFRS measures taken across the Annual Report as a whole.
Going concern and viability statement The Directors must satisfy themselves as to the Group's viability and confirm that they have a reasonable expectation that it will continue to operate and meet its liabilities as they fall due. The period over which the Directors have determined it is appropriate to assess the prospects of the Group has been defined as three years. In addition, the Directors must consider if the going concern assumption is appropriate.	The Committee reviewed management's schedules supporting the going concern assessment and viability statements. These included the Group's medium-term plan and cash flow forecasts for the period to April 2024. The Committee discussed with management the appropriateness of the three-year period and discussed the correlation with the Group's principal risks and uncertainties as disclosed on pages 36 to 39. The feasibility of mitigating actions and the potential speed of implementation to achieve any flexibility required were discussed. Scenarios covering events that could adversely impact the Group were considered. The Committee evaluated the conclusions over going concern and viability and the proposed disclosures in the financial statements and satisfied itself that the financial statements appropriately reflect the conclusions. For additional detail, please refer to the external auditor's report and the Strategic Report contained in this Annual Report.

Audit Committee Report continued

Fair, balanced and understandable

At the request of the Board, the Committee has reviewed the content of the 2021 Annual Report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee was provided with an early draft of the Annual Report and provided feedback on areas where further clarity or information was required in order to provide a complete picture of the Group's performance. The final draft was then presented to the Audit Committee for review before being recommended for approval by the Board. When forming its opinion, the Committee reflected on discussions held during the year and reports received from the internal auditor and external auditors, and considered the following:

Key Considerations

Is the report fair?	• Is a complete picture presented and has any sensitive material been omitted that should have been included? • Are key messages in the narrative aligned with the KPIs and are they reflected in the financial reporting? • Are the revenue streams described in the narrative consistent with those used for financial reporting in the financial statements?
Is the report balanced?	• Is there a good level of consistency between the reports in the front and the reporting in the back of the Annual Report? • Do you get the same messages when reading the front end and the back end independently? • Is there an appropriate balance between statutory and adjusted measures and are any adjustments explained clearly with appropriate prominence? • Are the key judgements referred to in the narrative reporting and significant issues reported in the Report of the Audit Committee consistent with disclosures of key estimation uncertainties and critical judgements set out in the financial statements? • How do these compare with the risks that PricewaterhouseCoopers LLP include in their report?
Is the report understandable?	• Is there a clear and cohesive framework for the Annual Report? • Are the important messages highlighted and appropriately themed throughout the document? • Is the report written in accessible language and are the messages clearly drawn out?

Following the Committee's review, the Directors confirm that, in their opinion, the FY21 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Risk management and internal control

The Committee's responsibilities include assisting the Board in its oversight of risk management within the Group. This includes:

- advising the Board on the overall risk appetite, tolerance, strategy and culture;
- overseeing and advising the Board on the current risk exposures and future risk strategy;
- overseeing compliance with relevant legal and regulatory requirements;
- reviewing annually the effectiveness of the Group's internal control framework;
- reviewing reports from the external auditors on any issues identified in the course of their work, including any internal control reports received on control weaknesses, and ensuring that there are appropriate responses, from management; and
- in subsequent periods receiving reports from the Group's outsourced internal audit function and ensuring recommendations are implemented where appropriate.

Audit Committee Report continued

The Group has internal controls and risk management systems in place in relation to its financial reporting processes and preparation of consolidated accounts. These systems include policies and procedures to ensure that adequate accounting records are maintained and that transactions are recorded accurately and fairly to permit the preparation of financial statements in accordance with IFRS. The internal control systems include the elements described below.

Element	Approach and Basis for Assurance
Risk management	Whilst risk management is a matter for the Board as a whole, the day-to-day management of the Group's key risks resides with the Group Leadership Team ('GLT') and is documented in a risk register. A review and update of the risk register will be undertaken twice a year and reviewed by the Board. The management of identified risks is delegated to the GLT, and regular updates are given to executive management at monthly meetings.
Financial reporting	Group consolidation is performed on a monthly basis with a month-end pack produced that includes an income statement, balance sheet, cash flow and detailed analysis. The month-end pack also includes KPIs, which are reviewed each month by the GLT and the Board. Results are compared against the Budget or Reforecast and narrative provided by management to explain significant variances.
Budgeting and reforecasting	An annual Budget is produced and monthly results are reported against this. A quarterly Reforecast is also produced to identify how the Group is performing over the balance of the year versus the original Budget. The Budget is prepared using a bottom-up approach, informed by a high-level assessment of market and economic conditions. Reviews are performed by the GLT and the Board. The Budget is approved by the Board.
Delegation of authority and approval limits	A documented structure of delegated authorities and approval for transactions is maintained outside the Board's Terms of Reference. This is reviewed regularly by management to ensure it remains appropriate for the business.
Segregation of duties	Procedures are defined to segregate duties over significant transactions, including procurement, payments to suppliers and payroll. Key reconciliations are prepared and reviewed on a monthly basis to ensure accurate reporting.

Internal audit
The Committee has undertaken a review of internal audit providers, with the decision made by the Committee to appoint KPMG LLP as the Group's outsourced internal audit function. They are accountable to the Audit Committee and use a risk-based approach to provide independent assurance over the adequacy and effectiveness of the control environment. The internal audit plan for FY22 will be approved by the Audit Committee during the first half of FY22 with work commencing during the second half of the year. It will cover a broad range of core financial and operational processes and controls, focusing on specific risk areas. The Committee will review KPMG LLP's performance annually as internal auditor.

External auditors
One of the Committee's roles is to oversee the relationship with the external auditors, PricewaterhouseCoopers LLP, and to evaluate the effectiveness of the service provided and their ongoing independence. Due to the short period between Admission to listing and the publication of this report, a formal evaluation of the performance and effectiveness of the external auditors has not fallen due to be carried out. A statement will be included in the FY22 annual report detailing the upcoming review of PricewaterhouseCoopers LLP. The recommendation to reappoint PricewaterhouseCoopers LLP in the future will depend on continuing satisfactory performance and value for money.

The Committee reviewed PricewaterhouseCoopers LLP's findings in respect of the audit of the financial statements for the year ended 30 April 2021. The Committee met with representatives from PricewaterhouseCoopers LLP without management present and with management without representatives of PricewaterhouseCoopers LLP present, to ensure that there were no issues in the relationship between management and the external auditors which it should address. There were none. The year ended 30 April 2021 is the first year for which Christopher Richmond will sign the auditors' report as senior statutory auditor. The Committee has reviewed, and is satisfied with, the independence of PricewaterhouseCoopers LLP as the external auditors.

Audit Committee Report continued

Non-audit services provided by the external auditor

The external auditors are primarily engaged to carry out statutory audit work. There may be other services where the external auditors are considered to be the most suitable supplier by reference to their skills and experience. A policy is in place for the provision of non-audit services by the external auditors, to ensure that the provision of such services does not impair the external auditors' independence or objectivity, in accordance with the FRC Ethical and Auditing Standards.

Service	Policy
Audit-related services For example, the review of interim financial statements, compliance certificates and reports to regulators.	The half-year Review, an assurance-related non-audit service, is approved as part of the Audit Committee approval of the external audit plan. All permitted non-audit services require approval in advance by either the Audit Committee Chair, the Audit Committee or the Board, subject to the cap of 70% of the fees paid for the audit in the last three consecutive financial years.
Permissible services Permissible services are detailed in the FRC's whitelist of Permitted Audit-Related and Non-Audit Services. Any Audit-Related Service or Non-Audit Related Service which is not on the list cannot be provided by the External Auditor.	Permissible in accordance with the FRC Revised Ethical Standard 2019.

During the year, PricewaterhouseCoopers LLP charged the Group £3.0m for audit-related assurance services. This figure includes assurance services regarding due diligence and Admission totalling £2.5m, which will not be repeated in the future.

In addition, the Group incurred a total of £0.1m for non-audit-related services, in respect of taxation compliance services and taxation advisory services. Prior to 7 January 2021, Moonpig Group was part of a wider private group which used PricewaterhouseCoopers LLP for taxation services. The procuring of such non-audit services ceased immediately upon it becoming clear that the Group was to pursue becoming a listed entity.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 ("the Order")

PricewaterhouseCoopers LLP was first appointed as statutory auditors of the Company on 18 January 2021, following its incorporation. PricewaterhouseCoopers LLP has continuously audited Moonpig.com Limited and its former ultimate parent undertaking since (and including) the year ended 30 April 2017.

The Order did not apply to the Company during the financial year under review, but has applied since June 2021, when Moonpig Group plc entered the FTSE 350 index. The Company confirms its compliance with the Order and intends to provide further information on its approach to retender of the audit in the Annual Report and Accounts of the Company for the year ending 30 April 2022. Any recommendation by the Audit Committee in relation to the (re-) appointment of the statutory auditors will take account of the statutory auditors' skills, experience and performance, and the value for money offered.

David Keens
Chair of the Audit Committee
27 July 2021

Nomination Committee Report

"The Group appointed three independent Non-Executive Directors in FY21, ensuring that the composition of the Board was compliant with the Code from Admission.

Kate Swann
Chair of the Nomination Committee

Overview

- Comprises the Chair of the Board and three independent Non-Executive Directors.
- All members have relevant commercial and operating experience.
- The Committee's first meeting following Admission was held in July 2021, subsequent to the financial year-end.
- Meetings are attended by the CEO and other relevant attendees by invitation.

Progress since Incorporation

- Appointment of the Senior NED and two further Independent NEDs.
- The Board's composition has been compliant with the Code from Admission.
- The Group has committed to meet the Hampton-Alexander target for 33% female Board representation by the 2022 AGM.

Focus areas for FY22

- Move to full compliance with the Hampton-Alexander target for Board representation of women.
- Succession planning for the Board and the Group Leadership Team.
- Perform the first annual evaluation of the Board.
- Undertake an evaluation of Board skills and perform succession planning.
- Undertake the first annual review of the composition of the Board Committees to ensure they remain appropriately equipped to promote the success of the Company and its stakeholders.

Committee member	Meetings attended
Kate Swann (Chair of the Board and Chair of the Committee)	0/0
David Keens (SID)	0/0
Susan Hooper (INED)	0/0
Niall Wass (INED)	0/0

For more information on the Committee's Terms of Reference visit https://www.moonpig.group/investors.

Nomination Committee Report continued

Dear Shareholders,
I am pleased to present Moonpig Group's first Nomination Committee Report, covering the period from Admission on 5 February 2021 until 30 April 2021.

The Nomination Committee comprises Kate Swann (Chair of the Board and of the Committee) and three independent Non-Executive Directors: David Keens, Niall Wass and Susan Hooper. The biographies of each member of the Committee are set out on pages 44 to 45.

The Committee's Terms of Reference include regular review of the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and its Committees, leading the process for new appointments to the Board, ensuring orderly succession planning to both the Board and Group Leadership Team positions, supporting the development of a representative pipeline for succession and ensuring that there is a rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors.

As the Nomination Committee was only formed in February 2021, there were no meetings during the reporting period. The Committee will henceforth meet at least twice each year.

Inclusivity
The Committee regards breadth of Board representation as a key area of focus. At its inaugural meeting held on 23 July 2021, the Committee approved a Board Diversity Policy which adopts the Hampton-Alexander target for 33% representation of women on the Board and commits the Company to meeting this target by the time of the 2022 AGM. At the date of this report, the Board has 29% female representation.

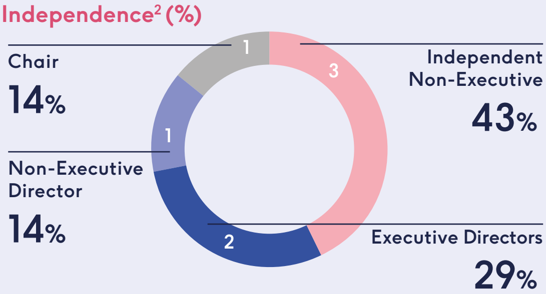
The Board Diversity Policy also adopts the recommendations of the Parker Review, committing that the Board should include one or more Directors from a diverse ethnic background (as defined by the Parker Review) by 2024. The Company currently meets the target, as it includes one Director from a diverse ethnic background.

The Committee wants to see increased breadth of representation within the leadership pipeline below Board level. Consistent with this, the Group's ESG Strategy (pages 18 to 23) commits the Group to increase the combined representation of women and ethnic minorities in the Group's Extended Leadership Team (comprising the Group Leadership Team and its direct reports) from 44% currently to at least 50% by 2025.

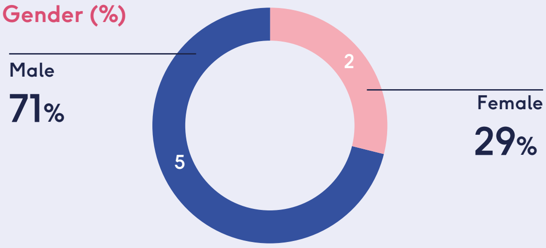
When considering Board appointments and hiring or promoting to leadership positions, the Group will continue to take account of its diversity targets, while seeking to ensure that each post is offered on merit against objective criteria to the best available candidate.

Board Composition[1]

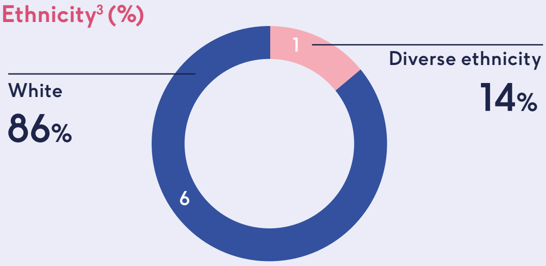
Independence[2] (%)



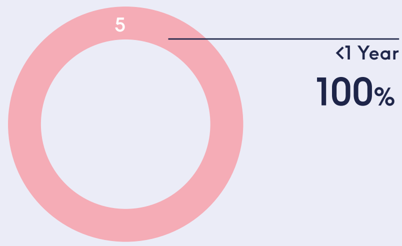
Gender (%)



Ethnicity[3] (%)



Tenure – Non-Executive Directors[4,5] (%)



Notes
1 The composition of the Board is shown as at 30 April 2021. There have been no changes since the year end.
2 Excludes the Chair of the Board.
3 Diverse ethnicity refers to individuals who identify as or have evident heritage from African, Asian, Middle Eastern and Central and South American regions, as defined by the Parker Report.
4 Kate Swann has served as a director of the predecessor ultimate holding company since 23 October 2019.
5 Simon Davidson has served as a director of the predecessor ultimate holding company since 5 October 2015.

Nomination Committee Report continued

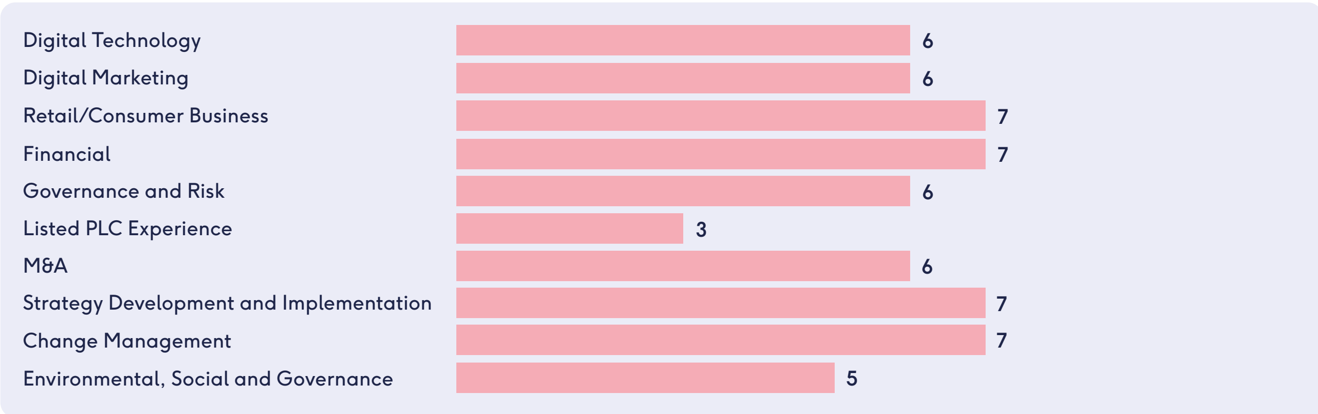
Appointments to the Board

During November 2020, as part of the IPO process, the Group appointed Russell Reynolds to advise on the process to appoint the Senior Independent Director and two further Independent NEDs. Russell Reynolds are accredited for the FTSE 350 category of the Enhanced Voluntary Code of Conduct for Executive Search Firms, which specifically acknowledges those firms with a strong track record in and promotion of gender representation. Russell Reynolds have no other connection with the Company or any individual Director. The search process concentrated on independence, diversity and ensuring a combination of skills including listed company and committee experience to complement the existing members of the Board.

In the year ahead, the Committee will review whether a further independent NED appointment would be appropriate, taking into account the Group's commitment to meet the Hampton-Alexander target at Board level.

Skills evaluation

The Board is satisfied that it has the appropriate range of skills, experience, independence and knowledge of the Group to enable it to effectively discharge its duties and responsibilities. The matrix below details some of the key skills and experience that the Board has identified as valuable to the effective oversight of the Group and execution of its strategy:



Induction and training

Prior to Admission, the Company's external lawyers provided all Directors with training in respect of their legal, regulatory and governance duties, responsibilities and obligations. All Directors who had not previously worked with the Group then participated in a range of meetings with members of the Group Leadership Team to familiarise them with the business and its strategy and goals. Equivalent arrangements will be put in place for future Board appointments.

Board meetings generally include one or more presentations from senior management on areas of strategic focus. Specific business-related presentations are given to the Board by senior management and external advisors when appropriate.

A regulatory update is a standing item at most Board meetings. Additional training is available on request, where appropriate, so that Directors can update their skills and knowledge as applicable.

Board evaluation

In view of the fact that Moonpig Group plc was only incorporated on 23 December 2020, the first annual evaluation of the operation and effectiveness of the Board, its committees and individual Directors has not yet fallen due and will take place during FY22. The Board intends to comply with the Code recommendation that an externally facilitated evaluation should take place at least every three years.

Election and re-election of Directors

In accordance with the Code, all Directors will offer themselves for election by shareholders at the AGM. Both the Committee and the Board are satisfied that all Directors continue to be effective in, and demonstrate commitment to, their respective roles on the Board and that each makes a valuable contribution to the leadership of the Company.

The Board therefore recommends that shareholders approve the resolutions to be proposed at the 2021 AGM relating to the election of the Directors.

Kate Swann
Chair of the Nomination Committee
27 July 2021

Directors' Remuneration Report

> **The new remuneration arrangements put in place at Admission comply with best practice and are aligned with the long-term interests of shareholders.**

Susan Hooper
Chair of the Remuneration Committee

Overview

- Comprises three independent Non-Executive Directors and the Chair of the Board.
- All members have relevant commercial and operating experience. The Chair of the Committee has previous experience serving on and chairing the Remuneration Committees of other listed businesses.
- One meeting was held in FY21, during the three-month period following Admission. The Committee's second meeting was held in July 2021.
- The CEO, the CFO and third-party remuneration consultants attend certain meetings by invitation.
- No individual takes part in any decision in relation to his or her own remuneration.

Progress in the three months since Admission to 30 April 2021

- The appointment of remuneration advisors to the Remuneration Committee.
- The approval of the Directors' Remuneration Policy (the "Policy") that will be subject to a vote at the 2021 AGM.
- Determination of FY21 bonus outcomes.
- Approval of the all-employee SAYE scheme.
- Approval of FY22 bonus weightings, targets and measures applicable for the Executive Directors and Group Leadership Team (which operates similarly to that of the wider workforce).

Focus areas for FY22

- Review ongoing implementation of the Policy to ensure it operates as intended.
- Monitor developments in best practice.
- Undertake a review of the Committee's performance since IPO, its composition and terms of reference.

Committee member	Meetings attended
Susan Hooper (INED and Chair of the Committee)	1/1
Kate Swann (Chair of the Board)	1/1
David Keens (SID)	1/1
Niall Wass (INED)	1/1

Advisors

The Committee appointed FIT Remuneration Consultants LLP ("FIT") as their independent advisor following a competitive tender process. FIT advised on all aspects of the Policy and practice and reviewed remuneration structures against corporate governance requirements. FIT is a member of the Remuneration Consultants' Group and complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. FIT carries out no other work for Moonpig or its subsidiaries. The Remuneration Committee is satisfied that the advice is objective taking into account that during the year FIT was paid time-based fees of £130,000.

For more information on the Committee's Terms of Reference visit https://www.moonpig.group/investors.

Directors' Remuneration Report continued

Dear Shareholders,
I am pleased to present Moonpig Group's first Directors' Remuneration Report as a listed company covering the period from Incorporation on 23 December 2020 until 30 April 2021.

The Directors' Remuneration Report[1] as approved by the Board comprises three sections:

- This statement being my annual report on the activities of the Remuneration Committee during the year;
- The Directors' Remuneration Policy (the "Policy") which explains how Directors will be paid from IPO and will be subject to a binding vote at the 2021 AGM; and
- The Annual Report on Remuneration (i.e. all aspects of the Report other than the Policy including this statement), which explains how the Directors have been rewarded in the period from the IPO to the end of the financial year and will be subject to an advisory vote at the 2021 AGM.

Committee composition
The Remuneration Committee comprises the three Non-Executive Directors, namely Susan Hooper (Chair of the Committee), David Keens and Niall Wass, together with the Company Chair Kate Swann. The biographies of each member of the Committee are set out on pages 44 to 45.

Context of remuneration
On 5 February 2021, the Company was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's Main Market for listed securities. It became a constituent of the FTSE 250 in June 2021.

With effect from the IPO, new remuneration arrangements were introduced for the Executive Directors which reflect a broadly market median position and comply with all material elements of good practice and are the Group's "go forward" executive remuneration arrangements. It is these arrangements on which approval for the Policy is being sought at the AGM.

Prior to this, remuneration was designed under private equity ownership; the arrangements were reasonably typical of that market and appropriate in that context. The Company now operates in a new environment and the Remuneration Committee will apply the Policy in a listed company context.

There are four legacy incentive arrangements which were adopted at various times by the then-shareholders which do not form part of post-IPO remuneration and two of which will not be reported in the single figure table, but which are summarised for completeness. The fourth involves payments to be made in 2023 and 2024 is expected to be reported in the Directors' Remuneration Report for the year ending April 2023. These comprise:

- As is common in a private equity environment, the Executive Directors and the Chair were able to make personal investments in equity. Most of these shares are fully vested although the CEO and CFO hold 1,170,000 and 520,000 shares respectively which could be forfeited if they resign before 24 December 2022. In addition, they received shares in another unlisted company that was under common control with Moonpig prior to the demerger from Horizon Group on 7 January 2021.
- Payment of cash bonuses to certain individuals, including, pre-IPO, a payment to the Company Chair who subsequently has personally donated £250,000 to charity.
- Consistent with the Company's wider values, shares were awarded to all-employees across the Group worth, depending upon length of service, between £500-£1,500 for each employee. No costs were incurred by employees to acquire the shares. We are proud to have made every employee a shareholder from the outset.
- Reflecting the closing of those arrangements and understandings between the shareholder and management prior to IPO, the then-shareholders allocated a pool of cash and shares to recognise contribution to the IPO and the importance of maintaining the Company's growth trajectory. The CEO and CFO participated in this along with other members of management and, dependent upon achieving growth targets linked to revenue and Adjusted EBITDA over the period to 30 April 2023, additional cash and share payments will become due in 2023 and 2024.

