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IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached document and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached prospectus (the “**Prospectus**”) relating to Moonpig Group plc (the “**Company**”) dated 2 February 2021 accessed from this page or otherwise received as a result of such access. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission or the attached document to any other person. This Prospectus has been prepared solely in connection with the proposed offer to certain institutional investors (the “**Offer**”) of ordinary shares (the “**Shares**”) of the Company. The Prospectus has been published in connection with the admission of the Shares to the premium listing segment of the Official List of the UK Financial Conduct Authority (the “**FCA**”) and to trading on London Stock Exchange plc’s main market for listed securities (together, “**Admission**”). The Prospectus has been approved by the FCA as a prospectus prepared in accordance with the Prospectus Regulation Rules made under section 73A of the FSMA. The Prospectus has been published and is available from the Company’s registered office and on the Company’s website at <https://www.moonpig.group>.

Pricing information and other related disclosures are expected to be published on this website. Prospective investors are advised to access such information prior to making an investment decision.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED PROSPECTUS AND THE SECURITIES REFERENCED THEREIN MAY ONLY BE DISTRIBUTED IN “OFFSHORE TRANSACTIONS” AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS (“**QIBs**”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) OR ANOTHER EXEMPTION FROM, OR IN TRANSACTIONS NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY OR ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) WITHIN THE UNITED STATES TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB AS DEFINED IN, OR IN RELIANCE ON, RULE 144A, OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

CANADIAN INVESTORS ARE ADVISED THAT THIS EMAIL AND THE ATTACHED DOCUMENT MAY ONLY BE TRANSMITTED IN THOSE JURISDICTIONS IN CANADA AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE, AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. THE ATTACHED DOCUMENT IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING IN CANADA. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THE

ATTACHED DOCUMENT OR THE MERITS OF THE SECURITIES DESCRIBED THEREIN AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THE DISTRIBUTION OF THE SECURITIES CONTAINED IN THE ATTACHED DOCUMENT IS BEING MADE ON A PRIVATE PLACEMENT BASIS ONLY AND IS EXEMPT FROM THE REQUIREMENT THAT THE COMPANY PREPARE AND FILE A PROSPECTUS WITH THE RELEVANT CANADIAN SECURITIES REGULATORY AUTHORITIES.

ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

This electronic transmission and the attached Prospectus and the Offer when made are only addressed to and directed at persons in member states of the European Economic Area (the “**EEA**”) who are “qualified investors” in such member state within the meaning of Article 2(e) of the Prospectus Regulation (Regulation 2017/1129/EU) (the “**Prospectus Regulation**”) or the United Kingdom (the “**UK**”) within the meaning of the Prospectus Regulation as it forms part of retained EU law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”) (“**Qualified Investors**”). In addition, in the United Kingdom, this electronic transmission and the attached document is being distributed only to, and is directed only (i) at Qualified Investors who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), (ii) at Qualified Investors who are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). This electronic transmission and the attached document must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the EEA, by persons who are not Qualified Investors. Any investment or investment activity to which the attached document relates is available only to (i) in the United Kingdom, Relevant Persons, and, (ii) in any member state of the EEA, Qualified Investors, and will be engaged in only with such persons.

Confirmation of Your Representation: This electronic transmission and the attached Prospectus is delivered to you on the basis that you are deemed to have represented to the Company, the Selling Shareholders and Citigroup Global Markets Limited, J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove, HSBC Bank plc, Jefferies International Limited, Jefferies GmbH and Numis Securities Limited, (collectively, the “**Banks**”) that (i) you are (a) in the United States and a QIB acquiring such securities for its own account or for the account of another QIB or (b) acting on behalf of, or you are an institutional investor outside the United States acquiring such securities in “offshore transactions”, as defined in, and in reliance on, Regulation S under the Securities Act; (ii) if you are in the United Kingdom, are a relevant person, and/or a Relevant Person who is acting on behalf of Relevant Persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom; (iii) if you are in any member state of the EEA, you are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors or Relevant Persons, to the extent that you are acting on behalf of persons or entities in the EEA; (iv) the Shares acquired by you in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA to Qualified Investors or the UK to Relevant Persons; and (v) if you are not in the United States, the UK or the EEA, you are an institutional investor that is eligible to receive the attached document and you consent to delivery by electronic transmission.

For investors resident in British Columbia, Alberta, Ontario and Quebec (the “**Relevant Provinces**”): You acknowledge and agree that: (a) the securities described in the attached document are only being distributed to investors resident in the Relevant Provinces; (b) you are (i) an “accredited investor” as such term is defined in National Instrument 45-106—Prospectus Exemptions, and (ii) a “permitted client”, as such term is defined in National Instrument 31-103—Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103) and are purchasing the Shares from a dealer registered in Canada or relying on the

“international dealer exemption” contained in NI 31-103; and (c) where required by law, you are participating in the offering as principal for your own account and not as agent.