As each of these elements reflect pre-IPO pay, their terms were set out in the Prospectus in detail together with the likely accounting implications and payment terms. These were also shared with the various analysts to ensure that they fully understood them and reflected them in the initial value of the shares from IPO as they do not form part of ongoing post-IPO pay. However, those elements with performance and/or service contingencies clearly help with initial incentivisation and retention.

Covid-19
Various institutional shareholder guidelines indicate that shareholders wish this report to include a summary of the impact of the pandemic on the business and on remuneration. Whilst the pandemic clearly had an impact across society, it has had no adverse financial effect on the Company, indeed consolidated revenues grew by 112.7% year-on-year and management has accelerated the Company's performance ahead of that of its peers. During the year, no staff were made redundant as a consequence of Covid-19, none were furloughed and no state aid or equivalent loans were taken.

The safety and well-being of the Group's people has been its priority during the pandemic. The Group has adapted quickly and kept delivering to its customers by supporting its employees in Covid-19 safe environments with the ability to work from home where feasible. Through the period from 23 March 2020 to 30 April 2021, the Group onboarded 134 people to the team while working remotely.

In that context, the Company's remuneration arrangements were not impacted.

1 The Directors' Remuneration Report (pages 65 to 82) that follows has been prepared in accordance with the Listing Rules, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Companies Act 2006.

Directors' Remuneration Report continued

The Group's employees are critical to the development of the business and it is an important component of the Group's remuneration approach that they are able to share in the success of the business. At Admission, the Group launched a Share Incentive Plan which allowed all eligible employees to receive an award of between £500 and £1,500 worth of free shares (including broadly equivalent awards to colleagues in Guernsey and the Netherlands), based on the Offer Price.

The Committee is made aware of pay and employment conditions throughout the Group and is mindful of this when making decisions on executive pay. It also is responsible for reviewing wider all-employee pay.

Performance and reward for FY21

Annual bonus

The annual bonus was set prior to the Company's IPO, subject only to re-expressing the same targets on a consolidated basis rather than as targets for each Segment (which has not affected the achievement and simply assists understanding). The FY21 annual bonus was subject to stretching revenue and Adjusted EBITDA measures for 75% of the bonus opportunity as well additional strategic measures (primarily linked to delivery of the IPO) for 25% of the bonus opportunity. The financial results significantly exceeded both of the stretch targets while the strategic measures were assessed as fully met based on delivery of the financial results in a sustainable way while delivering the IPO.

This financial and operational performance in FY21 resulted in an annual bonus for the Chief Executive of 100% of his maximum opportunity. The annual bonus for the Chief Financial Officer is also 100% of his maximum opportunity. The Committee believes these outcomes are appropriate in light of the Company and individual performance delivered in the year.

Legacy incentives

There are various historical awards over equity in Horizon Group that were originally in place prior to the demerger of Moonpig Group – these awards were converted into separate shares in Moonpig Group and in Horizon Group Holdco Limited. In addition, cash payments were payable to certain managers at the IPO. Similarly, one-off pre-IPO awards were granted to various key managers, including the two Executive Directors across an aggregate pool of £18.5m of which 50% of the awards would be settled in cash and 50% in shares (based on the Offer Price) subject to the achievement of stretching performance measures linked to the year ending 30 April 2023 (which, while not part of the ongoing post-IPO policy, will be fully reported in this and future remuneration reports (see pages 78 to 82)).

Directors' Remuneration Policy

As a newly listed company, the FY21 Directors' Remuneration Policy set out on pages 68 to 77 is the first Policy presented to shareholders for approval at the 2021 AGM.

In anticipation of an IPO, a comprehensive review of existing remuneration arrangements was undertaken to ensure the Policy is suitable for a UK Main Market company with a premium listing, complies with the provisions of the UK Corporate Governance Code and aligns with investor expectations more generally.

The Policy includes standard best practice features such as:

- Pension alignment with the wider workforce with effect from 1 May 2021.
- Annual bonus deferral for at least 33% of the bonus outcome.
- A two-year post-vesting holding period for LTIP awards.
- Shareholding guidelines which continue to apply in full for a period of two years post-cessation.
- Comprehensive malus and clawback provisions.

The Policy is designed to support the strategy of the business and recognises the Group's performance-oriented culture. The variable components of pay are focused on the delivery of financial results as well as value created for shareholders.

The FY21 Policy is intended to operate for a three-year period from the 2021 AGM. The Committee believes that the proposed approach to remuneration will support the delivery of the Company's key objectives during its initial years as a public company.

Implementing the Policy for FY22

The base salaries for the Executive Directors were set at IPO at £580,000 for the CEO and £375,000 for the CFO. There will be no increases for FY22. More broadly, employee pay increases across the Group for FY22 averaged 4.7%.

Bonus arrangements will operate in line with the proposed Policy, by which the maximum will be 150% of salary, with 33% subject to deferral. The bonus will be assessed against a combination of revenue, Adjusted EBITDA and non-financial objectives which are set out on page 78.

LTIP awards were granted to the Executive Directors at IPO, with awards of 200% and 150% of salary to the CEO and CFO respectively. These are subject to stretching Adjusted EBITDA (which, as explained in the Prospectus, have been re-expressed as pre-tax EPS) and relative TSR performance measures which are set out on page 81. No further LTIP awards are proposed to be granted in FY22.

Conclusions

FY21 was an extraordinary year in which the Group delivered outstanding performance and therefore the reward outturns for the Executive Directors are considered appropriate without the exercise of any discretion. The Policy proposed for shareholder approval is considered to underpin the Group's strategy, reflect the market environment, and provide a strong support for ensuring the focus of the leaders is on the continued long-term, sustainable success of the business.

We look forward to engaging with shareholders and other stakeholders on an ongoing basis. I would welcome any feedback or comments on the Directors' Remuneration Report more generally.

Susan Hooper
Chair of the Remuneration Committee
27 July 2021

Remuneration Policy

This Directors' Remuneration Policy (on pages 68 to 77 of this Report) is submitted for approval at the 2021 Annual General Meeting ("AGM"). The Remuneration Committee intends that the new Policy will operate for three years.

The Policy was reviewed and approved by the Remuneration Committee. As part of the process, input was collected from management and external advisers. The members of the Committee bring their experience to bear and seek independent advice without management present to ensure that decisions are reached objectively and without inappropriate influence. No person participates in decision relating to their personal remuneration.

Objectives of the Policy

The proposed Directors' Remuneration Policy, effective from the date of the 2021 AGM, has been designed to meet the following objectives:

Clarity

- The Policy is designed to be simple and support long-term, sustainable performance.
- The Policy is in line with standard UK listed company practice and is well understood by participants and shareholders alike.
- The Policy clearly sets out the limits in terms of quantum, the performance measures which can be used and discretions which could be applied if appropriate.

Simplicity

- The Group's arrangements include a market standard annual bonus and a single long-term incentive plan.
- The details of each are clearly set out in the Policy.
- There are no complex or artificial structures required to deliver the Policy.

Risk

- Appropriate limits are set out in the Policy and within the respective plan rules.
- The Committee retains discretions to override formulaic outturns.
- When considering performance measures and target ranges, the Committee will take account of the associated risks and liaise with the Audit Committee as necessary.
- The long-term nature of a large proportion of pay (through annual bonus deferral, post-vesting holding periods and post-cessation shareholding requirements) encourages a long-term, sustainable mindset.
- Clawback and malus provisions are in place across all incentive plans.

Predictability

- The Policy contains appropriate caps in place for each component of pay.
- The potential reward outcomes are easily quantifiable and are set out in the illustrations provided in the Policy.
- Performance can be reviewed at regular intervals to ensure there are no surprises in outcomes at the end of the performance period.

Proportionality

- Incentive outcomes are contingent on successfully meeting stretching performance targets which are aligned to the delivery of the Company's strategy.
- The Committee retains discretions to override formulaic outturns.

Alignment to culture

- The Policy encourages performance delivery which is aligned to the culture within the business. However, this performance focus is always considered within an acceptable risk profile.
- The measures used in the variable incentive plans reflect the KPIs of the business.

Directors' Remuneration Report continued

Remuneration Policy for Executive Directors

The following table summarises each element of the Remuneration Policy for the Executive Directors, explaining how each element operates and links to the corporate strategy.

Base Salary

Purpose	• To recruit and retain high-calibre Executive Directors. • Recognise knowledge, skills and experience as well as reflect the scope and size of the role.
Operation	• Normally reviewed annually, with any changes usually effective from 1 May. An out-of-cycle review may be conducted if the Committee determines it is appropriate. • When setting base salaries, the Committee takes into account a number of factors including (but not limited to) skills and experience of the individual, the size, scope and complexity of the role, salary increases across the Group as well as salary levels for comparable roles in other similarly sized companies.
Maximum potential value	• There is no maximum salary level. • Salary increases are normally considered in relation to the wider salary increases across the Group. • Above workforce increases may be necessary in certain circumstances such as when there has been a change in role or responsibility or where an Executive Director has been appointed to the Board on an initial salary which is lower than the desired market positioning. • The current base salaries for the Executive Directors are set out on page 78.
Performance metrics	• Individual performance, as well as the performance of the Group, is taken into consideration as part of the annual review process.

Pension

Purpose	• To provide cost-effective retirement benefits.
Operation	• The Executive Directors each currently receive a cash allowance in lieu of pension contribution. • Pension allowances are normally paid monthly and are not bonusable.
Maximum potential value	• The cash allowances in lieu of pension contribution are capped at the rate of the wider workforce (currently 5% of base salary). • This applies to both current and any future Executive Director.
Performance metrics	• Not applicable.

Directors' Remuneration Report continued

Benefits

Purpose	• To provide competitive, cost-effective benefits which helps to recruit and retain Executive Directors.
Operation	• Benefits may include insurances such as life, medical and dental and other benefits provided more widely across the Group from time to time. • Other benefits, such as relocation expenses or expatriate arrangements, may be provided as necessary. • Reasonable business-related expenses (including any tax thereon) will be reimbursed.
Maximum potential value	• There is no specific maximum although it is not expected to exceed a normal market level. • The value of benefits will vary based on the cost to the Company of providing the benefits.
Performance metrics	• Not applicable.

Annual Bonus

Purpose	• To incentivise and reward for the delivery of annual corporate targets aligned to the business strategy. • To align with shareholders' and wider stakeholders' interests.
Operation	• The Annual Bonus is subject to performance measures and objectives set by the Committee for the financial year. • At the end of the performance period the Committee assesses the extent to which the performance targets have been achieved and approves the final outcome. • At least 33% of any bonus earned will be deferred in shares, normally for three years under the Deferred Share Bonus Plan ("DSBP") in respect of which dividend equivalents may apply to the extent such deferred awards vest. • Malus and clawback provisions apply as set out on page 73. • Bonus awards are non-pensionable and are payable at the Committee's discretion.
Maximum potential value	• The annual bonus policy maximum is 150% of base salary. • The target annual bonus opportunity is normally set at 50% of the maximum. • The threshold annual bonus opportunity is up to 25% of the maximum. If the threshold level is not achieved, no payment will arise.
Performance metrics	• The Committee will determine the relevant measures and targets each year taking into account the key strategic objectives at that time. • Performance measures may include financial, strategic, operational, ESG and/or personal objectives. • At least 70% of the bonus will be linked to financial measures. • The Committee sets targets that are challenging, yet realistic in the context of the business environment at the time and by reference to internal business plans and external consensus. Targets are set to ensure there is an appropriate level of stretch associated with achieving the top end of the range but without encouraging inappropriate risk taking. • The performance measures for FY22 are set out on page 78.

Directors' Remuneration Report continued

Long-Term Incentives

Purpose	• To incentivise and reward for the delivery of long-term performance and shareholder value creation. • To align with shareholders' interests and to foster a long-term mindset.
Operation	• An annual award of performance shares under the LTIP which normally vest after a period of not less than three years, and subject to continued employment and the achievement of performance conditions. • Vested awards are subject to a further holding period applying at least until the fifth anniversary of grant during which they may not ordinarily be sold (other than to pay relevant tax liabilities due). • Dividend equivalents may accrue over the period from grant until the later of vesting and the expiry of any holding period. • Malus and clawback provisions apply as set out on page 73.
Maximum potential value	• The maximum annual award is 200% of salary. • The Committee expects to normally grant annual awards of 200% of salary to the Chief Executive and 150% of salary to any other Executive Director. • The proportion of the award which may vest for threshold performance will be no more than 25% of the maximum award. If the threshold level is not achieved, no payment will arise.
Performance metrics	• Performance conditions, weightings and target ranges will be determined prior to grant each year to align with the Company's longer-term strategic priorities at that time. • The measures which may be considered include financial and shareholder value metrics as well as strategic, non-financial measures. In normal circumstances financial measures will make up the majority of the annual bonus. • Details of the measures applicable for awards granted in relation to FY22 are set out on page 78.

All Employee Share Plans

Purpose	• To encourage wider share ownership across all employees, including the Executive Directors. • To align with shareholders' interests and to foster a long-term mindset.
Operation	• Executive Directors may participate in all employee schemes on the same basis as other eligible employees. • This includes the 2021 Share Incentive Plan ("SIP"), in accordance with which an all-employee share award was made at the time of the IPO, and the 2022 Save As You Earn ("SAYE") which the Board approved in FY21 and is to be launched during FY22. • Both plans have standard terms, which are HMRC approved and allow participants to either purchase or be granted shares (under the SIP) or enter into a savings contract to purchase shares (under either or both of the SAYE or SIP) in a tax-efficient manner.
Maximum potential value	• Limits are in line with those set by HMRC.
Performance metrics	• Not applicable.

Directors' Remuneration Report continued

Shareholding Requirements

Purpose	• To align with shareholders' interests and to foster a long-term mindset.
Operation	• Executive Directors will normally be expected to retain shares, net of sales to settle tax, until they have met the required shareholding. • Progress towards the guideline will be reviewed by the Committee on an annual basis. • In addition, Executive Directors are expected to hold shares after cessation of employment to the full value of the shareholding requirement (or the existing shareholding if lower at the time) for a period of two years.
Maximum potential value	• The shareholding requirement for Executive Directors is 200% of base salary.
Performance metrics	• Not applicable.

Fees policy for Chair and Non-Executive Directors (the "NEDs")

The following table summarises the fees policy for the Chair and the NEDs.

Fees

Purpose	• To provide a competitive fee to attract NEDs who have the requisite skills and experience to oversee the implementation of the Company's strategy.
Operation	• Fees for the Chair are set by the Committee. • Fees for the other NEDs are set by the Board excluding the NEDs. • Fees are reviewed, but not necessarily increased, annually. Fee increases are normally effective from 1 May. • Fee levels are determined based on an estimate of the expected time commitments of each role and by reference to comparable fee levels in other companies of a similar size and complexity. • Additional fees are payable to the Senior Independent Director and Chair of the Audit and Remuneration Committees to reflect their additional responsibilities. The NED designated for engagement with the workforce for the purposes of the UK Corporate Governance Code (the "Workforce Engagement Lead") will also be eligible for an additional fee. • Higher fees may be paid to a NED should they be required to assume executive duties on a temporary basis. • The NEDs and the Chair are not eligible to receive benefits and do not participate in pension or incentive plans. Business expenses incurred in respect of their duties (including any tax thereon) are reimbursed.
Maximum potential value	• There is no overall aggregate annual limit for fees payable to the NEDs.
Performance metrics	• Not eligible to participate in any performance-related elements of remuneration.

Directors' Remuneration Report continued

Discretions retained by the Committee in operating the incentive plans

The Committee operates the Group's incentive plans according to their respective rules and in accordance with HMRC and Listing Rules where relevant. To ensure the efficient operation and administration of these plans, the Committee may apply certain discretions.

These include (but are not limited to) the following:

- Determining the participants in the plans.
- Determining the timing of grants and/or payments.
- Determining the size of grants and/or payments (within the limits set out in the policy table above).
- Determining the appropriate choice of measures, weightings and targets for the incentive plans from year to year including any use of discretion to reduce the outcome, as appropriate.
- Determining "good leaver" status and the extent of vesting and or payment under the incentive plans.
- Determining the extent of vesting of awards under share-based plans in the event of a change of control.
- Making any appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends).

The Committee retains discretion to vary the performance conditions applying to outstanding awards in exceptional circumstance if an event occurs which causes the Committee to consider that the original condition would no longer operate as intended. Any amendment to the performance conditions can be made, provided the Committee considers the varied condition is fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Legacy incentives

As set out in the Prospectus, the Company has various legacy share and cash arrangements, some of which remain subject to time vesting and/or performance conditions post-IPO. These are summarised further under the section headed "Legacy Pre-IPO Award grants" in the Annual Report on Remuneration.

This Policy gives authority to the Company to honour any commitments entered into with current directors prior to the Company's Admission or to internally promoted future directors prior to their appointment. Details of any payments under the legacy incentive arrangements will be set out in future Directors' Remuneration Reports as they arise.

Recoupment (malus and clawback)

The incentive pay awards made by the Company are subject to provisions that allow it to recover any value delivered (or which would otherwise be delivered) in connection with any variable award including Annual Bonus and LTIP awards in exceptional circumstances, and where it believes that the value of those variable pay awards is no longer appropriate.

The malus and clawback provisions can be used in the following circumstances:

- A material misstatement;
- An error of calculation, or inaccurate or misleading information;
- An action or conduct which amounts to fraud or gross misconduct;
- An instance of corporate failure (e.g. administration or liquidation); and
- A significantly adverse impact on the Group's reputation.

Clawback may be effected in the period of three years following the determination of a bonus or the vesting of an LTIP award.

Selection of performance measures and targets

The Committee determines the performance measures applying to the Annual Bonus and LTIP based on the strategic priorities of the Group at the time. The measures and their weightings may change from year to year to reflect the needs of the business. The measures and weightings for FY22 are set out below.

Measures used may include financial (such as revenue, Adjusted EBITDA and EPS), operational, strategic, ESG, personal or shareholder value creation. The use of such measures is intended to ensure performance is assessed on a rounded basis and is appropriately aligned to the Group's KPIs. The Annual Bonus Plan for FY22 comprises 80% linked to revenue and Adjusted EBITDA while the other 20% is linked to three pre-set ESG measures focusing on customer, colleagues and sustainability. Together these are felt to incentivise management to deliver superior financial performance in a sustainable way. No LTIP grant is envisaged in FY22 as the grant at IPO essentially represented this award and was linked 50% to relative TSR and 50% to growth in pre-tax EPS (as noted in the Prospectus, this was initially expressed in terms of Adjusted EBITDA and recalculated once the shares issued on IPO were known). Again, together, these are felt to represent an effective means of aligning superior financial performance in a sustainable way.

The targets for both the Annual Bonus and LTIP are set after considering internal business plans, economic forecasts and, to the extent it exists, external analyst consensus. The target range is calibrated so that it is realistic yet requires stretching outperformance to achieve the top end.

Directors' Remuneration Report continued

Statement of consideration of shareholder views

The Committee will consider shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally.

Prior to Admission the views of the major shareholder were considered when determining the Policy. If the Committee was to consider changes to the Policy, it would be subject to prior consultation with major shareholders as appropriate.

Differences in remuneration policy for Executive Directors and employees in general

All Group employees participate in the Annual Bonus scheme, which is operated on similar terms to those for the Executive Directors albeit with an element based on personal performance. The LTIP operates for members of the Group Leadership Team on similar terms to those for the Executive Directors. All eligible employees were able to participate in the SIP award which was offered at IPO (with values ranging from £500 to £1,500 depending on length of service) and will be invited to take part in future SAYE awards (or other all-employee awards). Wider employee ownership is a key objective for the business.

Statement of consideration of employment conditions elsewhere in the Group

The Committee will be provided with an update, at least annually, of pay and employment conditions throughout the Group. This will include details of base salary increases, bonus award levels, share scheme take up across the Group workforce as well as more information on the salaries and proposed increases for the Group Leadership Team members and other senior direct reports of the Chief Executive. The Committee will review and agree all grants of share awards.

Although the Committee has not, to date, formally consulted with employees on matters of remuneration policy, the Committee will ensure there is appropriate liaison with the Workforce Engagement Lead to discuss any remuneration matters which should be taken into account as part of its annual cycle. Employee engagement scores and other internal surveys will be considered as appropriate.

Executive Directors' external appointments

Executive Directors may accept external appointments as Non-Executive Directors of other companies with the specific approval of the Board in each case. Any fees payable may be retained by the Executive Directors.

Recruitment of Directors – approach to remuneration

Executive Directors

The ongoing remuneration package for any new Executive Director will be set in accordance with the terms of the Policy in place at the time of appointment (including any caps on remuneration). The principles which will be applied are set out below:

- Base salary – set at an appropriate level taking into account the skills and experience of the individual and the nature of the role. If the base salary is set below market on appointment to reflect experience, there will be an expectation that subsequent increases may be above those of the wider workforce to bring this into line with the desired level as the individual develops in the role.
- Benefits – will be in line with those offered to other employees in the same location and take account of any local market norms. In addition, the Committee recognises that it may need to meet certain relocation expenses or expatriate benefits, as appropriate.
- Pension – will be in line with that offered to the wider workforce.
- Annual bonus – will be operated in line with the terms set out in the Policy table and will be pro-rated in the year of joining to reflect the period of service rendered. Depending on the timing of the appointment, it may be necessary for the Committee to use alternative performance measures for the remainder of the initial performance period.
- LTIP – will be operated in line with the terms set out in the Policy table. An award may be made shortly after appointment (assuming not in a closed period).
- Buy-out awards – the Committee may consider offering additional cash and/or share-based elements to replace remuneration forfeited by the individual on leaving their previous employment when it considers these to be necessary to facilitate the appointment and in the best interests of the Company and its shareholders. Any buy-out arrangements will be made under the existing incentive plans or the relevant provision of the Listing Rules and would normally be delivered on a like-for-like basis taking account of the nature, time horizons and any performance requirements attached to the awards forfeited.

For an internal appointment, any variable pay element or benefit awarded in respect of the prior role may be allowed to continue on its original terms, adjusted as relevant to take into account the new appointment.

Directors' Remuneration Report continued

Non-Executive Directors
On appointment of a new Chair of the Board or NED, the fees will be set taking into account the experience and calibre of the individual and the prevailing rates of other non-executives at the time.

Executive Directors' service contracts
The service contracts for Nickyl Raithatha and Andy MacKinnon provide for an equal notice period from the Group and the executive of a maximum 12 months' notice and any contracts for newly appointed Executive Directors will provide for equal notice in the future. The date of each service contract is noted in the table below:

	Date of service contract
Nickyl Raithatha	10 January 2021
Andy MacKinnon	10 January 2021

Non-Executive Directors' terms of appointment
The NEDs do not have service contracts with the Company but instead have letters of appointment. The date of appointment and the most recent reappointment and the length of service for each NED are shown in the table below:

	Date of appointment	Length of service as at 2021 AGM
Kate Swann	10 January 2021	7 months
David Keens	10 January 2021	7 months
Niall Wass	10 January 2021	7 months
Susan Hooper	10 January 2021	7 months
Simon Davidson	10 January 2021	7 months

On termination, at any time, a NED is entitled to any accrued but unpaid Director's fees but not to any other compensation.

Directors' Remuneration Report continued

Policy on payment for departure from office

On termination of an Executive Director's service contract, the Committee will take into account the departing Director's duty to mitigate his/her loss when determining the amount of compensation. The Committee's policy is described below and will be implemented taking into account the contractual entitlements, the specific circumstances for the departure and the interests of shareholders:

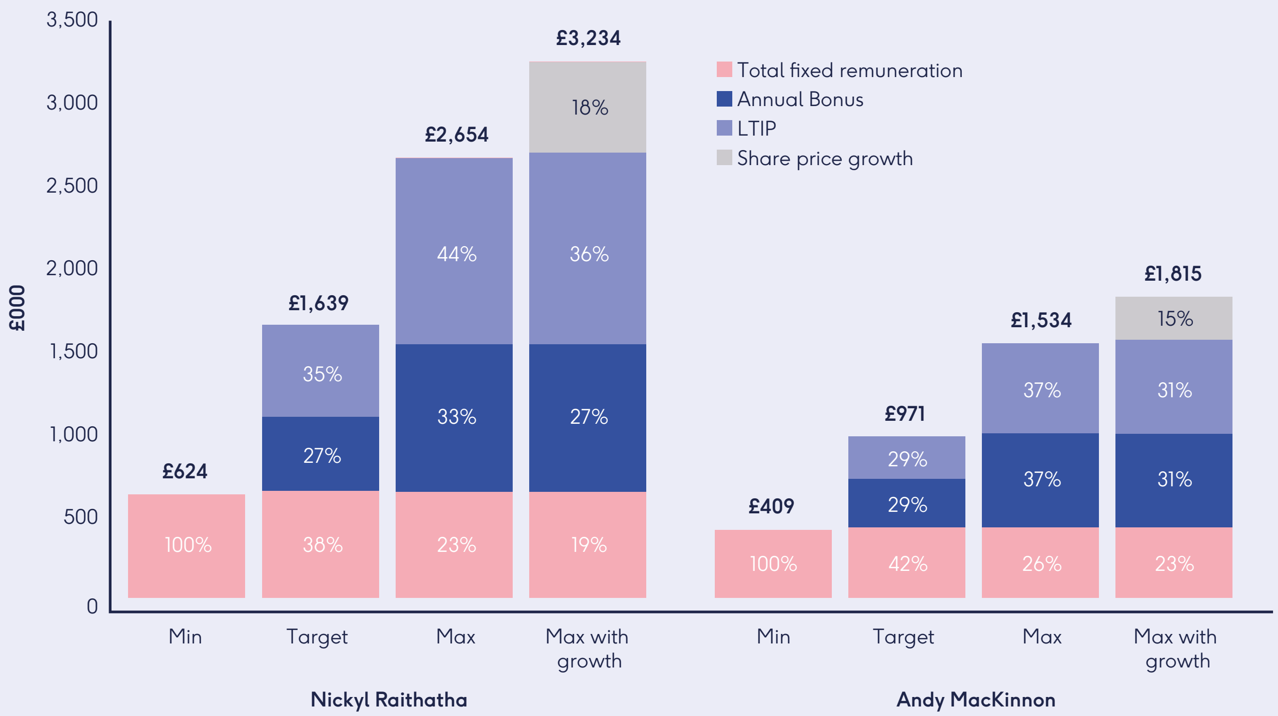
Component of pay	Voluntary resignation or termination for cause	"Good leaver" (e.g. death, ill health, disability)	Departure on agreed terms
Base salary	Paid for the proportion of the notice period worked and any untaken holidays pro-rated to the leaving date (including the balance of any notice period).	Paid for the proportion of the notice period worked and any untaken holidays pro-rated to the leaving date. A Payment In Lieu of Notice ("PILON") for the balance of any notice period may be made in instalments subject to mitigation (including the balance of any notice period), this may also apply if terminated early following resignation.	Treatment will normally fall between the two treatments described in the previous columns, subject to the discretion of the Committee and the terms of any termination agreement. The Committee will have the authority to settle any legal claims against the Company, e.g. for unfair dismissal etc, that might arise on termination. In the event of a change of control or similar event, awards may vest early subject to performance and, normally, any bonus or LTIP would be subject to pro-rating. Alternatively, awards may be rolled over.
Benefits and pension	Paid for the proportion of the notice period worked (including the balance of any notice period).	Paid for the proportion of the notice period worked (including the balance of any notice period).	
Annual bonus cash	Cessation of employment during a bonus year will normally result in no cash bonus being paid.	Cessation of employment during a bonus year or after the year end but prior to the normal bonus payment date will result in cash and deferred bonus being paid and pro-rated for the relevant portion of the financial year worked and performance achieved.	
Annual bonus deferred shares	Unvested deferred shares will lapse.	Awards will normally continue to vest on their original vesting date unless the Committee determines they should vest earlier.	
LTIP awards	Unvested performance shares will lapse.	Performance shares will normally be retained by the individual for the remainder of the vesting period and remain subject to the relevant performance conditions and ordinarily subject to time proration. The Committee will retain discretion to assess performance and allow awards to vest at an earlier date if considered appropriate.	
Options under SIP or SAYE	As per HMRC regulations.	As per HMRC regulations.	
Other	None.	Disbursements such as legal costs and outplacement fees may be payable as appropriate.	

Directors' Remuneration Report continued

Illustration of the Policy

The charts below set out the potential values of the remuneration package of the Executive Directors for FY22 under various performance scenarios.

Illustrations of application of Policy



Notes

a) Salary represents annual salary as at the date of Admission. Benefits such as private medical insurance have been included based on the position since incorporation.
b) Pension represents the value of the annual pension allowance for Executive Directors of 5% of salary.
c) Below threshold performance comprises salary, benefits and pension only with no bonus awarded and no LTIP awards vested.
d) Target performance comprises annual bonus and LTIP pay-outs at target level (50% of maximum – with no share price appreciation). It was considered helpful to include a normal annual LTIP grant although no grant is envisaged during FY22 as a grant was made at IPO in lieu of this grant.
e) Maximum performance comprises annual bonus and LTIP each paying at maximum level (100% of maximum – with no share price appreciation).
f) Maximum with share price growth comprises e) above plus an assumed increase of 50% in the value of the LTIP award to take account of potential share price appreciation.

Annual Report on Remuneration

The sections of this part of the report which are subject to audit have been highlighted.

Implementation of Policy for FY22

Component of Pay	Implementation for FY22
Base salaries	CEO: £580,000 CFO: £375,000 The base salaries for Executive Directors were set at IPO and there will be no further increase for FY22. Across the Group the average pay increase for FY22 is 4.7%.
Benefits and pension	Pension contribution of 5% of salary, paid via payroll. No changes to benefit provisions.
Annual Bonus	Maximum 150% of salary (target bonus is 50% of maximum). Subject to the following performance conditions: • Revenue – 30% weighting • Adjusted EBITDA – 50% weighting • Non-financial – 20% weighting, which will consist of a range of ESG measures relating to customers, colleagues and sustainability Consistent with market practice, the target ranges are currently commercially sensitive and will be reported next year.
LTIP	The awards granted at IPO are intended to represent an equivalent FY22 award. Therefore, no further awards will be granted in this financial year. Details of the awards granted at IPO are set out on page 80.
NED fees	Chair fee: £230,000 Non-Executive Director base fee: £60,000 Senior Independent Director: Nil Audit and Remuneration Committee Chairs: £10,000 Workforce Engagement Lead: £5,000.

Single Total Figure of Remuneration (audited)

The disclosures only cover the period from Incorporation. However, amounts below include the full annual bonus including the period before Incorporation, on the basis that it includes accrual for the period from Incorporation to the end of the financial year.

		Nickyl Raithatha	Andy MacKinnon	Kate Swann	David Keens	Susan Hooper	Niall Wass	Simon Davidson
Fixed Pay	Base salary/fees	£195,006	£123,657	£78,697	£22,885	£24,519	£19,615	£19,615
	Benefits	£1,193	£1,193	£0	£0	£0	£0	£0
	Pension	£10,428	£6,908	£0	£0	£0	£0	£0
	Total fixed pay	**£206,627**	**£131,758**	**£78,697**	**£22,885**	**£24,519**	**£19,615**	**£19,615**
Variable Pay	Annual bonus	£661,878	£232,830	£0	£0	£0	£0	£0
	LTIP	£0	£0	£0	£0	£0	£0	£0
	Pre-IPO	£0	£0	£0	£0	£0	£0	£0
	Total variable pay	**£661,878**	**£232,830**	**£0**	**£0**	**£0**	**£0**	**£0**
Other	SIP	£1,151	£767	£0	£0	£0	£0	£0
	Total other pay	**£1,151**	**£767**	**£0**	**£0**	**£0**	**£0**	**£0**
	Total remuneration	**£869,656**	**£365,355**	**£78,697**	**£22,885**[1]	**£24,519**[1]	**£19,615**[1]	**£19,615**[1]

1 Remuneration covers the period from appointment.

Legacy share schemes

As set out in the Prospectus, the Executive Directors and various key managers participated in reasonably typical private equity share incentive arrangements during the period prior to Admission. These arrangements are not part of the post-IPO policy. Certain shares held under these arrangements vested on Admission, whilst others held by the CEO and CFO remain subject to a post-Admission vesting period. Whilst the charge in respect of vested Legacy shares was recognised under IFRS in the Income Statement entirely in the second half of FY21, it in practice reflects cumulative value creation over several years. The number of shares vested was 2,600,000 (face value: £9,100,000) in respect of the Chair; 4,550,000 (face value: £15,925,000) in respect of the CEO; and 390,000 (face value: £1,365,000) in respect of the CFO.

Pre-IPO Awards

The former controlling shareholder of the Group determined that Legacy Pre-IPO Awards should be granted to the Executive Directors and various key managers on 27 January 2021. These awards preceded Admission and do not form part of the post-IPO Remuneration Policy. The awards comprise 50% that will be settled in cash and 50% that will be settled in shares (based on the Offer Price of £3.50), subject to the achievement of stretching performance measures linked to the year ending 30 April 2023. The awards vest in two equal tranches on 30 April 2023 and 30 April 2024.

Legacy one-off bonus

As set out in the Prospectus, the Chair was awarded a one-off bonus of £1.0m at Admission. This is not part of post-IPO Remuneration Policy and reflects a legacy arrangement negotiated pre-IPO relating to her contribution to that process. The Chair has subsequently voluntarily donated £250,000 (25% of the gross sum) to charity as initial funding for the Moonpig Group Foundation.

Notes to Single Total Figure of Remuneration table

Base salary (audited)

At Admission the annual base salaries for the CEO and CFO were £580,000 and £375,000 respectively.

Benefits (audited)

Benefits consisted of life insurance, private medical and dental insurance.

Executive Directors were eligible to participate in the SIP and SAYE.

Pension (audited)

Following Admission, the Executive Directors received pension benefits equivalent to 5% of salary. No Executive Director has a prospective entitlement to a defined benefit pension.

Annual bonus (audited)

The maximum bonus opportunities for FY21 for the period from IPO were 150% of salary for the CEO and the CFO, respectively. The annual bonus was based on the achievement of Group financial targets and a set of specific and quantifiable strategic objectives. Performance targets and actual outturn are set out below:

Performance measure	Weighting	Threshold	Target	Max	Actual FY21 achievement	Bonus outcome (% of total bonus)
Revenue	25%	£290.0m	£296.7m	£313.2m	£368.2m	25%
Adjusted EBITDA	50%	£73.4m	£75.4m	£79.8m	£92.1m	50%

These reflect the targets as set before Admission, now re-expressed following the IPO to reflect consolidated numbers rather than numbers for each Segment (as detailed in the Group financial statements on page 112); these changes have not affected the achievement and simply assist understanding.

The remainder of the bonus was subject to the achievement of individual strategic objectives which related to the delivery of the financial result in a sustainable way and to the achievement of the IPO. These were assessed as fully met.

The resulting bonus represented 100% (£661,878) and 100% (£232,830) of the maximum opportunity for the CEO and CFO respectively. Payment of these bonuses will be made two-thirds in cash in August 2021 with the remainder deferred into shares for three years; the deferred share element is not subject to any performance conditions other than continued service (but may be subject to malus and clawback).

Directors' Remuneration Report continued

Other

The SIP award is an all-employee share plan with the award not contingent on continued employment or performance conditions.

Legacy Share Scheme – awards vested in relation to FY21 (audited)

Prior to Admission, the Executive Directors participated in legacy private equity share schemes. Some of these awards vested on Admission, whilst others continue to be subject to service conditions post-Admission. The value of vested Legacy Awards has been determined based on the value created between the date of grant and the date of Admission and so represents performance prior to listing, achieved over a number of years. All shares are fully vested except that 1,170,000 and 520,000 shares held by the CEO and CFO respectively are at risk of forfeiture if they leave or become under notice before 24 December 2022.

LTIP Awards granted in the year (audited)

	Date of grant	No. of shares granted	Share price on date of grant (£)	Face value of award (£)	Award as % salary	Vesting date
CEO	1 February 2021	331,428	3.50	1,159,998	200%	April 2024[1]
CFO	1 February 2021	160,714	3.50	562,499	150%	April 2024[1]

1 The normal vesting date for these awards will be the date on which the Committee confirms the vesting level following the auditing of the FY24 financial accounts. The holding period which applies to this Award will be until 30 April 2026. At threshold, 25% of the awards will vest; as half of each award is assessed against relative TSR and the other half against pre-tax EPS, if only one threshold is met, the vesting would be 12.5%.

These awards were granted as nil-cost options and may normally be exercised from vesting until 30 June 2027.

Given the proximity at IPO of the end of the financial year FY21, the first LTIP awards were made shortly prior to IPO, over shares worth 200% and 150% of salary for the CEO and CFO, respectively, using the Offer Price, and this grant effectively comprises the grant which would otherwise be made in the financial year FY22 and is subject to:

- 50% of the Award: the Company's relative TSR comparing the Offer Price to the three-month average to 30 April 2024 versus the constituents of the FTSE 250 (excluding investment trusts) over the same period (except that their base price will be the three-month average to IPO). 25% of this component will vest at median rising on a straight-line basis to 100% at upper quartile; and
- 50% of the Award: the Company's Adjusted Basic Pre-Tax EPS (as stated in the Prospectus, this was initially granted as an Adjusted EBITDA range of £75.0m-£80.0m but with a commitment to re-express on this basis once the capital structure was settled) to April 2024. This excludes the cost of the legacy incentive items and the all-employee IPO awards as they are expected to be one-off expenses, albeit they are not currently expected to be classified as exceptional items in the Group's income statement. 25% of this component will vest at 14.5p rising on a straight-line basis to 100% at 15.9p.

Legacy Pre-IPO Award grants

As explained in the Committee Chair's statement, various legacy arrangements were agreed by the then-shareholder pre-IPO and which do not form part of the Policy. These were also normal in the context of private equity backed companies and will result in various legacy disclosures over the next two or so years.

	No. of shares granted	Share price on date of grant (£)	Face value of award (£)	Vesting date
CEO	1,189,286	3.50	4,162,501	Following 30 April 2023 for 50% and 30 April 2024 for 50%
CFO	396,429	3.50	1,387,501	Following 30 April 2023 for 50% and 30 April 2024 for 50%

Such awards will normally be exercisable until 30 June 2026.

Pre-IPO Awards were made to certain members of management over an aggregate pool of £18.5m with 50% of the awards to be settled in cash and 50% in shares awarded as nil cost options (i.e. no cost is incurred by the participants to acquire the shares) over shares using the Offer Price. As noted above, this table reflects the share component only, so an additional payment equal to the face value would also be due on vesting. The Pre-IPO Awards will vest subject to the achievement of targets related to revenue and Adjusted EBITDA (excluding the cost of the Pre-IPO Awards) over the period to the end of the year ending 30 April 2023, as follows:

- 50% of each individual's Pre-IPO Award: if the Company's revenue in the year ending 30 April 2023 is below £255m none of the award will vest. At £255m, 25% of that element will vest, at £265m, 50% of that element will vest and at £275m, 100% will vest. There will be straight-line vesting between those points.
- 50% of each individual's Pre-IPO Award: if the Company's Adjusted EBITDA in the year ending 30 April 2023 is below £60m none of the award will vest. At £60m, 25% of that element will vest, at £65m, 50% of that element will vest and at £70m, 100% will vest. There will be straight-line vesting between those points.

Directors' Remuneration Report continued

Share interests and incentives (audited)

	Shares owned outright	Subject to continued employment	Options unvested and subject to performance conditions	Options vested but not exercised	Shareholding as a percentage of salary	Shareholding requirement met
Executive Directors						
Nickyl Raithatha	2,834,000	1,170,000	1,520,714	–	3,036%	Yes
Andy MacKinnon	117,000	520,000	557,143	–	747%	Yes
Non-Executive Directors						
Kate Swann	2,397,132	–	–	–	N/A	N/A
David Keens	57,143	–	–	–	N/A	N/A
Niall Wass	42,858	–	–	–	N/A	N/A
Susan Hooper	14,286	–	–	–	N/A	N/A
Simon Davidson[1]	–	–	–	–	N/A	N/A

1 This represents direct interests held in Moonpig Group plc. Simon Davidson holds indirect interests in Moonpig Group plc as he is a connected person to Exponent. Exponent held 83,705,500 shares in Moonpig Group plc as at 30 April 2021.

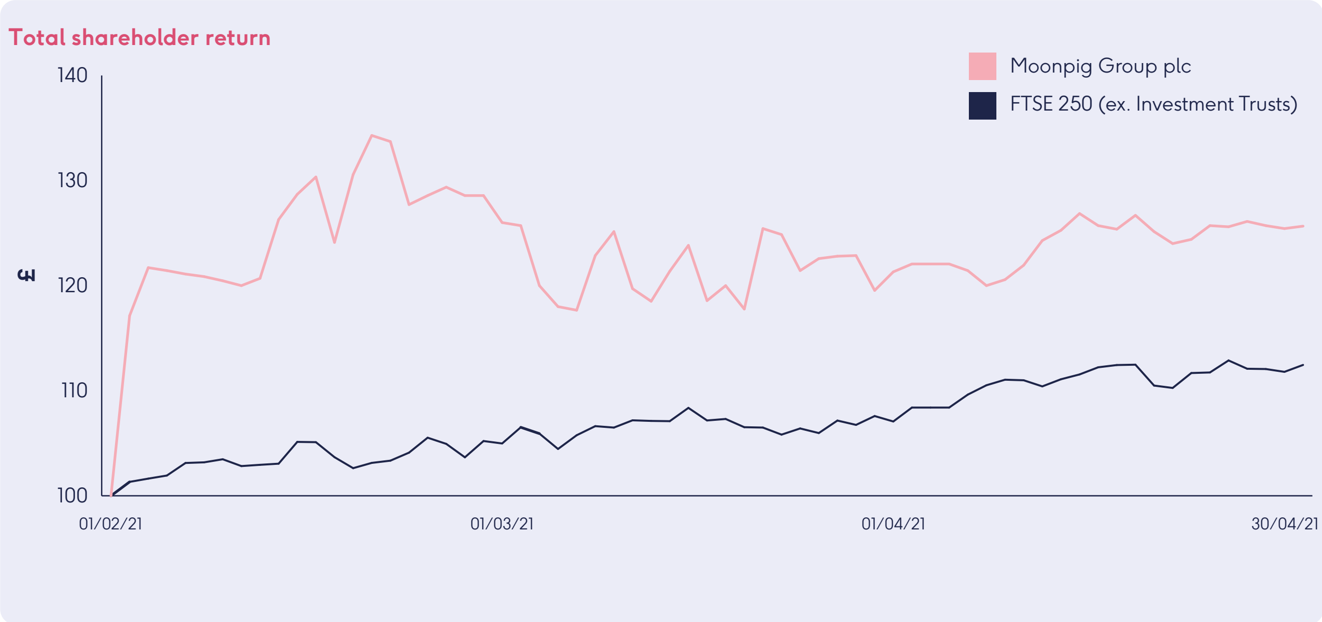
The shareholding as a percentage of salary relates to those awards not subject to ongoing performance conditions. The share price used is £4.40 being the closing price as at 30 April 2021.

The Chair, CEO and CFO have also agreed to lock-up arrangements relating to their entire beneficial holding of shares in the Company covering the 365 days following the date of Admission; further details of these lock-up arrangements are set out in the Prospectus.

Since the year-end and to the date of this Annual Report and Accounts, there have been no changes in the shareholdings shown in the table above.

Performance graph against FTSE 250

The following chart shows the value of £100 invested in the Company (at the IPO price of £3.50) compared with the value of £100 invested in the FTSE 250 Index, in both cases since Admission until 30 April 2021. We have chosen the FTSE 250 Index (excluding Investment Trusts) as it provides the most appropriate and widely recognised index for benchmarking the Company's corporate performance since Admission.



Strategic report
Corporate governance
Financial statements

Directors' Remuneration Report continued

CEO remuneration

The table below sets out the CEO's single figure of total remuneration per annum together with the percentage of maximum annual bonus awarded over the same period.

	FY21
Total remuneration	£869,656
Annual bonus as % of max	100%
Shares vesting as % of max	N/A

Percentage change in Directors' remuneration

As this is the first year of reporting Directors' remuneration, there is no prior year comparison to disclose. Such disclosure will be included in next year's report.

CEO pay ratio

Financial year	Calculation methodology	Element	P25	P50	P75	CEO
FY21	A	Total remuneration ratio	45.0:1	27.8:1	17.2:1	
		Value £000	£19,321	£31,248	£50,572	£869,656
		Salary ratio	15.3:1	9.7:1	6.8:1	
		Value £	£12,782	£20,199	£28,621	£195,006

The Company has used Option A as defined by the Regulations and calculated the pay and benefits of all UK employees on a full time equivalent basis as this is felt to be the most accurate way of calculating the ratio. We have endeavoured to ensure that relevant comparisons are made on a consistent basis. The above covers the period from Incorporation to 30 April 2021, consistent with the Single Total Figure of Remuneration.

As this is the first year of reporting the CEO pay ratio there are no prior year comparatives. The future movement in the ratio will be considered by the Remuneration Committee as appropriate, noting that volatility in the headline number is expected over the next few years as legacy items and incentive pay outcomes for the CEO are more variable.

Relative importance of spend on pay

In view of the fact that Moonpig only listed in February 2021, there is no comparable year-on-year change to disclose. Full disclosure will be presented in the Annual Report on Remuneration for FY22.

Payments for loss of office and/or payments to former Directors (audited)

No payments for loss of office, nor payments to former Directors were made during FY21.

Statement of shareholding voting

This is the first Policy and Directors' Remuneration Report submitted to shareholders. Disclosure of the voting results at the FY21 AGM will be presented in the Annual Report on Remuneration for FY22.

On behalf of the Board

Susan Hooper
Chair of the Remuneration Committee
27 July 2021

Directors' Report

The Directors present their report, together with the audited consolidated Financial Statements for the period ended 30 April 2021.

The Directors' Report, together with the Strategic Report on pages 1 to 43, represent the management report for the purposes of compliance with The Disclosure Guidance and Transparency Rules 4.1.R.