Restriction: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of prospective investors described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession the attached document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached document, electronically or otherwise, to any other person. The attached document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Selling Shareholders, the Banks nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the attached document, you consent to receiving it in electronic form. None of the Banks nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Shares. The Banks and each of their respective affiliates, each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Banks or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in the attached document.

The Banks are acting exclusively for the Company and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of the attached document) as their client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in the attached document.

You are responsible for protecting against viruses and other destructive items. Your receipt of the attached document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Moments that matter, every day.

Prospectus: February 2021



This document comprises a prospectus (the “**Prospectus**”) relating to Moonpig Group plc (the “**Company**”) prepared in accordance with the prospectus regulation rules (the “**Prospectus Regulation Rules**”) of the Financial Conduct Authority (the “**FCA**”) made under Section 73A of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”). This document has been approved as a prospectus by the FCA as competent authority under the UK version of Regulation (EU) 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**UK Prospectus Regulation**”). The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation in respect of a prospectus. Such approval should not be considered as an endorsement of the Company that is, or the quality of the securities that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the securities. The Prospectus will be made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules. Capitalised terms used in this document which are not otherwise defined have the meanings given to them in the section headed “*Glossary*”.

Application will be made to the FCA for all of the ordinary shares of GBP 0.10 each in the capital of the Company (the “**Ordinary Shares**”) to be admitted to the premium listing segment of the Official List maintained by the FCA (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for all such Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (the “**Main Market**”) (together, “**Admission**”). Conditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8:00 a.m. (London time) on 2 February 2021. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares on the London Stock Exchange will commence at 8:00 a.m. (London time) on 5 February 2021 (the “**Closing Date**”) (or such later time and/or date as the Company and the Joint Global Coordinators may agree). **All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued” basis and of no effect if Admission does not take place and will be at the sole risk of the parties concerned. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange. Prior to the Global Offering, there has been no public market for the Ordinary Shares.**

The Company and its directors, whose names appear on page 44 of this document (the “**Directors**”), accept responsibility for the information contained in this document and declare that, to the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

Prospective investors should read the whole of this document, including the section headed “Risk Factors” beginning on page 13, for a discussion of certain risks and other factors that should be considered in connection with an investment in the Ordinary Shares. The Ordinary Shares are only being offered, and this document is only being distributed, to those eligible investors who are permitted to purchase, Ordinary Shares under applicable law as set out in this document.



Moonpig Group plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 13096622)

Global Offering of 140,355,981 Ordinary Shares at an Offer Price of 350 pence per Ordinary Share and admission to listing on the premium listing segment of the Official List maintained by the FCA and to trading on the Main Market of the London Stock Exchange.

134,641,695 Ordinary Shares (the “**Sale Shares**”) are being offered by the entities and individuals listed within the table in “*The Global Offering—Selling Shareholders*” (the “**Selling Shareholders**”) and 5,714,286 Ordinary Shares (the “**Subscription Shares**”) and, together with the Sale Shares, the “**Offer Shares**”) are being offered by the Company in this global offering (the “**Global Offering**”). The Global Offering includes 140,355,981 Ordinary Shares and, if the Over-allotment Option (as defined below) is exercised, up to 14,035,599 additional Ordinary Shares to be sold by the Principal Selling Shareholders (the “**Over-allotment Shareholders**”). The Over-allotment Shareholders have granted J.P. Morgan Securities plc (which conducts its investment banking activities as J.P. Morgan Cazenove (the “**Stabilising Manager**”)) an over-allotment option (the “**Over-allotment Option**”) to purchase up to a maximum of 10% of the total number of Offer Shares (before exercise of the Over-allotment Option) during the period commencing on the date of commencement of conditional dealings of the shares on the London Stock Exchange and ending no later than 30 calendar days thereafter at the initial offering price (the “**Offer Price**”) to cover over-allotments, if any, made in connection with the Global Offering and to cover any short positions resulting from stabilisation transactions.

The Global Offering comprises an offering of Ordinary Shares: (a) in the United States to qualified institutional buyers (each a “**QIB**”) as defined in, and in reliance on, Rule 144A (“**Rule 144A**”) under the US Securities Act of 1933 (the “**US Securities Act**”); and (b) outside the United States to institutional investors in reliance on Regulation S (“**Regulation S**”) under the US Securities Act. The Ordinary Shares have not been and will not be registered under the US Securities Act and, subject to certain limited exceptions, may not be offered or sold within the United States. The Ordinary Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States only to QIBs in reliance on Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirement of the US Securities Act.

Sponsor, Joint Global Coordinator and Joint Bookrunner

Citigroup

Joint Global Coordinator and Joint Bookrunner

J.P. Morgan Cazenove

Joint Bookrunners

HSBC

Jefferies

Numis

ISSUED ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

<i>Ordinary Shares of</i>	<i>Issued and fully paid</i>	<i>Nominal value</i>
<i>GBP 0.10 each</i>	<i>Number</i>	
	342,112,913	GBP 34,211,291.30

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Recipients of this document are authorised solely to use this document for the purpose of considering the acquisition of the Ordinary Shares, and may not reproduce or distribute this document, in whole or in part, and may not disclose any of the contents of this document or use any information herein for any purpose other than considering an investment in the Ordinary Shares. Such recipients of this document agree to the foregoing by accepting delivery of this document.