In accordance with section 414C(11) of the Companies Act 2006 and the Companies (Miscellaneous Reporting) Regulations 2018 the Board has included certain disclosures in the Strategic Report set out below:

Subject matter	Page
Future business developments	CEO review pages 6 to 8 Strategy pages 16 to 17
Research and development	Directors' Report page 85
Going concern and viability statement	Viability statement section pages 40 to 41
Risk management	Risk management section pages 34 to 39
Climate-related financial disclosures, greenhouse gas consumption, energy consumption and energy efficiency action	ESG pages 18 to 23
Disabled employees	Non-financial information section pages 42 to 43
Employee engagement	Section 172(1) statement pages 24 to 25
Business relationships with suppliers, customers and other stakeholder engagement	Section 172(1) statement and stakeholder engagement pages 24 to 25

Compliance with the UK Corporate Governance Code 2018

Moonpig Group plc was admitted to the FCA's Official List and to trading on the London Stock Exchange's Main Market on 5 February 2021 and on this date, the Group adopted the Code. Prior to 5 February 2021, the Group was not required to comply with the principles and provisions of the Code. Since Admission, the Group has complied with all relevant provisions of the Code.

An annual evaluation of the performance of the Board (in accordance with Provision 21 of the Code) has not yet been performed as this is an annual requirement and the Company was only incorporated on 23 December 2020. Prior to the next annual report in FY22 a formal internal evaluation of the performance of the Board will be performed.

In accordance with Provision 23 of the Code, the Group's policy on diversity and inclusion, its objectives and linkage to Company strategy, was approved by the Board and implemented in July 2021.

The Group has complied with the requirement in Provision 25 for the Audit Committee to consider annually whether there is a need for an internal auditor. On the basis of the Audit Committee's recommendation, KPMG LLP has been appointed to perform outsourced internal audit services and will commence work prior to the next annual report in FY22.

An annual evaluation reviewing the effectiveness of the external audit process (in accordance with Provision 25 of the Code) has not yet been performed as this is an annual requirement and the Company was only incorporated on 23 December 2020. Prior to the next annual report in FY22 a formal evaluation of the performance and effectiveness of the external auditors will be performed.

An annual evaluation of the Company's risk management and internal control systems (in accordance with Provision 29 of the Code) has not yet been performed as this is an annual requirement and the Company was only incorporated on 23 December 2020. The Board monitors the Company's risk management and internal control systems, and a formal review of their effectiveness will be conducted prior to the next annual report in FY22, and reported on in that annual report.

Since Admission, in accordance with Provision 38 of the Code, there has been an alignment on pension contribution rates between Executive Directors and the wider workforce.

Further information on the Company's application of the principles and provisions of the Code can be found in the Corporate Governance Report on pages 44 to 88. The Code is publicly available at www.frc.org.uk.

Directors' Report continued

Corporate governance statement

The information that fulfils the requirements of the corporate governance statement for the purposes of the FCA's Disclosure Guidance and Transparency Rules can be found in the corporate governance information on pages 46 to 82 (all of which forms part of this Directors' Report) and in this Directors' Report.

Disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Insurance and indemnities

The Group has maintained Directors' and Officers' Liability Insurance cover throughout the period. The Directors are able to obtain legal or other relevant advice at the expense of the Company in their capacity as Directors. The Company has also provided a qualifying third-party indemnity to each Director as permitted by Section 234 of the Companies Act 2006 and by the Articles, which remain in force at the date of this report.

Political donations

It is not the policy of the Company to make political donations as contemplated by the Companies Act 2006 and, during the period under review, the Group made no such payments. However, as a result of broad definitions used in the Act, normal business activities of the Company, which might not be considered political donations or expenditure in the usual sense, may possibly be construed as political expenditure or as a donation to a political party or other political organisation and fall within the restrictions of the Act. This could include sponsorships, subscriptions, payment of expenses, paid leave for employees fulfilling public duties and support for bodies representing the business community in policy review or reform. The Board obtained shareholder approval on 1 February 2021, and will seek further approval at the Company's AGM, in line with best practice, to authorise the Company to make political payments up to a maximum aggregate amount of £100,000.

The Group did not make any political donations or incur political expenditure during the reporting period.

Subsidiaries, principal activities and branches

The Company acts as a holding company for the Group of subsidiaries. The Group's subsidiaries are set out in page 132 of the financial statements. The Group's principal UK operating subsidiary, Moonpig.com Limited, currently has one overseas branch in the Bailiwick of Guernsey.

Share capital

Details of the Company's share capital, together with details of the movements in the share capital during the year, are shown on page 127 of the accounts. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at a general meeting of the Company.

Substantial shareholdings

As at 30 April 2021 and as at the date of this report, the following information has been received, in accordance with Rule 5 of the FCA's Disclosure Guidance and Transparency Rules, from holders of notifiable interests in the Company's issued share capital. The information provided below is correct at the date of notification and represents direct interests only, with the exception of Blackrock, Inc. which represents indirect interests.

	As at 30 April 2021		As at the date of this report	
Holder	Number of shares	Voting rights (%)	Number of shares	Voting rights (%)
Exponent	83,705,500	24.5	83,705,500	24.5
Lexington Partners	38,409,245	11.2	38,409,245	11.2
Blackrock, Inc.	30,979,521	9.1	32,064,598	9.4
Aberdeen Standard Investments	19,219,925	5.6	19,219,925	5.6
Dragoneer Global Fund II L.P.	14,285,714	4.2	14,285,714	4.2
Strategic Partners VII Investments L.P. (Series D)	13,025,267	3.8	13,025,267	3.8
LGT Capital Partners	11,522,850	3.4	11,522,850	3.4

Information provided to the Company pursuant to Rule 5 of the FCA's Disclosure Guidance and Transparency Rules is published on a Regulatory Information Service and on the Company's corporate website at www.moonpig.group.

Directors' Report continued

Articles of Association and powers of the Directors
The Company's Articles of Association (the "Articles") contain the rules relating to the powers of the Company's Directors and their appointment and replacement mechanisms. The Articles may only be amended by special resolution at a general meeting of the shareholders. Subject to the Articles and relevant regulatory measures, including the Companies Act 2006, the day-to-day business of the Group is managed by the Board which may exercise all the powers of the Company. In certain circumstances, including in relation to the issuing or buying back by the Company of its shares, the powers of the Directors are subject to authority being given to them by shareholders in general meeting.

Authority to purchase own shares
At a General Meeting held on 1 February 2021, shareholders passed a special resolution in accordance with the Companies Act 2006 to authorise the Company to purchase in the market a maximum of 34,211,291 ordinary shares, representing 10% of the Company's issued ordinary share capital immediately following Admission. No shares have been purchased under this authority. The authority will expire at the forthcoming Annual General Meeting. The Directors are seeking renewal of the authority, in accordance with relevant institutional guidelines.

Significant agreements
The Group has two significant agreements that would be terminable upon a change of control: the £195.0m Senior Facilities Agreement and the Relationship Agreement.

Compensation for loss of office
There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that provisions of the Company's share plans may allow options and awards granted to Directors and employees to vest on completion of a takeover offer.

Principal shareholder and relationship agreement
Exponent held 24.5% of the issued ordinary share capital of the Company, at 30 April 2021 and 24.5% as at the date of this report. Under the Relationship Agreement, Exponent undertook to comply with the following independence provisions, as required under the Listing Rules:

- Transactions and arrangements between the Group and Exponent (and/or its associates) are, and will be, at arm's length and on normal commercial terms.
- Neither Exponent nor any of its associates will take any action that would have the effect of preventing the Group from complying with its obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules, the requirements of the London Stock Exchange, the FSMA, the Financial Services Act 2012, MAR or the Articles of Association.
- Neither Exponent nor any of its associates will propose, or procure the proposal of, a shareholder resolution that is intended or appears to be intended to circumvent the proper application of the Listing Rules.

The Group has complied with the above independence provisions and, insofar as it is aware, Exponent complied with the independence provisions and the procurement obligation set out in the Relationship Agreement from the effective date of the agreement.

If the shareholding of Exponent (and/or its associates) reduces to below 10% of the Company's share capital (or 10% of the aggregate voting rights in the Company), the rights and obligations of Exponent in terms of the Relationship Agreement shall terminate. Exponent may terminate the Relationship Agreement if the Company ceases to be admitted to listing. The ordinary shares owned by Exponent rank pari passu with the other ordinary shares in all respects.

Research and development
The Group is engaged in various research and development projects regarding innovating and enhancing its technology platforms and applications. These are set out in the Strategic Report on pages 1 to 43.

Directors' Report continued

Additional disclosures

The following information can be found elsewhere in this document, as indicated in the table below, and is incorporated into this report by reference.

Disclosure	Page
Directors' interests	Directors' Remuneration Report pages 65 to 82
Directors of the Company	Board of Directors pages 44 to 45
Dividends	Chief Financial Officer's financial review pages 28 to 33
Financial instruments	Financial statements pages 99 to 139
Important events since the financial year end	Events after the balance sheet date (Note 25) page 132
Statement of Directors' responsibilities	Statement of Directors' responsibilities pages 87 and 88

Information required to be included in the Annual Report by LR 9.8.4 can be found in this document as indicated in the table below:

Disclosure	Page
Long-term Incentive Plans	Directors' Remuneration Report on pages 65 to 82
Confirmations regarding entering into a relationship agreement with a controlling shareholder and compliance with independence provisions[1]	'Principal shareholder and relationship agreement' section on page 85
Agreements with a controlling shareholder[1]	'Principal shareholder and relationship agreement' section on page 85
Provision of services by a controlling shareholder[1]	None, other than the services provided by Exponent described on page 52

1 As at the date of this report and for the duration of the period since Admission, Exponent has not been a controlling shareholder of the Group.

The Directors' Report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved by the Board and signed on its behalf by:

Andy MacKinnon
Chief Financial Officer
27 July 2021

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group financial statements in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company, and of the profit and loss of the Group for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable, relevant, reliable and prudent;
- State whether International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements, and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that its financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements continued

Responsibility statement of the Directors in respect of the Annual Financial Report

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Parent Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate Governance Section confirm that, to the best of their knowledge:

- The consolidated Group financial statements, which have prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- The Parent Company financial statements, prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Parent Company; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Parent Company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's auditors are aware of that information.

Approval of Annual Report

The Strategic Report and the Corporate Governance Report were approved by the Board on 27 July 2021.

Approved by the Board and signed on its behalf.

Nickyl Raithatha
Chief Executive Officer
27 July 2021

Andy MacKinnon
Chief Financial Officer
27 July 2021

Moonpig Group plc
Registered in England and Wales No. 13096622

Independent auditors' report to the members of Moonpig Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Moonpig Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated balance sheet and the Company balance sheet as at 30 April 2021; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, and the Consolidated cash flow statement for the year then ended, the Company statement of changes in equity for the period from 23 December 2020 to 30 April 2021; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1 to the financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit Committee Report, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Context

Moonpig Group plc was admitted to the Official List of the UK Listing Authority on 2 February 2021 and was admitted to trading on the Main Market of the London Stock Exchange on 5 February 2021. This is the Group's first Annual Report since admission. The parent entity Moonpig Group plc was incorporated on 23 December 2020 and became the parent Company of the Group on 1 February 2021. Prior to this date, the Group headed by Moonpig Group plc was not in existence in its current form. The basis of preparation of the Group financial statements is as described in note 1 to the financial statements. The historical financial information for the year ended 30 April 2020, presented in the Prospectus issued by Moonpig Group plc as part of the listing process, forms the corresponding figures of the Group financial statements for the year ended 30 April 2021, and have not been subject to a statutory audit in accordance with the United Kingdom Companies Act 2006. However, an accountant's report, undertaken in accordance with the Standards for Investment Reporting 2000 issued by the Auditing Practices Board in the United Kingdom, was issued on the historical financial information included in the Prospectus. The accountant's report, dated 2 February 2021, included an unqualified opinion on the historical financial information presented.

Independent auditors' report to the members of Moonpig Group plc continued

Overview

Audit scope

- The Group operates in four countries, across 16 reporting units.
- We performed a full scope audit over the two significant components and the Company. In addition, we audited specific significant balances in two additional components which in total accounted for 100% of Group revenue and 86% of Group profit before tax.

Key audit matters

- Restructuring of Moonpig Group plc (Group).
- Valuation and accounting for Share based payments and long term incentive plans schemes (Group and Company).
- Presentation and disclosure of Alternate Performance Measures (Group).
- Capitalisation of development costs of intangible assets (Group).
- Covid-19 (Group and Company).

Materiality

- Overall Group materiality: £3,700,000 based on 5% of profit before tax from continuing operations after excluding adjusting items.
- Overall Company materiality: £3,300,000 based on 1% of total assets capped at 90% of Group materiality.
- Performance materiality: £2,775,000 (Group) and £2,475,000 (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Independent auditors' report to the members of Moonpig Group plc continued

Key audit matter

Restructuring of Moonpig Group plc (Group)

Refer to Note 1 of the financial statements (general information) for the summary of the impact of the Group restructuring and Audit Committee Report – Significant audit and accounting matters (pages 57 to 58).

A preparatory IPO reorganisation was carried out in FY20 whereby an entity named Cards Holdco Limited became the holding Company of the Group which was accounted for using common control merger accounting.

In FY21 the former parent undertaking completed a reorganisation whereby Cards Holdco Limited and its subsidiaries separated from the former parent undertaking and a new parent Company, Moonpig Group plc, was established. The demerger was carried out through a series of reorganisation steps, including the insertion of holding companies above Cards Holdco Limited, share for share exchanges, and a solvency statement capital reduction pursuant to s.642 of the Companies Act 2006 in one of the new holding companies. In addition, one of the new intermediate holding companies entered into a Senior Facilities Agreement and drew down £175m which was remitted to the group of companies headed by the former parent undertaking in order to repay their existing debt facilities.

Structuring experts assisted management with the detailed steps plan for carrying out the above Group reorganisation programme. As part of the capital demerger, they have also performed an independent fair valuation of the former parent undertaking including separately attributing a value to the Moonpig Group. Management's experts have also assisted management to assess the tax implications of the reorganisation steps.

The key areas of audit focus were:

- Compliance of the Group reorganisation steps with the accounting standards, IFRS 3 (Business Combinations) and IAS 27 (Separate financial statements), the Companies Act 2006 and UK taxation laws.
- An assessment of whether any impairments arose as a result of the restructuring steps ahead of dividends being distributed from subsidiaries.
- Appropriateness of the business valuation carried out in the course of the demerger programme including various assumptions used in the model.

How our audit addressed the key audit matter

The audit procedures we performed in relation to the restructuring included:

- Engaged our restructuring experts to support our work on the detailed step plan and to ensure that the steps were allowable under the Companies Act 2006 and IFRS 3 and IAS 27;
- Utilised our valuations experts to assess management's valuation of the business, which included an assessment of the forecast cash flows and benchmarking against other comparable transactions in the market;
- Involved our Tax experts to assess the appropriateness of the tax treatments on the restructuring step plan;
- Reviewed the legal documents and Companies House filings to ensure that the steps had been executed in line with the step plan;
- Validated the underlying accounting adjustments to ensure that they were appropriately reflected in the financial statements. This included an assessment of the carrying value of the investments in the subsidiaries to ensure that appropriate distributable reserves existed to support the dividend flows which resulted;
- Evaluated the appropriateness of the disclosures made in Note 1 (Summary of impact of Group restructure and Initial Public Offering) of the Group financial statements by reference to the audit procedures outlined above.

The above procedures gave us sufficient comfort that the restructuring programme undertaken during the year is in line with the requirements of IFRS 3 and IAS 27, the Companies Act 2006 and UK taxation laws, and that these have been appropriately disclosed.

Independent auditors' report to the members of Moonpig Group plc continued

Key audit matter	How our audit addressed the key audit matter
Valuation and accounting for Share based payments and long term incentive plans (Group and Company) Refer to the Director's Remuneration Report on pages 65 to 68, the share based payment accounting policy in note 2 of the financial statements and the share based payments in note 19 for details on the share options and related charges. The Group has four share schemes available to certain employees: Legacy share schemes and Pre-IPO awards granted by previous owners, share incentive plans (SIP) and the Long Term Incentive Plans (LTIP) in respect of the newly listed Group. The total charge is £27.1m. The Legacy share schemes were granted under the previous equity ownership and were modified in December 2020 giving employees shares in both Moonpig Group plc and another operating subsidiary of the former parent undertaking. The total charge in the period for the legacy share schemes was £25.7m. The majority of options vested on IPO with the remainder subject to a two year vesting period, during which employees are required to sell their holdings for a value approximating acquisition cost if they cease employment. There are no vesting conditions attached to shares in the other operating subsidiary of the former parent undertaking The Pre IPO schemes were granted ahead of the IPO and vest over 2-3 years dependent on the achievement of revenue and Adjusted EBITDA performance conditions. The total charge in the year for the Pre IPO schemes including national insurance was £1.0m. The SIP scheme was used to grant awards to eligible employees at IPO. The shares vested immediately on IPO and had a total charge in the year including national insurance of £0.4m. Awards have been awarded to executives under a Long-Term Incentive Plan (LTIP) has been awarded to executives which vest over three to four years and are subject to a total shareholder return and EPS performance condition, a charge of £0.2m. Management has utilised experts to calculate the fair value of the options and advise on the accounting treatment. Management has applied IFRS 2 (Share Based Payments) recognising a charge in the income statement in line with the vesting conditions. Key areas of audit focus were: • Ensuring there was an appropriate valuation and accounting treatment of the share schemes; • Assessment of the classification of the awards; • Appropriateness of the charge in the income statement in line with the vesting conditions; and • Review of the adequacy of the disclosures.	The audit procedures we performed in relation to this risk included: • Completed sample testing over awards granted and movements in the number of awards, agreeing to supporting documentation including individual award letters sent to employees and the appropriate Remuneration Committee approval; • Utilised our valuation experts to review the methodology and key assumptions which were the share price and volatility; • Recalculated the valuation models using inputs obtained directly from external data sources; • For the current year expense, we have performed a recalculation of the charge based on our independent assessment of the expected level of vesting; • Tested the assessment of whether national insurance liability arose on the different schemes; • Reviewed and challenged management on the legacy schemes where a liability is not recognised, agreeing with management's final conclusion; and • We also agreed the disclosures to our audit work as well as ensured the disclosures in note 19 are in line with the requirements of IFRS 2. Based on the above procedures we are comfortable that the schemes have been appropriately disclosed and accounted for within the financial statements.

Independent auditors' report to the members of Moonpig Group plc continued

Key audit matter	How our audit addressed the key audit matter
Presentation and disclosure of alternate performance measures (Group) Refer to pages 138 to 139 for the disclosure of alternative performance measures ("APM") considered by the Directors, Note 9 for adjusted EPS, and Note 2 for accounting policies around "adjusting items" of the financial statements. Refer to Audit Committee Report – Significant audit and accounting matters (pages 57 and 58). Management uses APMs to explain the underlying performance of the Group. The APMs considered by management in its financial statements are: Adjusted EBITDA; Adjusted EBIT, Adjusted PBT, Adjusted PAT, Net debt, Ratio of net debt to Adjusted EBITDA, Operating cash conversion and Underlying EPS. Adjusted EBITDA is one of the primary performance measures (also driving other measures above) which is arrived at after adding back "adjusting items". A number of APMs remove adjusting items. Management considers adjusting items to be one-off or non-recurring in nature. The adjusting items in the period principally relate to the IPO transaction costs and share scheme costs associated with the demerger from the former parent undertaking and subsequent listing. The key areas of audit focus were: • Assessment of the nature of the costs to ensure that they are considered to be one off in nature and not related to the underlying trading of the Group; • Judgements around the income/expenses considered by the management as "adjusting" or one-off; and • Accuracy of the calculations and disclosure off these APMs in the financial statements ensuring these are clearly reconciled to GAAP measures.	The audit procedures we performed in relation to APMs included: • Reviewed the accuracy of the calculation of the APMs and ensured appropriate reconciliation to GAAP measures in the financial statements; • Tested the adjusting items to supporting documentation, including challenging management on whether these items should be classified as adjusting based on their nature; • Reviewed the adequacy of the accounting policies in relation to the adjusting items to ensure there is a clear policy in respect of what items would be adjusting in nature; and • Assessed the appropriateness of disclosures made and consider the financial statements to be fair, balanced and understandable, and in line with ESMA guidance. We consider the disclosure provided around the adjusted measures to be transparent and appropriately reconciled to the GAAP measures.
Capitalisation of development costs (Group) Refer to Note 1 (general information) for the disclosure of critical accounting judgements and estimates around capitalisation of internally generated assets including the useful lives adopted, Note 2 for accounting policies and Note 10 – Intangible assets of the financial statements. The Group capitalised a total of £7.3m as internally developed intangibles relating to technology and development costs during the year. This mainly relates to the trading entity, Moonpig.com Limited. The costs of internally developed assets include capitalised expenses of employees working on software development projects and a small number of third-party consultants. Out of the total capitalised costs, £5.6m relates to the re-platforming of Moonpig.com's existing website.	The audit procedures we performed to address the risk around capitalised intangibles were: • Discussed with the Engineering and Product teams, Moonpig Financial Controller and members of the Financial Planning and Analysis team to understand the nature and objectives of the key projects undertaken during the year. We have also challenged the engineers on the accuracy of the time recorded across various projects including how they have appropriately excluded non-capitalisable time; • Tested management's monthly review control around the review and approval of monthly timesheet reports for accuracy by the Vice President of Engineering and the Head of Product team; • Reviewing the supporting documentation in relation to capitalisation approvals (capex forms);

Independent auditors' report to the members of Moonpig Group plc continued

Key audit matter	How our audit addressed the key audit matter
Capitalisation of development costs (Group) continued The key areas of audit focus were: • Judgements around whether the capitalised projects meet all of the criteria under IAS 38 and around the split between capital and operational expenditure incurred in relation to the projects; • Appropriateness of the split of time booked by engineers across the various projects and the capitalisation rate used; • The useful economic lives adopted by management for the amortisation of internally generated intangibles; and • Risk of impairment/obsolescence over the brought forward projects if the technology has been superseded during the year.	• Assessed whether the IAS 38 capitalisation criteria have been met for a sample of projects by evaluating whether they are in active use, their technical feasibility, and the level of economic benefit forecast to be generated from the investment; • Tested the accuracy of the inputs being timesheets, payroll cost rates and invoices for non-salary costs; • Assessed the appropriateness of the useful economic lives and noted that they are in line with historic assessments and with the position taken in the Group's viability statement around the normal assessed technology cycle; • Assessed impairment risk over the brought forward projects from the previous year to ensure the technology in the asset listing is still being utilised; • Reviewed the appropriateness of the disclosures made in the financial statements. Based on the above procedures performed, we concur that costs incurred in the period in respect of these projects, which are predominantly the re-platforming, are appropriately capitalised on the balance sheet.
Covid-19 (Group and Company) Refer to the Chair's Statement on pages 4 to 5, Chief Financial Officer's Review on pages 28 to 33 and the Risk Management section on pages 34 to 39. For the year ended 30 April 2021 the Group's revenue and Adjusted EBITDA have grown significantly due to increased demand as a result of the continued disruption and lock down periods resulting from Covid-19. Profit before tax has increased at a lower rate due to the adjusting items principally related to the initial public offering. Given the significance of the impact of the virus on the global economy, customer behaviours, and associated cash flows we considered this an important area in terms of a wider range of judgements impacting the business. Most notably the projected future cash flows in the context of going concern and impairment assessments. Management's going concern and impairment assessments incorporate a reduction of revenue in FY22 followed by lower levels of growth thereafter reflecting the one-off impact that Covid-19 has had. Management's assessment of the impact on the Group going concern conclusion was made by modelling both a base case and a severe but plausible downside scenario, utilising the knowledge obtained since trading restrictions have been lifted. Management has concluded that the Group expects to trade solvently under these scenarios for at least twelve months from the date of this report. We have also considered the impact of management working remotely as a result of the lockdown restrictions and the impact that this may have had on the processes and controls in operation.	We have considered the potential impact of Covid-19 on the balance sheet, specifically around the valuation of goodwill and investments and concluded that there were no indicators of impairment, reflecting the improved results in the period and the judgements around the impact on the forecast periods. Regarding going concern, we evaluated management's forecasts, which included the forecast reduction in revenue as restrictions are eased, along with their severe but plausible downside scenario. Based on the information available at the time of the approval of the Annual Report and Accounts, we consider the scenarios run to be appropriate as a means to form a view over going concern. We challenged management on the key assumptions included within the scenarios modelled. We reviewed management's disclosures in relation to the impact of Covid-19 and concluded they are appropriate given our audit work and knowledge. Our conclusions relating to going concern are set out in the 'Conclusions related to going concern' section below. Based on our audit work and procedures we have not identified any specific impact of remote working on management's controls and processes which required reporting to the Audit Committee or for us to take a different approach to that planned.

Independent auditors' report to the members of Moonpig Group plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group operates through two trading entities that are based in the UK and the Netherlands. To provide sufficient coverage over the Group's key audit matters, we performed audits of the two financially significant components, the Company, and audits of significant account balances at a further two components. The latter were not individually financially significant enough to require an audit for Group reporting purposes, but were included in the scope of our Group reporting work in order to provide additional coverage for specific financial statement line items.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Financial statements – Group	Financial statements – Company	
Overall materiality	£3,700,000.	£3,300,000.
How we determined it	5% of profit before tax from continuing operations after excluding one-off adjusting items.	1% of total assets capped at 90% of Group materiality.
Rationale for benchmark applied	Based on the benchmarks used in the financial statements, profit before tax is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. This has been adjusted for one-off adjusting items in the year which do not in our view reflect the underlying performance of the business.	The parent entity, Moonpig Group plc is essentially a holding Company for the Group and therefore the materiality benchmark has been determined to be based on total assets which is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £1,750,000 to £3,300,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £2,775,000 for the Group financial statements and £2,475,000 for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £150,000 (Group audit) and £150,000 (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Moonpig Group plc continued

Conclusions relating to going concern
Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Critically assessing assumptions in management's base and severe but plausible downside cash flow forecasts, in particular in relation to the continuing impact of the Covid-19 related restrictions and economic slowdown on the Group's revenue, profit and cash flow generation against third party industry reports.
- Comparing past budgets to actual results to assess the Directors' track record of budgeting accurately.
- Obtaining the confirmation from lenders of the level of committed financing, and the covenant requirements associated with the credit facilities, including testing of the forecast covenant compliance.
- Assessing the completeness of going concern disclosures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 April 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement
The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the "Reporting on other information" section of this report.

Independent auditors' report to the members of Moonpig Group plc continued

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company'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 the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed overleaf.

Independent auditors' report to the members of Moonpig Group plc continued

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK and Dutch tax legislation, employment law and data privacy laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with the Directors, the Audit Committee and Group General Counsel, including review of legal correspondence and board meeting minutes and consideration of known or suspected instances of non-compliance with laws, regulations and fraud;
- Challenging management on its critical accounting estimates and judgements identified in the current year;
- Identifying and testing journal entries to address the risk of inappropriate journals referred to above;
- Considering remuneration incentive schemes and performance targets for management remuneration; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Board, we were appointed by the Directors on 18 January 2021 to audit the financial statements for the period ended 30 April 2021 and subsequent financial periods. This is therefore our first period of uninterrupted engagement.

Other matter

As noted above in the context paragraph of our audit approach, the historical financial information for the year ended 30 April 2020 presented in the prospectus issued by the Company as part of the listing process, forming the corresponding figures of the group financial statements for the year ended 30 April 2021, was not audited in accordance with the United Kingdom Companies Act 2006. An accountant's report, undertaken in accordance with the Standards for Investment Reporting 2000 issued by the Auditing Practices Board in the United Kingdom, was issued on this information. The accountant's report, dated 2 February 2021, included an unqualified opinion.

Christopher Richmond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 July 2021

Consolidated income statement
For the year ended 30 April 2021

	Note	2021 £000	Unaudited 2020 £000
Revenue	3	368,183	173,119
Cost of sales		(182,137)	(81,430)
Gross profit		186,046	91,689
Selling and administrative expenses	4,5	(148,874)	(58,581)
Other income	4	1,482	–
Operating profit		38,654	33,108
Finance income	6	686	942
Finance costs	6	(6,472)	(2,275)
Profit before taxation		32,868	31,775
Taxation	8	(12,097)	(1,077)
Profit after taxation		20,771	30,698
Profit attributable to:			
Equity holders of the Company		20,771	30,698
Earnings per share (pence)			
Basic	9	6.1	N/A
Diluted	9	6.0	N/A

All activities relate to continuing operations.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 30 April 2021

	Note	2021 £000	Unaudited 2020 £000
Profit for the year	4	20,771	30,698
Other comprehensive income and expenses			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(232)	23
Total other comprehensive income		(232)	23
Total comprehensive income for the year		20,539	30,721

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated balance sheet
As at 30 April 2021

	Note	2021 £000	Unaudited 2020 £000
Non-current assets			
Intangible assets	10	36,322	35,851
Property, plant and equipment	11	18,001	18,848
Other non-current assets	13	1,412	200
		55,735	54,899
Current assets			
Inventories	12	14,882	2,897
Trade and other receivables	13	4,302	38,163
Current tax receivable		237	–
Cash and cash equivalents	14	66,020	12,079
		85,441	53,139
Total assets		141,176	108,038
Current liabilities			
Trade and other payables	15	60,717	34,967
Provisions for other liabilities and charges	16	1,697	3,303
Contract liabilities	17	3,422	6,044
Current tax liabilities		–	98
Lease liabilities	18	2,406	2,224
Borrowings	18	389	26,722
		68,631	73,358
Non-current liabilities			
Trade and other payables	15	1,523	–
Borrowings	18	168,682	–
Lease liabilities	18	9,626	11,482
Deferred tax liabilities	8	3,238	2,867
Provisions for other liabilities and charges	16	816	816
		183,885	15,165
Total liabilities		252,516	88,523
Equity			
Share capital	20	34,211	–
Share premium	20	277,837	251,362
Merger reserve		(1,000,586)	(229,814)
Retained earnings		550,183	(2,040)
Other reserves	20	27,015	7
Total equity		(111,340)	19,515
Total equity and liabilities		141,176	108,038

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements on pages 99 to 132 were approved by the Board of Directors of Moonpig Group plc (registered number 13096622) on 27 July 2021 and were signed on its behalf by:

Nickyl Raithatha
Chief Executive Officer
27 July 2021

Andy MacKinnon
Chief Financial Officer
27 July 2021

Consolidated statement of changes in equity
For the year ended 30 April 2021

	Note	Share capital £000	Share premium £000	Merger reserve £000	Invested capital £000	Retained earnings £000	Other reserves £000	Total equity £000
Balance at 1 May 2019		–	–	–	21,224	–	–	21,224
Dividends declared	20	–	–	–	(25,527)	–	–	(25,527)
Profit for the period to 9 April 2020		–	–	–	25,835	–	–	25,835
Investment in Cards Holdco Limited		–	251,362	(229,814)	(21,532)	–	(16)	–
Profit for the period		–	–	–	–	4,863	–	4,863
Settlement of Group relief		–	–	–	–	(6,903)	–	(6,903)
Other comprehensive income		–	–	–	–	–	23	23
As at 30 April 2020 (Unaudited)		–	251,362	(229,814)	–	(2,040)	7	19,515
Profit for the period		–	–	–	–	20,771	–	20,771
Other comprehensive income		–	–	–	–	–	(232)	(232)
Total comprehensive income		–	–	–	–	20,771	(232)	20,539
Issue of shares	20	50	–	–	–	–	–	50
Insertion of new top company		25,950	(251,362)	(236,875)	–	–	–	(462,287)
Share issue to extinguish shareholder loan notes	20	7,618	259,003	–	–	–	–	266,621
Shares issued on listing net of fees	20	593	18,834	–	–	–	–	19,427
Capitalisation of merger reserve		533,897	–	(533,897)	–	–	–	–
Share capital reduction		(533,897)	–	–	–	533,897	–	–
Settlement of Group relief	8	–	–	–	–	(2,445)	–	(2,445)
Share-based payments	19	–	–	–	–	–	27,240	27,240
As at 30 April 2021		34,211	277,837	(1,000,586)	–	550,183	27,015	(111,340)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated cash flow statement
For the year ended 30 April 2021

	Notes	2021 £000	Unaudited 2020 £000
Cash flow from operating activities			
Profit before taxation		32,868	31,775
Adjustments for:			
Depreciation, amortisation and impairment	10,11	11,732	10,394
Loss/(gain) on disposal of non-current assets		47	(4)
Net finance expense	6	5,786	1,333
R&D tax credit		(534)	(296)
Share-based payment charges		27,105	–
Non-cash movement with undertakings formerly under common control		(25,485)	–
Changes in working capital:			
Increase in inventories		(12,001)	(183)
Increase in trade and other receivables		(1,786)	(1,131)
Increase in trade and other payables		29,755	15,602
(Increase)/decrease in trade and other receivables and payables with undertakings formerly under common control		(3,113)	3,502
Cash generated from operating activities		64,374	60,992
Income tax (paid)/received		(11,096)	658
Net cash generated from operating activities		53,278	61,650
Cash flow from investing activities			
Purchase of intangible assets	10	(7,750)	(6,420)
Purchase of property, plant and equipment	11	(3,059)	(1,236)
Proceeds from sale of property, plant and equipment		–	174
Deferred consideration on purchase of Greetz		(3,562)	–
Net cash used in investing activities		(14,371)	(7,482)
Cash flow from financing activities			
Proceeds from increases in and new borrowings	18	175,000	88
Payment of fees related to new borrowings	18	(6,544)	–
Repayment of pre-IPO borrowings		(168,800)	–
Interest paid		(1,697)	(14)
Lease liabilities paid	18	(1,779)	(1,621)
Interest paid on leases	18	(763)	(880)
Payments to undertakings formerly under common control	18	–	(41,585)
Repayment of shareholder loans	18	–	(155)
Proceeds from IPO share issue	20	19,468	–
Net cash generated from/(used in) financing activities		14,885	(44,167)
Net cash flows generated from operating, investing and financing activities		53,792	10,001
Differences on exchange		149	(68)
Increase in cash and cash equivalents in the year		53,941	9,933
Net cash and cash equivalents at 1 May		12,079	2,146
Net cash and cash equivalents at 30 April		66,020	12,079

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

Moonpig Group plc (the "Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006, whose shares are traded on the London Stock Exchange. The consolidated financial statements of the Company as at and for the year ended 30 April 2021 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 comparative figures for the financial year ended 30 April 2020 are not the Group's statutory accounts for that financial year. The Company was incorporated on 23 December 2020 and became the parent company of the Group on 1 February 2021 as a consequence of the pre-IPO Reorganisation (see below), which was accounted for using common control merger accounting. The parent company of the Group for the comparative period was Cards Holdco Limited. Accordingly, no statutory accounts for the Company have previously been delivered to the registrar and no previous audit report has been made in respect of the Company.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006. In addition to complying with International Accounting Standards in conformity with requirements of the Companies Act 2006, the consolidated financial statements also comply with International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union.

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

The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention.

Prior period comparatives

The financial statements for the year ended 30 April 2020, forming the comparative figures of the financial statements for the year ended 30 April 2021, are referenced as unaudited. Prior to the restructuring the Group was not in existence in its current form, as described in this note. A statutory audit performed in accordance with the Companies Act 2006 was not performed and hence no audit opinion was issued in respect of the year ended 30 April 2020. However, as part of the process of Admission to listing on the Official List and to trading on the London Stock Exchange, an accountant's report, undertaken by PricewaterhouseCoopers LLP, in accordance with the Standards for Investment Reporting 2000 ("SIR 2000") issued by the Auditing Practices Board in the United Kingdom, was issued on the historical information included in the Prospectus. The accountant's report, dated 2 February 2021, included an unqualified opinion on the historical information presented.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany transactions and balances between Group companies are eliminated on consolidation. See below for further details on the common control merger accounting for the pre-IPO restructuring.

In these consolidated financial statements, with respect only to (1) the Preparatory Sub-Group Reorganisation and (2) the pre-IPO Reorganisation (in both cases as defined below), the Group has applied a predecessor accounting approach as in both cases the transaction was between entities under common control. This means that the assets and liabilities of the recently acquired businesses included in these consolidated financial statements correspond to the historical amounts in the individual financial statements of the combined entities (predecessor values). Accordingly, any consideration given or received in relation to those common control transactions is recognised directly in equity within the merger reserve.
The consolidated financial statements include the acquired Group's full-year results including comparatives.

Summary of impact of Group restructure and Initial Public Offering

Preparatory Sub-Group Reorganisation

On 9 April 2020, a sub-group reorganisation was completed whereby Cards Holdco Limited became the holding company of the entities comprising the Group at that point in time (the "Preparatory Sub-Group Reorganisation"). This was accounted for using common control merger accounting.

The members of the Cards Holdco group included Cards Holdco Limited (since its incorporation on 22 August 2019), Moonpig.com Limited, a company incorporated and domiciled in England and Wales, and Horizon Bidco B.V., a company incorporated and domiciled in the Netherlands (since its incorporation on 26 July 2018) and its subsidiaries.

The Cards Holdco group formed part of the previous, wider private group comprising Horizon Holdco Limited (the "Former Parent Undertaking"), a company incorporated and domiciled in England and Wales, and its subsidiaries (together, the "Horizon Group").

Notes to the consolidated financial statements continued

1 General information continued

Demerger

As set out in the Prospectus, the "Demerger" was completed on 8 January 2021, whereby Cards Holdco Limited and its subsidiaries were separated from Horizon Holdco Limited. The Demerger was carried out through a series of reorganisation steps, including the insertion of holding companies above Cards Holdco Limited, share for share exchanges, a solvency statement capital reduction pursuant to s.642 of the Companies Act 2006 in one of the new holding companies, and Titan Holdco Limited purchasing Cards Holdco Limited and becoming the parent company.

On 7 January 2021, Titan Bidco Limited, one of the new intermediate holding companies of the Group, entered into the Senior Facilities Agreement and drew down in full the term loan facility (Term Loan B) of £175,000,000. On 8 January 2021, Term Loan B was utilised in full and £nil was outstanding under the revolving credit facility (the "RCF"), with fees of £6,318,000 capitalised on the balance sheet. The amount of £168,800,000 drawn net of fees was remitted to the Former Parent Undertaking in order to repay the Existing Facilities. Subsequentially, this debt was pushed down to Cards Holdco Limited. As per Note 25, application has been made to strike Titan Bidco Limited off the Companies register.

Pre-IPO Reorganisation

On 1 February 2021 Moonpig Group plc acquired the entire issued share capital of Titan Holdco Limited in exchange for shares issued by the Company, thereby making the Company the holding company of the Group. This formed part of the pre-IPO Reorganisation, as set out in the Prospectus.

On 2 February 2021, the Group's shares began trading on the London Stock Exchange. Thereafter, a further Group simplification process took place, whereby borrower obligations pursuant to the Senior Facilities Agreement were pushed down to Cards Holdco Limited.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 43.

Throughout the year ended 30 April 2021 the Group has continued to generate positive operating cash flow with a cash and cash equivalents balance of £66,020,000 as at 30 April 2021 (2020: £12,079,000). The Group has access to a multicurrency RCF. The RCF has total commitments of £20,000,000, a term of 60 months and expires in January 2026. As at 30 April 2021, the RCF remains undrawn. As part of this going concern assessment, management has considered the negative net asset position of the Group.

The Senior Facilities Agreement is subject to an EBITDA to Senior Net Debt covenant of 4.50x until and including the year ending 30 April 2022, 4.00x until and including the year ended 30 April 2023 and 3.50x thereafter. It is to be tested on a semi-annual basis, with EBITDA and Senior Net Debt as defined in the Senior Facilities Agreement. The Group has complied with all covenants from entering the Senior Facilities Agreement until the date of these financial statements.

The Directors have reviewed the severe but plausible scenarios as described within the Viability statement on pages 40 and 41. Further stress testing has been performed with the impact of more severe decreases in frequency and reduced levels of new customer acquisitions being considered. In these severe stress scenarios, the Group continues to have sufficient resources to continue in operational existence. In the event that more severe impacts occur, controllable mitigating actions are available to the Group should they be required.

The Directors also reviewed the results of reverse stress testing performed to provide an illustration of the extent to which existing customer purchase frequency and levels of new customer acquisition would need to deteriorate in order that their cumulative effect should either trigger a breach in the Group's covenants under the Senior Facilities Agreement or else exhaust liquidity. The probability of this scenario occurring was deemed to be remote given the resilient nature of the business model, robust balance sheet and continued strong cash conversion of the Group.

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 these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements, in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Critical accounting judgements and estimates

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

Notes to the consolidated financial statements continued

1 General information continued

The areas of judgement which have the greatest potential effect on the amounts recognised in the Financial Statements are:

Capitalisation of internally generated assets

Certain costs incurred in the developmental phase of an internal project, which include the development of technology, app and platform enhancements, internally generated software and trademarks, are capitalised as intangible assets if a number of criteria are met. The costs of internally developed assets include capitalised expenses of employees working full time on software development projects, third-party consultants, and software licence fees from third-party suppliers. Management has made judgements and assumptions when assessing whether development meets these criteria, and on measuring the costs attributed to such projects. Further details of the amounts of, and movements in, such assets are given in Note 10.

The areas of estimates and assumptions which have the greatest potential effect on the amounts recognised in the Financial Statements are:

Useful life of internally generated assets

The estimated useful lives which are used to calculate amortisation of internally generated assets (the Group's platforms and applications) are based on the length of time these assets are expected to generate income and be of benefit to the Group. The uncertainty included in this estimate is that if the useful lives are estimated to differ from the actual useful lives of the intangible assets, this could result in accelerated amortisation in future years and/or impairments. The economic lives of internally generated intangible assets are estimated at three years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. If the useful life of internally generated assets were estimated to be shorter or longer by one year, than the current useful life of three years, the net book value would (decrease)/ increase by (£787,000)/£965,000 from the amount recognised as at 30 April 2021. Further details of the amounts of, and movements in, such assets are given in Note 10.

2 Summary of significant accounting policies

New standards, amendments and interpretations not yet adopted

There were a number of new standards which were effective from 1 May 2020, but they did not have a material effect on the Group's Financial Statements.

The following adopted IFRSs have been issued but have not been applied by the Group in these consolidated Financial Statements. Their adoption is not expected to have material effect on the Financial Statements unless otherwise indicated:

- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (effective periods starting on or after 1 January 2021). The Interest Rate Benchmark Reform is expected to have an impact on the Group, but the quantum has not yet been assessed;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date to be confirmed);
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (effective date to be confirmed);
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date to be confirmed);
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use (effective date to be confirmed); and
- Annual Improvements to IFRS Standards 2018-2020 (effective date to be confirmed).

The LIBOR reform phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are effective from annual periods starting after 1 January 2021. They provide a series of reliefs from accounting requirements when a change required by interest rate benchmark reform occurs. These amendments are not expected to have a material impact on the Balance Sheet.

The principal accounting policies are set out below. Policies have been applied consistently, other than where new policies have been applied.

a) Foreign currency translation

The functional and presentational currency of the Group is Sterling. The income and cash flow statements of the Group undertakings that are expressed in currencies other than Sterling are translated to Sterling using exchange rates applicable to the dates of the underlying transactions. Average rates of exchange in each year are used where the average rate approximates the relevant exchange rate at the date of the underlying transactions. Assets and liabilities of the Group undertakings are translated at the applicable rates of exchange at the end of each year.

The differences between retained profits translated at average and closing rates of exchange are taken to reserves, as are differences arising on the retranslation to Sterling (using closing rates of exchange) of overseas net assets at the beginning of the year and are presented as a separate component of equity. They are recognised in the income statement when the gain or loss on disposal of a Group undertaking is recognised.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

Foreign currency transactions are initially recognised in the functional currency of each entity in the Group using the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign currency assets and liabilities at year-end rates of exchange are recognised in the income statement. Foreign exchange gains or losses recognised in the income statement are included in profit from operations or net finance costs depending on the underlying transactions that gave rise to these exchange differences.

b) Revenue

The Group is principally engaged in the sale of goods, predominantly cards and gifts to its customers. Any shipping and handling is not a separate performance obligation and any shipping fees charged to the customer are included in the transaction price. The sale of goods and any shipping and handling represents a single performance obligation which is satisfied upon delivery of the relevant goods and the transfer of control to that customer. Revenue is shown net of local sales tax and customer discounts and is reduced for provisions of customer returns and re-makes based on the history of such matters.

The Group considers the cost of shipping its products to the customer to be directly associated with generating revenue and therefore presents these costs within cost of sales.

The Group is required to assess whether it controls a good or service before it is transferred to the end customer to determine whether it is principal or agent in that transaction.

Where the Group is referred customers through a third party, the Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Where the Group controls the goods before they are transferred to the customer, the Group is deemed to be acting as the principal.

Part of the Group offers prepaid accounts and/or prepaid voucher products. Customers have a maximum term after the purchase date of the voucher to consume these pre-paid products. Where amounts received or receivable from a customer exceed revenue recognised for a contract, a contract liability is recognised. Contract liabilities primarily reflect pre-paid amounts received in advance of revenue recognition. The contract liability is unwound as related performance obligations are satisfied. The maximum term on these vouchers is two years. The balance on prepaid accounts where there has been no activity for two years is posted to income after expiration.

Part of the Group operates a loyalty scheme which grants the customer a free product once a fixed number of purchases are made for which credits are awarded. The Group allocates some of the proceeds of the initial sale to the award credits as a liability. The amount of proceeds allocated to the award credits is measured by reference to their relative standalone selling price, that is, the amount for which the award credits could have been sold separately. The Group recognises the deferred portion of the proceeds as revenue only when it has fulfilled its performance obligations.

The Group operates schemes with third parties where the Group earns revenue for successful customer referrals that utilise the third party's service offerings. The enrolment by a Group customer with these third-party service providers is deemed as the performance obligation.

The Group offers consumers the ability to purchase third-party gift cards through the individual brand websites, where the Group operates as an agent earning a commission on the sale of these gift cards. Commissions are earned upon the activation of the gift card. The Group has no control over the goods or services that the customer purchases from the third party. The Group does not have any legal title over any of the goods or services that the third party provides and there is no performance obligation for the Group to provide any goods or services that are purchased by the customer from the third-party seller. The performance obligation is to arrange the sale of the gift card and facilitate activation once credit has been paid for.

It is the Group's policy to sell its products to the end customer with a right of return within 14 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been stable, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated number of returns are reassessed at each reporting date.

c) Taxation

Taxation is chargeable on the profits for the period, together with deferred taxation.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

Deferred taxation is provided in full using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or deferred tax liability is settled. Deferred tax relating to items recognised outside of profit or loss is also recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in the statement of other comprehensive income or the statement of changes in equity.

d) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which is measured at the acquisition date. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Acquisition-related items such as legal or professional fees are expensed to the income statement as incurred.

Balances from intercompany transactions are eliminated.

e) Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill only relates to the Greetz cash-generating unit.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is evidence that it may be required. Any impairment of goodwill is recognised immediately in the income statement and is not subsequently reversed. Goodwill is denominated in the currency of the acquired entity and revalued to the closing exchange rate at each reporting period date.

Goodwill in respect of subsidiaries is included in intangible assets. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

f) Intangible assets other than goodwill

i) Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at fair value.

Intangible assets with a finite useful life that are acquired separately are carried at cost less accumulated amortisation and impairment losses. These intangible assets are amortised on a straight-line basis over their remaining useful lives, consistent with the pattern of economic benefits expected to be received.

ii) Internally generated research and development costs

Research expenditure is charged to income in the year in which it is incurred. Development expenditure is charged to income in the year it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets to be capitalised as an intangible asset.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation begins when development is complete, and the asset is available for use.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

The estimated useful lives are as follows:

	Straight-line amortisation period
Trademark	10 years
Technology and development costs	3 years
Customer database	12 years
Software	3 to 5 years
Other intangibles	2 to 4 years

g) Impairment of non-financial assets

Assets are reviewed for impairment whenever events indicate that the carrying amount of a cash-generating unit or the carrying amounts of non-financial assets may not be recoverable. In addition, assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less costs to sell and its value-in-use.

A cash-generating unit is the smallest identifiable group of assets that generates cash flows which are largely independent of the cash flows from other assets or groups of assets. At the acquisition date, any goodwill acquired is allocated to the relevant cash-generating unit or group of cash-generating units expected to benefit from the acquisition for the purpose of impairment testing of goodwill.

h) Impairment of financial assets held at amortised cost

As permitted by IFRS 9 Financial Instruments, loss allowances on trade receivables arising from the recognition of revenue under IFRS 15 Revenue from Contracts with Customers are initially measured at an amount equal to lifetime expected losses. Allowances in respect of loans and other receivables are initially recognised at an amount equal to 12-month expected credit losses. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis to write off the assets over their useful economic life. No depreciation is provided on freehold land. These assets are amortised on a straight-line basis over periods detailed below.

The estimated useful lives are as follows:

	Straight-line depreciation period
Freehold property	25 years
Plant and machinery	4 to 5 years
Fixtures and fittings	4 to 5 years
Leasehold improvements	Over the unexpired term of lease
Computer equipment	3 years
Right-of-use assets (plant and machinery, and property leasehold improvements)	Lease length

j) Leased assets

Group as lessee

With effect from 1 May 2019, the Group applied IFRS 16 Leases to contractual arrangements which are, or contain, leases of assets, and consequently recognises right-of-use assets and lease liabilities at the commencement of the leasing arrangement, with the asset included in Note 11 and the liabilities included as part of borrowings in Note 18. The nature of the Group's leases are offices and printing machinery. In adopting IFRS 16, the Group has applied the modified retrospective approach with no restatement of prior periods, as permitted by the Standard.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

Lease liabilities are initially recognised at an amount equal to the present value of estimated contractual lease payments at the inception of the lease, after taking into account any options to extend the term of the lease to the extent they are reasonably certain to be exercised. Lease commitments are discounted to present value using the interest rate implicit in the lease if this can be readily determined, or the applicable incremental rate of borrowing, as appropriate. Right-of-use assets are initially recognised at an amount equal to the lease liability, adjusted for initial direct costs in relation to the assets, then depreciated over the shorter of the lease term and their estimated useful lives.

Prior to 1 May 2019, the Group applied IAS 17 Leases.

Group as lessor

The Group has entered into a lease agreement as a lessor with respect to one of its properties with a subsidiary of the Former Parent Undertaking. This is accounted for as an operating lease as the lease does not transfer substantially all the risks and rewards of ownership to the lessee.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

k) Inventories

Inventories include raw materials and finished goods, and are stated at the lower of cost and net realisable value. Cost is based on the weighted average cost incurred in acquiring inventories and bringing them to their existing location and condition, which will include raw materials, direct labour and overheads, where appropriate.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, call deposits, cash held by payment service providers and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, with a maturity of three months or less. Cash equivalents relate to cash in transit from various payment processing intermediaries that provide receipting services to the Group.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

m) Financial instruments

The primary objective with regard to the management of cash of the Group's business model for managing financial assets is to protect against the loss of principal. Additionally, the Group aims to maximise Group liquidity by concentrating cash centrally; to align the maturity profile of external investments with that of the forecast liquidity profile; to wherever practicable, match the interest rate profile of external investments to that of debt maturities or fixings; and to optimise the investment yield within the Group's investment parameters.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current. In addition, current liabilities include amounts where the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Non-derivative financial assets are classified on initial recognition in accordance with the Group's business model as investments, loans and receivables, or cash and cash equivalents and accounted for as follows:

- **Loans and other receivables:** These are non-derivative financial assets with fixed or determinable payments that are solely payments of principal and interest on the principal amount outstanding, that are primarily held in order to collect contractual cash flows. These balances include trade and other receivables and are measured at amortised cost, using the effective interest rate method, and stated net of allowances for credit losses.
- **Cash and cash equivalents:** Cash and cash equivalents include cash in hand and deposits held on call, together with other short-term highly liquid investments including investments in certain money market funds. Cash equivalents normally comprise instruments with maturities of three months or less at their date of acquisition. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in the liabilities section on the balance sheet.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

Non-derivative financial liabilities, including borrowings and trade payables, are stated at amortised cost using the effective interest method. For borrowings, their carrying value includes accrued interest payable.

n) Segmental analysis

The Group is organised and managed on the basis of its brands (Moonpig and Greetz). These are both 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 chief operating decision maker ("CODM"), identified as the CEO and CFO, for assessing performance and allocating resources. The prices agreed between Group companies for intra-group services and fees are based on normal commercial practices which would apply between independent businesses.

o) Provisions

Provisions are recognised when either a legal or constructive obligation as a result of a past event exists at the balance sheet date, it is probable that an outflow of economic resources will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

p) Pensions and other post-employment benefits

The Group contributes to defined contribution pensions schemes and payments to these are charged as an expense and accrued over time.

q) Adjusting items

Adjusting items are significant items of income or expense in revenue, profit from operations, net finance costs, taxation which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group's underlying financial performance because of their size, nature or incidence. In identifying and quantifying adjusting items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as an adjusting item. These items are separately disclosed in the segmental analyses or in the notes to the accounts as appropriate.

The Group believes that these items are useful to users of the consolidated financial statements in helping them to understand the underlying business performance and are used to derive the Group's principal non-GAAP measure of Adjusted EBITDA, which is before the impact of adjusting items and which is reconciled from profit from operations.

r) Equity

Called-up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Share premium

The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in share premium. Costs that directly relate to the issue of ordinary shares are deducted from share premium net of corporation tax.

Merger reserve

The merger reserve relates to the merger reserve arising from the Group Reorganisation accounted for under common control.

Invested capital

Invested capital represents the total equity of the Group during the period prior to the Preparatory Sub-Group Reorganisation.

Other reserves

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 profit and loss account.

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.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

s) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

t) Share-based payments

The Group has equity-settled compensation plans.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of awards that will eventually vest. For plans where the vesting conditions are based on a market condition, such as total shareholder return, the fair value at date of grant reflects the probability that this condition will not be met and therefore is fixed thereafter irrespective of actual vesting.

Fair value is measured by the use of the Black-Scholes and Monte Carlo option pricing model, except where vesting is subject to market conditions when the Stochastic option pricing model is used. A Chaffe model is used to value the holding period. The expected term used in the models has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3 Segmental analysis

The CODM reviews external revenues and Adjusted EBITDA to evaluate segment performance and allocate resources to the overall business.

"Adjusted EBITDA" is a non-GAAP measure. Adjustments are made to the statutory IFRS results to arrive at an underlying result which is in line with how the business is managed and measured on a day-to-day basis. Adjustments are made for items that are individually important in order to understand the financial performance. If included, these items could distort understanding of the performance for the year and the comparability between periods. Management applies judgement in determining which items should be excluded from underlying performance. See Note 5 for details of these adjustments.

The two brands (Moonpig and Greetz) are the reportable segments for the Group, with Moonpig based in the UK and Greetz in the Netherlands. 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.

The majority of the Group's revenue is derived from retail to the general public in the cards and gifting markets. 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 key peak periods for the business.

Segment analyses

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

	2021 £000	Unaudited 2020 £000
Moonpig	281,737	126,536
Greetz	86,446	46,583
Total external revenue	368,183	173,119

Strategic report Corporate governance **Financial statements**

Notes to the consolidated financial statements continued

3 Segmental analysis continued

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

	2021 £000	Unaudited 2020 £000
UK and Ireland	276,972	123,106
Netherlands	84,642	45,944
Rest of the World[1]	6,569	4,069
External revenue	368,183	173,119

1 Rest of the World revenue includes the USA, Australia and Belgium.

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

	2021 £000	Unaudited 2020 £000
Moonpig		
Non-current assets[1]	27,113	25,255
Capital expenditure	(1,606)	(739)
Intangible expenditure	(7,611)	(6,420)
Depreciation and amortisation	(7,426)	(5,931)
Greetz		
Non-current assets[1]	27,210	29,444
Capital expenditure	(1,453)	(497)
Intangible expenditure	(139)	–
Depreciation and amortisation	(4,306)	(4,463)
Group		
Non-current assets[1]	54,323	54,699
Capital expenditure	(3,059)	(1,236)
Intangible expenditure	(7,750)	(6,420)
Depreciation and amortisation[2]	(11,732)	(10,394)

1 Comprises intangible assets and property, plant and equipment.
2 Depreciation and amortisation as charged in the Consolidated Income Statement for April 2020 of £9,868,000 is stated after recharges to other undertakings formerly under common control. Total depreciation and amortisation per the Consolidated Cash Flow Statement for April 2020 is £10,394,000 (see preceding table and Notes 10 and 11). Following the entering of a sublease over space at the Group's head office premises (with another undertaking formerly under common control as undertenant) effective 1 May 2020, these recharges have ceased.

The Group's measure of segment profit, Adjusted EBITDA, excludes adjusting items; refer to the APMs section for calculation.

	2021 £000	Unaudited 2020 £000
Adjusted EBITDA		
Moonpig	78,268	39,919
Greetz	13,860	4,484
Group Adjusted EBITDA	92,128	44,403
Depreciation and amortisation		
Moonpig	7,426	5,405
Greetz[1]	4,306	4,463
Group depreciation and amortisation[2]	11,732	9,868

1 Includes amortisation arising on Group consolidation on intangibles forming part of the Greetz Cash Generating Unit ("CGU").
2 Depreciation and amortisation as charged in the Consolidated Income Statement for April 2020 of £9,868,000 is stated after recharges to other undertakings formerly under common control. Total depreciation and amortisation per the Consolidated Cash Flow Statement for April 2020 is £10,394,000 (see preceding table and Notes 10 and 11). Following the entering of a sublease over space at the Group's head office premises (with another undertaking formerly under common control as undertenant) effective 1 May 2020, these recharges have ceased.

Notes to the consolidated financial statements continued

3 Segmental analysis continued

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

	Note	2021 £000	Unaudited 2020 £000
Adjusted EBITDA		92,128	44,403
Depreciation and amortisation	10,11	(11,732)	(9,868)
Adjusting items	5	(41,742)	(1,427)
Operating profit		38,654	33,108
Finance income	6	686	942
Finance expense	6	(6,472)	(2,275)
Profit before taxation		32,868	31,775
Taxation charge	8	(12,097)	(1,077)
Profit for the year		20,771	30,698

4 Operating profit

Nature of expenses charged/(credited) to operating profit from continuing operations:

	2021 £000	Unaudited 2020 £000
Research and development expenses	1,385	690
Depreciation on property, plant and equipment	4,318	3,507
Amortisation of intangible fixed assets[1]	7,414	6,361
Share-based payment charges	27,303	–
Foreign exchange (gain)/loss	(65)	35
Loss/(gain) on disposal of property, plant and equipment	47	(4)
Expense relating to short-term leases	12	163
Other income[2]	(1,482)	–
Auditors' remuneration:		
– Fees to Auditors for the audit of these consolidated financial statements	443	–
– Fees to Auditors' firms and associates for local audits	50	170
Total audit fees expense	493	170
Fees to Auditors' firms and associates for other services:		
– Assurance services	2,535	18
– Tax advisory services	49	18
– Tax compliance	72	14
	3,149	220

1 In the comparative period, the depreciation and amortisation as charged in the income statement after recharges to other undertakings formerly under common control.
2 Other income relates to a sublease with a subsidiary of the Former Parent Undertaking for its portion of the space used at the Group's head offices at Herbal House.

During the year, PricewaterhouseCoopers LLP charged the Group as follows:

- In respect of audit-related assurance services: £3,028,000. This figure includes one-off assurance services regarding due diligence and Admission which includes related transaction costs totalling £2,535,000. Admission is a one-off event which the Group expects will not be repeated in the future.
- In respect of non-audit-related services: £121,000. This comprised £72,000 in respect of taxation compliance services and £49,000 in respect of taxation advisory services.

Prior to 7 January 2021, Moonpig Group was part of a wider private group controlled by the Former Parent Undertaking:

- The predecessor private group made exclusive use of PricewaterhouseCoopers LLP for audit and transaction support services. This, together with the concentrated timetable for the external refinancing and Admission meant that it was impractical in the circumstances to hire an alternative provider for the audit-related assurance services.
- The predecessor private group used PricewaterhouseCoopers LLP for taxation services. The procuring of such non-audit services ceased immediately upon it becoming clear that the Group was to pursue becoming a listed entity.

Notes to the consolidated financial statements continued

5 Adjusting items

	2021 £000	Unaudited 2020 £000
Admission-related transaction costs	(10,625)	–
Admission-related bonuses	(4,292)	–
Admission-related share-based payment charges	(27,105)	–
Pension provision	2,086	(2,800)
Recognition and remeasurement of pension indemnity	(1,806)	2,303
Restructuring costs	–	(903)
Other	–	(27)
Total adjustments made to operating profit	(41,742)	(1,427)

Admission-related transaction costs
Admission-related transaction costs relate to the expenditure incurred, including fees and costs, in relation to the IPO process.

Admission-related bonuses
Admission-related bonuses are one-off cash-settled bonuses, and the cash component of the Pre-IPO schemes, awarded in relation to the IPO process.

Admission-related share-based payment charges
Admission-related share-based payment charges were granted in the year, and relate to the Legacy Schemes, Pre-IPO and SIP awards. Refer to Note 19 for more details.

Pension provision and recognition and remeasurement of pension indemnity
In December 2020, Greetz and the Retail Pension Fund (Dutch Pension Fund) entered into a settlement and agreed that the Retail Pension Fund will exempt Greetz from any past and future obligation to participate in the Retail Pension Fund in relation to the claim.

As a result, £2,086,000 of the provision was released in the period ended 30 April 2021. The indemnification asset was correspondingly reduced by £1,806,000. In February 2021, Greetz and the Sellers entered into a settlement and agreed to settle the claim. As a result, a final payment of £542,000 was made to the Sellers. The Group has now settled in full with the Sellers. Only charges related to periods before Greetz was acquired by the Group have been treated as adjusting items.

Restructuring costs
Restructuring costs in 2020 relate to the reorganisation of the Group's operating model in order to prepare the Group for Admission onto the London Stock Exchange in 2021.

Cash paid in relation to adjusting items in the year totalled £10,789,000 (2020: £930,000).

6 Finance income and costs

Finance income

	2021 £000	Unaudited 2020 £000
Bank interest receivable	686	6
Interest receivable from other undertakings formerly under common control	–	936
Total finance income	686	942

Finance costs

	2021 £000	Unaudited 2020 £000
Interest payable on leases	(755)	(880)
Bank interest payable	(2,107)	(21)
Interest payable to entities formerly under common control[1]	(2,711)	(1,374)
Amortisation of capitalised borrowing costs	(226)	–
Net foreign exchange loss on financing activities	(673)	–
Total finance costs	(6,472)	(2,275)
Net finance costs	(5,786)	(1,333)

1 Refer to related party transactions Note 23.

Notes to the consolidated financial statements continued

7 Employee benefit costs

The average monthly number of employees (including Directors) during the year by segment was made up as follows:

	2021 Number	Unaudited 2020 Number
Administration	309	279
Production	90	89
Total employees	399	368

	2021 £000	Unaudited 2020 £000
Wages and salaries	21,489	17,357
Social security costs	3,568	3,044
Other pension costs[1]	294	4,258
Share-based payment expense	27,303	–
Total employee benefit costs	52,654	24,659

1 Includes movements on the provision for potential pension liabilities. See Notes 5 and 16 for details.

The Group's employees are members of defined contribution pension schemes with obligations recognised as an operating cost in the income statement as incurred.

The Group pays contributions into separate funds on behalf of the employee and has no further obligations to employees. The risks associated with this type of plan are assumed by the member. Contributions paid by the Group in respect of the current period are included within the consolidated income statement.

8 Taxation

(a) Tax on gain on ordinary activities.

The tax charge is made up as follows:

	2021 £000	Unaudited 2020 £000
Profit before taxation	32,868	31,775
Current tax:		
UK corporation tax on profit for the year	11,240	1,017
Foreign tax charge	542	5
Adjustment in respect of prior years	(164)	(132)
Total current tax	11,618	890
Deferred tax:		
Origination and reversal of temporary differences	(589)	(298)
Impact of changes in tax law and rates	–	485
Adjustment in respect of prior years	1,068	–
Total deferred tax	479	187
Total tax charge in the income statement	12,097	1,077

Notes to the consolidated financial statements continued

8 **Taxation** continued

(b) The tax assessed for the year differs from the standard UK rate of corporation tax applicable of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £000	Unaudited 2020 £000
Profit before taxation	32,868	31,775
Profit on ordinary activities multiplied by the UK tax rate	6,245	6,037
Effects of:		
Expenses not deductible for tax purposes	7,771	177
Non-taxable income	(381)	(274)
Losses claimed from consortium companies	(2,445)	(5,115)
Effect of higher tax rates in overseas territories	3	45
Tax under/(over) provided in previous years	904	(271)
Change in UK deferred tax rate	–	18
Change in overseas deferred tax rate	–	467
Other permanent differences	–	(7)
Total tax charge for the year	12,097	1,077

Taxation for other jurisdictions is calculated at the rates prevailing in each jurisdiction.

The effective tax rate is higher than the UK tax rate of 19%, which primarily reflects the non-deductible nature of the Legacy Incentives (refer to Note 19), Admission-related transaction costs (refer to Note 5) and losses claimed from entities formerly under common control. If these are excluded, the effective tax rate is 20%, in line with the UK current tax rate of 19% and the Dutch current tax rate of 25%.

(c) Deferred tax:

	Accelerated capital allowances £000	Intangible assets £000	Tax losses carried forward £000	Share-based payments £000	Other short-term temporary differences £000	Total £000
Balance at 1 May 2019	(297)	(4,036)	1,657	–	10	(2,666)
Adjustments in respect of prior periods	(1)	–	(15)	–	2	(14)
Current year (credit)/charge to income statement	(90)	295	(409)	–	17	(187)
Balance at 30 April 2020 (Unaudited)	(388)	(3,741)	1,233	–	29	(2,867)

	Accelerated capital allowances £000	Intangible assets £000	Tax losses carried forward £000	Share-based payments £000	Other short-term temporary differences £000	Total £000
Balance at 1 May 2020	(388)	(3,741)	1,233	–	29	(2,867)
Adjustments in respect of prior periods	106	(614)	(559)	–	–	(1,067)
Adjustments posted through equity	–	–	–	73	–	73
Current year (credit)/charge to income statement	69	535	(704)	229	460	589
Effects of movements in exchange rates	–	1	30	–	3	34
Balance at 30 April 2021	(213)	(3,819)	–	302	492	(3,238)

The Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. This rate change is not included above as the Finance Bill 2021 has not been substantively enacted.

On 15 December 2020, the Dutch Senate approved the 2021 Tax Plan according in which the planned reduction of the corporate tax rate to 21.7% was cancelled. The general corporate tax rate therefore remains at 25%. As this latter rate was substantively enacted as per 30 April 2021, the deferred tax has been measured using this rate.

Notes to the consolidated financial statements continued

9 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 year.

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 Pre-IPO, LTIP and Legacy schemes.

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.

No comparative earnings per share is disclosed, as the existing capital structure has been in existence from Admission, with the incorporation of the Parent Company and subsequent formation of the Group.

	Adjusted 2021	Statutory 2021	Unaudited Adjusted 2020	Unaudited Statutory 2020
Earnings attributable to equity holders of the Company (£000):				
Profit for the year	61,337[1]	20,771	38,181[1]	30,698
Number of shares:				
Weighted average number of ordinary shares – Basic	339,036,292	339,036,292	N/A	N/A
Weighted average number of ordinary shares – Diluted	345,625,737	345,625,737	N/A	N/A
Earnings per share attributable to equity holders of the Company – continuing operations:				
Basic earnings per share (pence)	18.1	6.1	N/A	N/A
Diluted earnings per share (pence)	17.7	6.0	N/A	N/A

1 Refer to the Alternative Performance Measures section for reconciliation.

Notes to the consolidated financial statements continued

10 Intangible assets

	Goodwill £000	Trademark £000	Technology and development costs[1] £000	Customer database £000	Software £000	Other intangibles £000	Total £000
Cost							
1 May 2019	6,411	8,630	9,834	15,123	676	1,561	42,235
Additions	–	–	6,260	–	160	–	6,420
Disposals	–	–	(1,168)	–	(285)	–	(1,453)
Foreign exchange	48	69	1	118	2	12	250
30 April 2020 (Unaudited)	6,459	8,699	14,927	15,241	553	1,573	47,452
Accumulated amortisation and impairment							
1 May 2019	–	575	4,108	1,026	412	520	6,641
Amortisation charge	–	876	3,054	1,587	110	793	6,420
Disposals	–	–	(1,168)	–	(285)	–	(1,453)
Foreign exchange	–	(2)	–	(4)	1	(2)	(7)
30 April 2020 (Unaudited)	–	1,449	5,994	2,609	238	1,311	11,601
Net book value							
30 April 2020 (Unaudited)	6,459	7,250	8,933	12,632	315	262	35,851

	Goodwill £000	Trademark £000	Technology and development costs[1] £000	Customer database £000	Software £000	Other intangibles £000	Total £000
Cost							
1 May 2020	6,459	8,699	14,927	15,241	553	1,573	47,452
Additions	–	142	7,343	–	209	–	7,694
Disposals	–	–	(5,948)	–	(51)	–	(5,999)
Transfers	–	4	–	–	(4)	–	–
Foreign exchange	–	10	60	–	7	–	77
30 April 2021	6,459	8,855	16,382	15,241	714	1,573	49,224
Accumulated amortisation and impairment							
1 May 2020	–	1,449	5,994	2,609	238	1,311	11,601
Amortisation charge	–	906	4,454	1,620	162	272	7,414
Disposals	–	–	(5,948)	–	(46)	–	(5,994)
Transfers	–	1	–	–	(1)	–	–
Foreign exchange	–	(24)	(40)	(42)	(3)	(10)	(119)
30 April 2021	–	2,332	4,460	4,187	350	1,573	12,902
Net book value							
30 April 2021	6,459	6,523	11,922	11,054	364	–	36,322

1 The Technology and development costs comprise Assets under construction of £3,002,000 (2020: £2,694,000).

(a) Goodwill
Goodwill relates to the acquisition of Greetz in 2019, recognised within the Greetz CGU.

(b) Trademark
Included in the net book value of trademarks are trademarks relating to the acquisition of Greetz with finite lives. The remaining useful economic life at 30 April 2021 on the trademark is 7 years 4 months (2020: 8 years 4 months).

(c) Technology and development costs
The costs of internally developed assets include capitalised expenses of employees working full time on software development projects, third-party consultants, and software licence fees from third-party suppliers.

Notes to the consolidated financial statements continued

10 Intangible assets continued

(d) Customer database

Customer database relates to the valuation of existing customer relationships held by Greetz on acquisition. The remaining useful economic life at 30 April 2021 on the customer database is 9 years 4 months (2020: 10 years 4 months).

(e) Software

Software intangible assets include accounting and marketing software purchased by the Group.

(f) Other intangibles

Other intangible assets primarily include non-compete agreements, and information content for products and software that have been valued and separately recognised.

(g) Annual impairment tests

Goodwill

Goodwill is allocated to the appropriate cash-generating unit ("CGU") based on the smallest identifiable group of assets that generates cash inflows independently in relation to the specific goodwill. The recoverable amount of a CGU or group of CGUs is determined as the higher of its fair value less costs of disposal and its value in use. In determining value in use, estimated future cash flows are discounted to their present value. The Group has performed its annual test for impairment as at 30 April 2021. The cash flow projections used in determining value in use of each CGU are based on the annual budget and the approved Group plan for the three years following the current financial year. In view of the Group's 20-year history of growth, underpinned by the consistency of repeat purchase behaviour across annual customer cohorts, the Directors consider that it is appropriate to extend this by a further two years. Beyond the three-year Group plan period and additional two-year period these projections are extrapolated using an estimated long-term growth rate.

The key assumptions for the recoverable amounts are the average medium-term revenue growth rates and long-term growth rates, which directly impact the cash flows, and the discount rates used in the calculation. The average medium-term revenue growth rates included below have been calculated for disclosure purposes only and are expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.

Value in use assumptions

The table below shows key assumptions used in the value in use calculations.

Greetz CGU	2021	Unaudited 2020
Pre-tax discount rate	9.8%	17.4%
Average medium-term revenue growth rate	3.3%[1]	16.6%
Long-term growth rate	2.0%	2.0%

1 Refer to the Viability statement on pages 40 to 41 for further discussion on the emergence from Covid-19 lockdown.

Discount rate

The Group calculates a Greetz CGU-specific Weighted Average Cost of Capital ("WACC"), applying local government bond yields and tax rates. The discount rate applied to a CGU represents a pre-tax rate that reflects the market assessment of the time value of money as at 30 April 2021 and the risks specific to the CGU.

Sensitivity analysis

A sensitivity analysis was performed for each of the significant CGUs or group of CGUs and management concluded that no reasonably possible change in any of the key assumptions would result in the carrying value of the CGU or group of CGUs to exceed its recoverable amount.

Other finite-life intangible assets

At each reporting period date, the Group reviews the carrying amounts of other finite-life intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the consolidated financial statements continued

11 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 property leasehold improvements £000	Total £000
Cost								
30 April 2019	3,999	4,733	1,019	4,337	2,586	–	–	16,674
Accounting policy change[1]	–	–	–	–	–	1,205	11,680	12,885
1 May 2019	3,999	4,733	1,019	4,337	2,586	1,205	11,680	29,559
Additions	–	884	(9)	93	268	20	175	1,431
Disposals	–	(243)	(40)	(288)	(737)	–	–	(1,308)
Foreign exchange	–	12	–	8	6	–	–	26
30 April 2020 (Unaudited)	3,999	5,386	970	4,150	2,123	1,225	11,855	29,708
Accumulated depreciation and impairment								
1 May 2019	1,615	3,301	293	1,078	1,730	–	–	8,017
Depreciation charge	157	554	236	484	420	382	1,741	3,974
Disposals	–	(74)	(40)	(288)	(736)	–	–	(1,138)
Foreign exchange	–	4	–	–	3	–	–	7
30 April 2020 (Unaudited)	1,772	3,785	489	1,274	1,417	382	1,741	10,860
Net book value								
30 April 2020 (Unaudited)	2,227	1,601	481	2,876	706	843	10,114	18,848

1 Relates to the IFRS 16 transition adjustment.

	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 leasehold improvements £000	Total £000
Cost								
1 May 2020	3,999	5,386	970	4,150	2,123	1,225	11,855	29,708
Additions	–	2,110	276	2	671	55	–	3,114
Disposals	–	(711)	(1)	(15)	(379)	–	–	(1,106)
Modifications	–	–	–	–	–	–	396	396
Foreign exchange	–	(27)	–	(5)	–	12	(11)	(31)
30 April 2021	3,999	6,758	1,245	4,132	2,415	1,292	12,240	32,081
Accumulated depreciation and impairment								
1 May 2020	1,772	3,785	489	1,274	1,417	382	1,741	10,860
Depreciation charge	160	819	272	401	449	398	1,819	4,318
Disposals	–	(691)	(1)	(1)	(372)	–	–	(1,065)
Foreign exchange	(1)	(6)	(1)	(1)	10	4	(38)	(33)
30 April 2021	1,931	3,907	759	1,673	1,504	784	3,522	14,080
Net book value								
30 April 2021	2,068	2,851	486	2,459	911	508	8,718	18,001

Notes to the consolidated financial statements continued

12 Inventories

	2021 £000	Unaudited 2020 £000
Raw materials and consumables	1,978	2,089
Finished goods	13,645	953
Total inventory	15,623	3,042
Less: Provision for write off of:		
– Raw materials and consumables	(149)	(92)
– Finished goods	(592)	(53)
Net inventory	14,882	2,897

The cost of inventories recognised as an expense and included in cost of sales during the period amounted to £57,862,000 (2020: £32,054,000).

13 Trade and other receivables

	2021 £000	Unaudited 2020 £000
Current:		
Trade receivables	700	320
Related party trade receivables with entities formerly under common control	–	463
Less: provisions	(17)	(109)
Trade receivables – net	683	674
Other receivables	777	978
Related party other receivables with entities formerly under common control	209	–
Prepayments	2,633	1,692
Loan receivables from undertakings formerly under common control	–	34,819
	4,302	38,163

The movements in the allowance account are as follows:

	2021 £000	Unaudited 2020 £000
At 1 May	109	66
Charge for the year	–	68
Utilised	–	(1)
Released	(92)	(24)
At 30 April	17	109

Trade and other receivables are predominantly denominated in the functional currencies of subsidiary undertakings. There is no material difference between the above amounts for trade and other receivables (including loan receivables) and their fair value due to their contractual maturity of less than 12 months.

The Demerger resulted in the settlement of the Group's related party balances with the other entities formerly under common control. Related party other non-current receivables from undertakings formerly under common control relate to costs in connection with leased property.

As permitted by IFRS 9, the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as ageing of the debt and the credit risk of the customers. A historical credit loss rate is then calculated and then adjusted to reflect expectations about future credit losses. A customer balance is written off when it is considered that there is no reasonable expectation that the amount will be collected and legal enforcement activities have ceased.

Notes to the consolidated financial statements continued

13 Trade and other receivables continued

The Group's credit risk on trade and other receivables is primarily attributable to trade receivables. There are no significant concentrations of credit risk since the risk is spread over a large number of unrelated counterparties.

The Group's businesses implement policies, procedures and controls to manage customer credit risk. Outstanding balances are regularly monitored and reviewed to identify any change in risk profile.

The Group considers its credit risk to be very low with Group revenues derived from electronic payment processes (including credit card, debit card, PayPal, iDeal and Single Euro Payments Area ("SEPA") executed over the internet, with the majority of receipts reaching the bank accounts in one to two days.

At 30 April 2021, the Group had net trade receivables of £683,000 (2020: £674,000). Trade receivables are reviewed regularly for any risk of impairment and provisions are booked where necessary.

The maximum exposure to credit risk is the trade receivable balance at the year end. The Group has assessed its exposure below:

Trade receivables ageing

	2021 £000	Unaudited 2020 £000
Up to 30 days	360	193
Past due but not impaired:		
30 to 90 days	339	524
More than 90 days	1	66
Gross	700	783
Less: provisions	(17)	(109)
Net trade receivables	683	674

Non-current other receivables

	2021 £000	Unaudited 2020 £000
Other receivables	1,412	200
	1,412	200

Other non-current receivables relate to security deposits in connection with leased property.

14 Cash and cash equivalents

	2021 £000	Unaudited 2020 £000
Cash and bank balances	64,085	8,960
Cash equivalents	1,935	3,119
Total cash and cash equivalents	66,020	12,079

The carrying value of cash and cash equivalents approximates their fair value. Cash equivalents relate to cash in transit from various payment processing intermediaries that provide receipting services to the Group.

Cash and cash equivalents are denominated in Pound Sterling or other currencies as shown below.

	2021 £000	Unaudited 2020 £000
Pound Sterling	61,926	2,986
Euro	4,094	9,093
	66,020	12,079

Notes to the consolidated financial statements continued

15 Trade and other payables

	2021 £000	Unaudited 2020 £000
Current		
Trade payables	32,500	7,609
Other payables	226	1,737
Other taxation and social security	2,558	6,017
Accruals	22,741	13,792
Trade payables with entities formerly under common control	2,692	5,812
Trade and other payables	60,717	34,967

Trade and other payables are predominantly denominated in the functional currencies of subsidiary undertakings. The Demerger resulted in the settlement of the Group's related party balances with the entities formerly under common control.

Non-current trade and other payables of £1,523,000 (2020: nil) relate to the cash component of the Pre-IPO awards, refer to Note 19 for further details, and amounts owing to entities under former control, refer to Note 23 for further details.

There is no material difference between the above amounts for trade and other payables and their fair value due to materially all of the trade and other payables having a contractual maturity of less than 12 months.

16 Provisions

	Restructuring provisions £000	Pension provisions £000	Other provisions £000	Dilapidations provisions £000	Total £000
At 1 May 2019	–	–	268	816	1,084
Charge for the year	928	3,327	105	–	4,360
Utilisation	(928)	–	(110)	–	(1,038)
Release of provisions in the year	–	–	(263)	–	(263)
Foreign exchange	–	(24)	–	–	(24)
At 30 April 2020 (Unaudited)	–	3,303	–	816	4,119

	Restructuring provisions £000	Pension provisions £000	Other provisions £000	Dilapidations provisions £000	Total £000
At 1 May 2020	–	3,303	–	816	4,119
Charge for the year	–	–	1,728	–	1,728
Utilisation	–	(867)	–	–	(867)
Release of provisions in the year	–	(2,613)	–	–	(2,613)
Foreign exchange	–	177	(31)	–	146
At 30 April 2021	–	–	1,697	816	2,513

Current provisions

Restructuring provision costs relate to items discussed in Note 5. Pension provision costs relate to items discussed in Note 5. Other provisions relate to stamps and voucher provisions, and a royalty provision. The above provisions are due to be settled within the year.

Non-current provisions

Dilapidations provisions relate to the Herbal House head office and these are non-current due to their settlement date.

Notes to the consolidated financial statements continued

17 Contract liabilities

In all material respects, current deferred income at 1 May 2020 and 1 May 2021 was recognised as revenue during the respective years. Other than business-as-usual movements there were no significant changes in contract liability balances during the year.

18 Borrowings

	2021 £000	Unaudited 2020 £000
Current		
Lease liabilities	2,406	2,224
Borrowings	389	–
Related party loan payables to undertakings formerly under common control	–	26,722
Non-current		
Lease liabilities	9,626	11,482
Borrowings	168,682	–
Total borrowings and lease liabilities	181,103	40,428

The Group's sources of borrowing for liquidity purposes include the Senior Facilities Agreement executed on 7 January 2021. Liabilities arising from the Group's lease arrangements are also reported in borrowings. The Senior Facilities Agreement comprises a Sterling (GBP) Term Loan B of £175,000,000 and a multicurrency revolving credit facility ("RCF") in an initial aggregate amount equal to £20,000,000, provided by a syndicate of banks. Refer to Note 1 for further details.

Term Loan B has a term of 60 months and was paid to an undertaking formerly under common control and used to refinance or otherwise discharge the existing debt of subsidiaries of the Former Parent Undertaking. The RCF shall be used to finance general corporate expenditure and other working capital requirements, has a term of 60 months and expires in January 2026. At the date of these financial statements, the RCF remains undrawn.

The Term Loan under the Senior Facilities Agreement bears interest at a floating rate which is a base reference rate applicable plus a margin, payable on the last day of each month.

The Senior Facilities Agreement is subject to an EBITDA to Senior Net Debt covenant of 4.50x until and including the year ending 30 April 2022, 4.00x until and including the year ended 30 April 2023 and 3.50x thereafter, tested semi-annually, with EBITDA and Senior Net Debt as defined in the Senior Facilities Agreement.

Borrowings are repayable as follows:

	2021 £000	Unaudited 2020 £000
Within one year[1]	389	26,722
Within one and two years	–	–
Within two and three years	–	–
Within three and four years	–	–
Within four and five years[2]	168,682	–
Beyond five years	–	–
Total borrowings	169,071	26,722

1 In the prior year this included related party loans from undertakings formerly under common control which are repayable on demand. Interest is accrued based on market rates pegged to the rates of the external borrowings of subsidiaries of the Former Parent Undertaking. There is no material difference between the above amounts for related party loans and their fair value due to the short-term duration.

2 Total borrowings include capitalised borrowing costs of £6,318,000.

Notes to the consolidated financial statements continued

18 Borrowings continued

Lease liabilities are repayable as follows:

	2021 £000	Unaudited 2020 £000
Within one year	2,989	2,974
Within one and two years	2,556	2,793
Within two and three years	1,939	2,225
Within three and four years	1,929	1,928
Within four and five years	1,926	1,926
Beyond five years	2,728	4,653
	14,067	16,499
Effect of discounting	(2,035)	(2,793)
Total lease liability	12,032	13,706

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 2019	25,242	–	25,242
Accounting policy change	–	15,128	15,128
Cash flow	(67)	(2,501)	(2,568)
Foreign exchange	173	4	177
Interest and other[1]	1,374	1,075	2,449
30 April 2020 (Unaudited)	26,722	13,706	40,428
Cash flow	166,759	(2,542)	141,081
Foreign exchange	–	113	113
Interest and other[2]	(24,410)	755	(908)
30 April 2021	169,071	12,032	180,714

1 Interest and other movements in 2020 comprise interest.
2 Other comprises amortisation of capitalised borrowing costs and non-cash movements with undertakings formerly under common control.

19 Share-based payments

Legacy schemes

Prior to Admission and prior to the Demerger, share and cash-based incentives were awarded by the Former Parent Undertaking in relation to legacy compensation agreements for certain employees, senior management, and Directors. In connection with the Demerger, such shares have been converted into separate shares in Moonpig Group plc and other companies formerly under common control. These were accounted for in accordance with IFRS 2 and disclosed in the Prospectus.

There were a total of 13,880,160 awards granted for shares in Moonpig Group plc. There were 10,811,580 awards which vested on the date of Admission, and the remainder vesting on 7 January 2023. A portion of the shares which vested on the date of Admission are subject to a one-year sale restriction. There were a total of 53,416 awards granted for shares in other companies formerly under control, which vested on the date of Admission. This resulted in a non-cash charge of £25,695,000 in FY21 from both share awards which vested on the date of Admission, and the accrual for share awards due to vest on 7 January 2023. For the share awards due to vest on 7 January 2023, there are expected further non-cash charges of £3,260,000 in 2022 and £2,251,000 in 2023. National Insurance is not included on these schemes as they operated at an unrestricted tax market value.

Pre-IPO awards

These awards were granted on 27 January 2021 and comprise two equal tranches, with the first tranche vesting on 30 June 2023 and the second tranche on 30 April 2024. The share awards vesting is subject to the achievement of revenue and Adjusted EBITDA performance conditions, and participants to remain employed by the Company over the vesting period. Given the constituents of the scheme, no attrition assumption has been applied.

Notes to the consolidated financial statements continued

19 Share-based payments continued

	Pre-IPO Awards
Valuation model	Black-Scholes
Weighted average share price (pence)	350.0
Exercise price (pence)	0
Expected dividend yield	0%
Risk-free interest rate	N/A
Volatility	N/A
Expected term (years)	2.42/3.26
Weighted average fair value (pence)	350.00
Attrition	0%
Weighted average remaining contractual life	5.17 years

Pre-IPO awards	Number of shares	Weighted average exercise price (£)
Outstanding at the beginning of the period	–	–
Granted	2,642,841	–
Exercised	–	–
Forfeited	–	–
Outstanding at the end of the period	2,642,841	–
Exercisable at the end of the period	–	–

LTIP

These awards were granted on 1 February 2021 and will vest on 30 April 2024. Half of the share awards vesting is subject to a relative TSR performance condition measured against the constituents of the FTSE 250 Index (excluding Investment Trusts). The other half of the share awards vesting is subject to the achievement of an Adjusted EBITDA performance condition. Participants are also required to remain employed by the Company over the vesting period. Given the constituents of the scheme, no attrition assumption has been applied.

	LTIP
Valuation model	Stochastic, Black–Scholes and Chaffe
Weighted average share price (pence)	350.0
Exercise price (pence)	0
Expected dividend yield	0%
Risk-free interest rate	(0.07)%/(0.02)%
Volatility	32.8%/34.5%
Expected term (years)	3.41/1.83
Weighted average fair value (pence)	268.35
Attrition	0%
Weighted average remaining contractual life	6.17 years

LTIP awards	Number of shares	Weighted average exercise price (£)
Outstanding at the beginning of the period	–	–
Granted	871,275	–
Exercised	–	–
Forfeited	–	–
Outstanding at the end of the period	871,275	–
Exercisable at the end of the period	–	–

SIP

The SIP was used to grant share awards to all eligible employees at Admission based on their length of service. No costs were incurred by employees to acquire the shares. The share awards were granted on 1 February 2021 and vested and were exercised immediately. Accordingly, no attrition assumption has been applied. The free share awards granted to UK-based staff are subject to a minimum three-year holding period. The awards made to employees in Guernsey and the Netherlands are not subject to a holding period.

Notes to the consolidated financial statements continued

19 Share-based payments continued

	SIP awards
Valuation model	Black-Scholes and Chaffe
Weighted average share price (pence)	350.0
Exercise price (pence)	0
Expected dividend yield	0%
Risk-free interest rate	(0.08)%
Volatility	33.4%
Expected term (years)	3.00
Weighted average fair value (pence)	296.02
Attrition	0%
Weighted average remaining contractual life	0.0 years

SIP awards	Number of shares	Weighted average exercise price (£)
Outstanding at the beginning of the period	–	–
Granted	112,436	–
Exercised	112,436	–
Outstanding at the end of the period	–	–
Exercisable at the end of the period	–	–

The fair value of awards under the Pre-IPO 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. The assumptions set out above are therefore not relevant to these schemes.

For awards with a market condition, volatility is calculated over the period of time 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 of time commensurate with the expected term. As the Company has 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:

	2021 £000	Unaudited 2020 £000
Legacy schemes	25,695	–
Pre-IPO awards	1,008	–
LTIP	198	–
SIP	402	–
Share-based payments expense	27,303	–

20 Share capital and reserves

The Group considers its capital to comprise its invested capital, ordinary share capital, share premium, merger reserve, retained earnings and foreign exchange translation reserve. Quantitative detail is shown in the 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 shareholder and benefits for other stakeholders.

Called-up share capital

Ordinary share capital represents the number of shares in issue at their nominal value. In the current year, the share capital of the former Group has been replaced with the newly issued listed shares following the IPO. Ordinary shares in the Group post IPO 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 30 April 2021 is:

	Number	£000
Allotted, called-up and fully paid ordinary shares of £0.10 each	342,111,621	34,211

As at 30 April 2021, ordinary share capital represents 342,111,621 (2020: nil) ordinary shares with a par value of £0.10.

Notes to the consolidated financial statements continued

20 Share capital and reserves continued

Invested capital

Invested capital represented the total equity of the Group, prior to the restructuring. In 2020 this included a non-cash settlement from dividends declared of £25,527,000, prior to the incorporation of the Cards Holdco Limited entity.

Share premium

Share premium represents the amount over the par value which was received by the Group 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 £982,000 relating to the issue of the shares.

Other reserves

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

	Share-based payment reserve £000	Foreign currency translation reserve £000	Total other reserves £000
At 1 May 2019	–	–	–
Investment in Cards Holdco Limited		(16)	(16)
Other comprehensive income	–	23	23
30 April 2020 (Unaudited)	–	7	7
At 1 May 2020	–	7	7
Other comprehensive income	–	(232)	(232)
Share-based payment charge (excluding National Insurance)	27,240	–	27,240
30 April 2021	27,240	(225)	27,015

21 Financial risk management

The principal financial risks faced by the Group relate to capital risk, liquidity risk, credit risk, foreign currency risk and interest rate risk.

Market risk

Foreign exchange risk

The Group's exposure to the risk of changes in foreign currency relates primarily to its operating activities. Operating companies generally only trade in their own currency. The Group is therefore not subject to any significant foreign exchange transactional exposure within these subsidiaries.

The Group transacts mainly in Sterling and Euros. The Group generates sufficient cash flows in each respective currency to service operating costs, therefore it does not see foreign currency risk as a significant risk.

The Group's principal exposure to foreign currency lies in the translation of overseas profits into Sterling; this exposure is not hedged. Other currency exposures comprise those currency gains and losses recognised in the income statement, reflecting other monetary assets and liabilities that are not denominated in the functional currency of the entity involved. At 30 April 2021 and 30 April 2020, these exposures were not material to the Group.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings under the Senior Facilities Agreement with floating rates of interest linked to LIBOR. The Group monitors interest rates on an ongoing basis but does not currently hedge interest rate risk.

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the Financial Conduct Authority ("FCA")) regarding the transition away from GBP LIBOR to the Sterling Overnight Index Average Rate ("SONIA").

The Group's only contract with reference to LIBOR is the Senior Facilities Agreement. Management is currently undertaking an assessment with respect to the transition to an alternative benchmark rate. This will be concluded well ahead of the cessation of the publication of LIBOR. Note that the below sensitivities are presented with respect to LIBOR only.

Notes to the consolidated financial statements continued

21 Financial risk management continued

Market risk sensitivity analysis

Financial instruments affected by market risks include borrowings and deposits.

The following analysis, required by IFRS 7 Financial Instruments: Disclosures, is intended to illustrate the sensitivity to changes in market variables, being Sterling interest rates, and Sterling/Euro exchange rates.

The sensitivity analysis assumes reasonable movements in foreign exchange and interest rates before the effect of tax. The Group considers a reasonable interest rate movement in LIBOR to be 1%, based on interest rate history. Similarly, sensitivity to movements in Sterling/Euro exchange rates of 10% are shown, reflecting changes of reasonable proportion in the context of movement in that currency pair over the last year.

The following table shows the illustrative effect on profit before tax resulting from a 10% change in Sterling/Euro exchange rates:

	Income (losses)/gains 2021 £000	Equity (losses)/gains 2021 £000	Unaudited Income (losses)/gains 2020 £000	Unaudited Equity (losses)/gains 2020 £000
10% strengthening of Sterling versus the Euro	(133)	(193)	(365)	(259)
10% weakening of Sterling versus the Euro	162	236	446	316

The following table shows the illustrative effect on the consolidated income statement from a 1% change in market interest rates on the Group's interest expense. Refer to borrowings in Note 18.

	2021 £000	Unaudited 2020 £000
1% increase in market interest rates	(1,750)	(283)
1% decrease in market interest rates	1,750	283

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or banking institution fails to meet its contractual obligations. The Group's credit risk primarily arises from trade and other receivables. The Group has a very low operational credit risk due to the transactions being principally of a high volume, low value and short maturity. The Group has no significant concentration of operational credit risk.

The credit risk on liquid funds held with HSBC and Rabobank is considered to be low. The long-term credit rating for HSBC is A1/A+ per Moody's/Standard & Poor's. The long-term credit rating for Rabobank is Aa3/A+ per Moody's/Standard & Poor's.

Further information on the credit risk management procedures applied to trade receivables is given in Note 13 and to cash and cash equivalents in Note 14. The carrying amounts of trade receivables and cash and cash equivalents shown in those notes represent the Group's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash flow forecasting is performed centrally with rolling forecasts of the Group's liquidity requirements regularly monitored to ensure it has sufficient cash to meet operational needs. The Group's revenue model results in a strong level of cash conversion allowing it to service working capital requirements.

The Group has access to a multicurrency RCF which has total commitments of £20,000,000. As at 30 April 2021 the facility remained undrawn.

Notes to the consolidated financial statements continued

21 Financial risk management continued

The amounts in the consolidated balance sheet and related notes that are accounted for as financial instruments, and their classification under IFRS 9, are as follows:

	Note	2021 £000	Unaudited 2020 £000
Financial assets			
Financial assets at amortised cost:			
Trade and other receivables[1]	13	1,669	36,471
Cash	14	66,020	12,079
		67,689	48,550
Financial liabilities			
Financial liabilities at amortised cost:			
Current liabilities			
Trade and other payables	15	32,727	15,158
Lease liabilities	18	2,406	2,224
Borrowings	18	389	26,722
Non-current liabilities			
Trade and other payables	15	1,523	–
Lease liabilities	18	9,626	11,482
Borrowings	18	168,682	–
		215,353	55,586

1 Excluding prepayments.

There is no difference between the fair value and carrying values of the financial assets and liabilities except for borrowings as detailed below.

Capital management

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient cost of capital structure. To maintain or adjust the capital structure in future periods, the Group may pay dividends, return capital through share buybacks, issue new shares or take other steps to increase share capital and reduce or increase debt facilities.

As at 30 April 2021, the Group had gross borrowings of £175,000,000 through its Term Loan B facility. Currently, interest is payable on this facility at a rate of LIBOR plus a margin of between 3.50% and 4.25% depending on the consolidated leverage ratio of Moonpig Group plc and its subsidiaries, which is calculated and reviewed on a biannual basis. The Group remains in compliance with its banking covenants.

Bank loans and loan notes

The fair value of bank loans is determined using a discounted cash flow valuation technique calculated at prevailing interest rates:

	Note	Book value £000	30 April 2021 Fair value £000	Unaudited Book value £000	Unaudited 30 April 2020 Fair value £000
Non-current borrowing – external bank loans	18	168,862	148,575	28,349	28,349

22 Commitments and contingencies

a) Commitments

The Group entered a financial commitment in respect of floristry supplies of £307,000 and rental commitments of £23,000 which are due within one year.

b) Contingencies

Group companies have given a guarantee in respect of the external bank borrowings of the Group which amounted to £195,000,000 at 30 April 2021. This includes the Term Loan B facility of £175,000,000 and the undrawn revolving credit facility of £20,000,000.

Notes to the consolidated financial statements continued

23 Related party transactions

Transactions with related parties

The Group has transacted with entities formerly under common control which are presented below. Going forward, the only related party transaction with related parties formerly under common control is the Other Income noted below. Transactions with subsidiaries of the Former Parent Undertaking ceased with the restructuring.

	2021 £000	Unaudited 2020 £000
Revenues from other related parties formerly under common control[1]	2,458	2,349
Costs incurred from other related parties formerly under common control	4,329	6,239
Costs incurred from related parties formerly under common control	–	449
Interest receivable from related parties formerly under common control	–	826
Interest payable to related parties formerly under common control	(2,711)	(721)

1 This includes £1,482,000 (2020: £nil) of related party income recognised within Other Income.

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

	2021 £000	Unaudited 2020 £000
Trade and other receivables from other related parties formerly under common control	210	463
Other receivables from related parties formerly under common control	–	34,819
Trade and other payables with other related parties formerly under common control	(3,330)	(3,776)
Trade payables with related parties formerly under common control	–	(2,036)
Borrowings with related parties formerly under common control	–	(26,722)

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.

Compensation of key management personnel of Moonpig Group plc

The amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel. Key management personnel are defined as the Directors as they are the members of the Group with the authority and responsibility for planning, directing and controlling the activities of the Group.

	2021 £000	Unaudited 2020 £000
Short-term employee benefits[1]	3,023	1,288
Post-employment pension and medical benefits	38	23
Share-based payment schemes	20,089	–
Total compensation relating to key management personnel	23,150	1,311

1 Prior to 1 September 2020, Directors' emoluments comprised recharges from an undertaking formerly under common control. These are not representative of future Directors' costs.

Notes to the consolidated financial statements continued

24 Related undertakings
A full list of subsidiary undertakings as defined by IFRS as at 30 April 2021 is disclosed below. Titan Midco Limited is held directly by the Company and all other subsidiary undertakings are held indirectly.

The equity shares held are in the form of ordinary shares or common stock. The effective percentage of equity shares held in subsidiary undertakings is 100% in all cases.

Subsidiary undertakings	Country of incorporation	Principal activity
Cards Holdco Limited[1]	England and Wales	Trading company, management services
Moonpig.com Limited[1]	England and Wales	Trading operations
Titan Holdco Limited[1]	England and Wales	Dormant company
Titan Debtco Limited[1]	England and Wales	Dormant company
Titan Midco Limited[1]	England and Wales	Holding company
Titan Bidco Limited[1]	England and Wales	Dormant company
Horizon Bidco B.V.[2]	Netherlands	Holding company
Venspro B.V.[2*]	Netherlands	Trading company, management services
Greetz B.V.[2*]	Netherlands	Trading operations
Greetz Base B.V.[2]	Netherlands	Dormant company
Full Colour B.V.[2]	Netherlands	Trading company

1 Registered office address is Herbal House, 10 Back Hill, London, EC1R 5EN, United Kingdom.
2 Registered office address is Laarderhoogtweg 20, 1101 EA, Amsterdam, Noord-Holland.

* On 30 October 2020, an internal restructuring of the Greetz Group was completed through the following statutory mergers in accordance with section 2:309 of the Dutch Civil Code whereby:

1. Greetz B.V. acquired, under universal title of succession, the assets and liabilities of Kaartenhuis Internet Services B.V. and Greetz Licencing B.V. (each, a Disappearing Company); and
2. Venspro B.V. acquired, under universal title of succession, the assets and liabilities of Greetz Holding B.V. (a Disappearing Company).

As a result, the Disappearing Companies ceased to exist and are no longer registered at the Dutch Companies House.

Greetz GmbH was liquidated and subsequentially removed from the German Company Register on 21 December 2020.

All subsidiaries have a year-end of 30 April.

The following subsidiaries are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Companies Act as this Company has guaranteed the subsidiary companies under Section 479C of the Companies Act:
- Titan Midco Limited no. 13014525.

In accordance with article 403, book 2 of the Dutch Civil Code, Venspro B.V. issued a declaration of joint and several liability in respect of its consolidated participants. The declaration covered and resulted in the following subsidiaries being exempt from an audit:
- Greetz B.V. no 34312893.
- Greetz Base B.V. no 70022348.
- Full Colour B.V. no 34350020.

The following subsidiaries are exempt from an audit under article 408, book 2 of the Dutch Civil Code:
- Horizon Bidco B.V. no. 72238402.

25 Events after the balance sheet date
Subsequent to the financial year end, application has been made to strike each of Titan Holdco Limited, Titan Debtco Limited and Titan Bidco Limited off the Companies register.

Subsequent to the financial year end, two internal mergers within the Greetz subgroup structure were initiated with documents filed with the relevant authorities. As at the date of this annual report, these mergers have not yet concluded.

Company balance sheet
As at 30 April 2021

	Note	2021 £000
Non-current assets		
Investments	3	845,468
		845,468
Current assets		
Trade and other receivables	4	31,483
Cash and cash equivalents		685
		32,168
Total assets		877,636
Current liabilities		
Trade and other payables	5	3,989
Total liabilities		3,989
Equity		
Called-up share capital	6	34,211
Share premium	6	277,837
Retained earnings	6	534,539
Share-based payment reserve	6	27,060
Total equity		873,647
Total equity and liability		877,636

The accompanying notes are an integral part of the Parent Company financial statements.

The financial statements on pages 133 to 137 were approved by the Board of Directors of Moonpig Group plc (registered number 13096622) on 27 July 2021 and were signed on its behalf by:

Nickyl Raithatha
Chief Executive Officer
27 July 2021

Andy MacKinnon
Chief Financial Officer
27 July 2021

Company statement of changes in equity
For the period from 23 December 2020 to 30 April 2021

	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Share-based payment reserve £000	Total equity £000
Profit for the period		–	–	–	642	–	642
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	–	642	–	642
Issue of shares	6	50	–	–	–	–	50
Insertion of new top company	6	25,950	–	533,897	–	–	559,847
Share issue to extinguish liabilities	6	7,618	259,003	–	–	–	266,621
Shares issued on listing net of fees	6	593	18,834	–	–	–	19,427
Capitalisation of merger reserve	6	533,897	–	(533,897)	–	–	–
Share capital reduction	6	(533,897)	–	–	533,897	–	–
Share-based payments	6	–	–	–	–	27,060	27,060
As at 30 April 2021		34,211	277,837	–	534,539	27,060	873,647

The accompanying notes are an integral part of the Parent Company financial statements.

Notes to the Company financial statements

1 Basis of preparation

Moonpig Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006 (the "Act"). The Company was incorporated on 23 December 2020 and adopted Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") from that date.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Act, but makes amendments where necessary in order to comply with the Act and has set out below where advantage of the FRS 101 disclosure exemptions has been taken, including those relating to:

- a cash flow statement and related notes;
- comparative period reconciliations;
- disclosures in respect of transactions with wholly-owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the Group include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the disclosures under IFRS 2 related to Group-settled share-based payments.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities.

The Company financial statements have been prepared in Sterling, which is the functional and presentational currency of the Company. All figures presented are rounded to the nearest thousand (£000), unless otherwise stated.

As permitted by Section 408 of the Companies Act 2006, the profit and loss of the Company has not been presented in these financial statements. The profit for the financial period dealt with in the financial statements of the Company was £642,000.

The Directors have used the going concern principle on the basis that the current profitable financial projections and facilities of the consolidated Group will continue in operation for a period not less than 12 months from the date of this report.

Amounts paid to the Company's auditors in respect of the statutory audit were £20,000. The charge was borne by a subsidiary company and not recharged.

Investments in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred on the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried-forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Notes to the Company financial statements continued

1 **Basis of preparation** continued

Deferred tax is measured at the average rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

2 Directors' emoluments

The Company has no employees. Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 65 to 82.

3 Investments

	£000
At the beginning of the period	–
Additions	845,468
Disposals	–
At the end of the year	845,468

There were no indicators of impairment noted under IAS 36 and accordingly, no impairment charge has been recognised.

Subsidiary undertakings are disclosed within Note 24 of the consolidated Group financial statements.

4 Trade and other receivables

	£000
Current	
Amounts owed by Group companies	31,483

Amounts owing from subsidiaries is comprised of intercompany balances with companies within the Group. IFRS 9 expected credit losses have been assessed as immaterial in relation to these balances.

5 Trade and other payables

	£000
Current	
Amounts owed to Group companies	2,936
Other taxation and social security	1,053
Trade and other payables	3,989

Notes to the Company financial statements continued

6 Share capital and reserves

Called-up share capital

Ordinary share capital represents the number of shares in issue at their nominal value. In the current year, the share capital of the former Company has been replaced with the newly issued listed shares following the IPO. Ordinary shares in the Company post IPO 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.

Shareholding as at 30 April 2021:

	Number	£000
Allotted, called-up and fully paid ordinary shares of £0.10 each	342,111,621	34,211

As at 30 April 2021, ordinary share capital represents 342,111,621 ordinary shares with a par value of £0.10.

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 £982,000 relating to the issue of the shares.

Share-based payment reserve

The share-based payment reserve represents the corresponding increase to reserves in relation to the share-based schemes in operation.

7 Events after the balance sheet date

Refer to Group Note 25.

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 5 of the Group 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 underlying 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:

	2021 £000	Unaudited 2020 £000
Operating profit	38,654	33,108
Depreciation and amortisation	11,732	9,868
Adjusting items	41,742	1,427
Adjusted EBITDA	92,128	44,403

Adjusted EBIT

Adjusted EBIT is the profit before tax, net finance costs (or operating profit), and before adjusting items.

	2021 £000	Unaudited 2020 £000
Operating profit	38,654	33,108
Adjusting items	41,742	1,427
Adjusted EBIT	80,396	34,535

Adjusted PBT

Adjusted PBT is the profit before tax and before adjusting items.

	2021 £000	Unaudited 2020 £000
PBT	32,868	31,775
Adjusting items	41,742	1,427
Adjusted PBT	74,610	33,202

Adjusted PAT

Adjusted PAT is the profit after tax, before adjusting items and the tax impact of these adjustments.

The adjusted PAT is used to calculate the underlying basic earnings per share in Note 9.

	2021 £000	Unaudited 2020 £000
PAT	20,771	30,698
Adjusting items	41,742	1,427
Tax impact of the above	(1,176)	–
Adjusted PAT	61,337	32,125

Alternative performance measures continued

Net debt

Net debt is a measure used by the Group to measure the overall debt position after accounting for cash held by the Group.

The calculation is as follows:

	2021 £000	Unaudited 2020 £000
Borrowings	(169,071)	(26,722)
Lease liabilities	(12,032)	(13,706)
Cash and cash equivalents	66,020	12,079
Net debt	(115,083)	(28,349)

Ratio of net debt to Adjusted EBITDA

The ratio of net debt to Adjusted EBITDA helps management to measure its ability to service debt obligations. The calculation is as follows:

	2021 £000	Unaudited 2020 £000
Net debt	(115,083)	(28,349)
Adjusted EBITDA	92,128	44,403
Net debt to Adjusted EBITDA	1.25:1	0.64:1

Operating cash conversion

Operating cash conversion is operating cash flow divided by Adjusted EBITDA, expressed as a ratio.

The calculation of operating cash conversion is as follows:

	2021 £m	Unaudited 2020 £m
Profit before tax	32.9	31.8
Add back: Net finance costs	5.8	1.3
Add back: Adjusting items (excluding Share-Based Payments)	14.6	1.4
Add back: Share-Based Payments	27.1	0.0
Add back: Depreciation and Amortisation per the Income Statement	11.7	9.9
Adjusted EBITDA	92.1	44.4
Less: Capital expenditure (Fixed Assets)	(10.8)	(7.7)
Add back: (Increase) in inventories	(12.0)	(0.2)
Add back: (Increase) in trade and other receivables	(1.8)	(1.1)
Add back: Increase in trade and other payables	29.7	15.6
Operating cash flow	97.2	(51.0)
Operating cash conversion	106%	115%
Add back: Capital expenditure (Fixed Assets)	10.8	7.7
Add back: Increase in debtors and creditors with undertakings formerly under common control	(3.1)	3.5
Less: Adjusting items (excluding Share-Based Payments)	(14.6)	(1.4)
Less: Non-cash movement with undertakings formerly under common control	(25.4)	0.0
Less: Research and Development tax credit	(0.5)	(0.3)
Less: Depreciation and Amortisation per the Income Statement[1]	(11.7)	(9.9)
Add back: Depreciation and Amortisation per the Cash Flow Statement[1]	11.7	10.4
Cash generated from operating activities	64.4	61.0

1 Depreciation and amortisation as charged in the Consolidated Income Statement is stated after recharges to other undertakings formerly under common control. Following the entering of a sublease over space at the Group's head office premises effective 1 May 2020, these recharges have ceased.

Glossary

Term	Definition
Active customer	A customer that has purchased from the Group in the past 12 months
Adjusted EBIT	Profit before tax, interest, IPO costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset
Adjusted EBIT margin	Adjusted EBIT margin is the Adjusted EBIT divided by total sales
Adjusted EBITDA	Profit before tax, interest, depreciation, amortisation, IPO costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset
Adjusted EBITDA margin	Adjusted EBITDA margin is the Adjusted EBITDA divided by total sales
Adjusted PBT	Profit before tax, IPO costs, Legacy Incentive costs and charges or credits relating to the Greetz pension provision and associated indemnity asset
Adjusted PBT margin	Adjusted PBT margin is Adjusted PBT divided by total sales
Adjusting items	Items that are considered exceptional or non-underlying in nature and are either added back or deducted from performance measures such as EBITDA, EPS and profit before tax to enable like-for-like comparison between reporting periods
Admission	The Company's admission to the Official List and to trading on the Main Market for listed securities of the London Stock Exchange on 5 February 2021
Alternative Performance Measures or APMs	A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework
Attached gifting revenue	Revenue where product(s) are purchased in addition to a card, including the shipping fee that is charged to the customer and excluding revenue relating to the card
Attach rate	The proportion of card orders for which the customer adds a gift to their purchase
Average Order Value or AOV	Revenue for the period divided by total orders for that period
Basic earnings per share	Profit after tax for the year divided by the weighted average number of ordinary shares in issue during the period following Admission
Board	The Board of Directors of the Company
CAGR	Compound annual growth rate
Card-attached gifting	Gifts that are sent or given in accompaniment to a card, including occasions where the card is purchased at the same or at a different retailer to the gift
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Code	UK Corporate Governance Code published by the FRC in July 2018
Company	Moonpig Group plc, a company incorporated in England and Wales with registered number 13096622 whose registered office is at Herbal House, 10 Back Hill, London EC1R 5EN, United Kingdom
Covid-19	A novel strain of coronavirus causing Covid-19 disease
Customer cohort	A collection of customers organised by the fiscal year in which such customer made their first purchase
ESG	Environmental, social and governance
Existing customer	Means someone who has ever transacted with the Group
Exponent	Exponent Private Equity Partners III (SPV) LP
FCA	The UK Financial Conduct Authority
FRC	The Financial Reporting Council
FSC	The Forest Stewardship Council
FY20, FY21, FY22	The years ended or ending 30 April 2020, 30 April 2021 and 30 April 2022, respectively

Glossary continued

Term	Definition
GHG	Greenhouse gas
Global Design Platform	The Group's Global Design Platform, which licenses card designs created by established and new independent freelance designers and publishers
GLT	Group Leadership Team, comprising the CEO and his direct reports
Gross margin rate	The ratio of gross profit to revenue, expressed as a percentage
Group	The Company, its subsidiaries, significant undertakings and affiliated companies under its control or common control
HMRC	Her Majesty's Revenue and Customs, the UK tax authority
IFRS	International Financial Reporting Standards
IPO	The initial public offering of the Company's ordinary shares
NED	Non-Executive Director
Net Debt	Total borrowings less cash and cash equivalents
Net Promoter Score or NPS	The percentage of customers rating their likelihood to recommend a company
New customer	Means a customer that has not previously transacted with the Group
Non-GAAP measure	See Alternative Performance Measures above
Operating cash conversion	Operating cash flow divided by Adjusted EBITDA, expressed as a ratio
Payback period	The time to recoup the funds expended to acquire the customer
Pre-IPO Reorganisation	The reorganisation of the Group's corporate structure prior to Admission
Previously acquired customers	Customers acquired prior to the period
Prospectus	The prospectus relating to the Company issued on 2 February 2021
Repeat orders share	The proportion of orders that were placed by existing customers that have placed an order in any previous financial year, expressed as a percentage
TCFD	The Task Force on Climate-Related Financial Disclosures
tCO_2e	Tonnes of carbon dioxide equivalent, a standard unit for counting GHG emissions
Total orders	The total number of orders placed by all customers in the period
TSR	Total shareholder return – the growth in value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional shares
VAT	Value added tax

Shareholder information

Registered office and headquarters
Moonpig Group plc
Herbal House
10 Back Hill
London
EC1R 5EN
United Kingdom

Registered number: 13096622

Web: www.moonpig.group
Investor relations: investors@moonpig.com
Media: pressoffice@moonpig.com
Company secretary: company-secretary@moonpig.com

Company secretary
Link Company Matters Limited
C/O Herbal House
10 Back Hill
London
EC1R 5EN
United Kingdom

Corporate broker
J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London
E14 5JP
United Kingdom

Independent auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH
United Kingdom

Registrar
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL
United Kingdom

Tel UK: +44 (0)371 664 0300
(calls cost standard geographic rate; lines are open 9.00am to 5.30pm Monday to Friday, excluding public holidays in England and Wales)

Tel international: +44 (0)371 664 0300
(charged at the appropriate international rate)

Signal Shares shareholder portal: www.signalshares.com

Email: shareholderenquiries@linkgroup.co.uk

Financial calendar 2021–2022
- 2021 Full-year results 27 July 2021
- Annual General Meeting 28 September 2021
- 2022 Half-year results 9 December 2021

Shareholder enquiries
Our registrars will be pleased to deal with any questions regarding your shareholdings (see contact details in the opposite column). Alternatively you can access www.moonpig.group/investors/shareholder-faqs where you can access frequently asked questions including information to allow you to view and manage all aspects of your shareholding securely including electronic communications, account enquiries or amendment to address.

Investor relations website
The investor relations section of our website, www.moonpig.group/investors, provides further information for anyone interested in Moonpig Group plc. In addition to the Annual Report and Financial Statements and share price, Company announcements including the full-year results announcements and associated presentations are also published there.

Cautionary note regarding forward-looking statements
Certain statements made in this Report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this Report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Moonpig Group plc does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

MIX
Paper from responsible sources
FSC® C001785
www.fsc.org

Designed and produced by emperor
Visit us at emperor.works

Moonpig Group plc
Herbal House
10 Back Hill
London
EC1R 5EN
United Kingdom

www.moonpig.group