Prior to making any decision as to whether to invest in the Ordinary Shares, prospective investors should read this document in its entirety and, in particular, the section headed “Risk Factors” when considering an investment in the Company. In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Company, its subsidiaries (together with Company, the “Group”), and the terms of the Global Offering, including the merits and risks involved. The investors also acknowledge that: (a) they have not relied on the Banks (as defined below) or any person affiliated with the Banks in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (b) they have relied only on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised by the Company, the Banks. Without prejudice to any legal or regulatory obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this document nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

The Group will not receive any of the proceeds from the sale of the Sale Shares, all of which will be paid to the Selling Shareholders or to such third parties as they may direct on its behalf.

None of the Company, the Banks or any of their respective representatives is making any representation to any prospective investor in the Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such prospective investor under the laws applicable to such prospective investor. The contents of the Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, business, financial or tax adviser for legal, business, financial or tax advice applicable to an investment in the Ordinary Shares.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

None of the Company, the Selling Shareholders, the Banks accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media, regarding the Global Offering or the Company. None of the Company, the Selling Shareholders, the Banks makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication, and no such information or publication is, or shall be relied upon, as a promise or representation in this respect, whether as to the past or the future.

Citigroup Global Markets Limited (“**Citigroup**”) has been appointed as sponsor, a joint global coordinator and joint bookrunner, and J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) (“**J.P. Morgan**”) has been appointed as a joint global coordinator, joint bookrunner and stabilisation agent. Citigroup and J.P. Morgan (together the “**Joint Global Coordinators**”) and, HSBC Bank plc, Jefferies International Limited, Jefferies GmbH and Numis Securities Limited have been appointed as joint bookrunners (together with the Joint Global Coordinators, the “**Joint Bookrunners**”). Citigroup, J.P. Morgan, HSBC Bank plc, Jefferies International Limited, Jefferies GmbH and Numis Securities Limited (together, the “**Banks**”) are acting exclusively for the Company and no one else in connection with the Global Offering, will not regard any other person (whether or not a recipient of this document) as a client in relation to the Global Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for giving advice in relation to the Global Offering or any transaction or arrangement referred to in this document.

Each of Citigroup, J.P. Morgan, and HSBC Bank plc are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom. Each of Jefferies International Limited and Numis Securities Limited are authorised and regulated by the Financial Conduct Authority in the United Kingdom. Jefferies GmbH is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht. The Banks and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Selling Shareholders and any of their respective affiliates for which they would have received customary fees. Each of the Banks and any of their respective affiliates may provide such services to the Company and/or the Selling Shareholders and any of their respective affiliates in the future.

In connection with the Global Offering, the Banks and any of their respective affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Global Offering or otherwise. Accordingly, references in this document to the Ordinary Shares being issued, offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, dealing or placing by, the Banks and any of their affiliates acting as investors for their own accounts. In addition, certain of the Banks or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Banks (or their affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. In addition, in connection with the Global Offering, certain of the Banks may enter into financing arrangements with investors, such as share-swap arrangements or lending arrangements where securities are used as collateral, which could result in such Banks acquiring shareholdings in the Company. None of the Banks intends to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Banks by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Banks accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the accuracy, completeness or verification of the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Global Offering and nothing in this document will be relied upon as a promise or representation in this respect, whether as to the past or future. Each of the Banks accordingly disclaims, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

In connection with the Global Offering, the Stabilising Manager may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares up to a maximum of 10% of the total number of the Offer Shares (prior to any exercise of the Over-allotment

Option) or effect other transactions with a view to supporting the market price of the Ordinary Shares at a level higher than that which might otherwise prevail in the open market for a period of no more than 30 calendar days after the date of commencement of conditional dealings of the shares on the London Stock Exchange. Such transactions may be effected on the London Stock Exchange, in the over-the-counter markets or otherwise. There is no obligation on the Stabilising Manager to undertake stabilisation transactions. Such transactions, if commenced, may be discontinued at any time without prior notice and must be brought to an end no later than 30 calendar days after the date of commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange (the “**Stabilisation Period**”). In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price. Save as required by law, the Stabilising Manager does not intend to disclose the extent of any stabilisation transactions under the Global Offering.

For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allocations and/or from sales of Shares effected by it during the Stabilisation Period, the Over-allotment Shareholders have granted to it the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for up to a maximum of 10% of the total number of Offer Shares at the Offer Price. The Over-allotment Option is exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings in the Ordinary Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares, will be purchased on the same terms and conditions as the Ordinary Shares in the Global Offering and will form a single class for all purposes with the other Ordinary Shares.

NOTICE TO INVESTORS

The Ordinary Shares are subject to transfer restrictions in certain jurisdictions. Prospective purchasers should read the restrictions described in “*Details of the Global Offering—Selling Restrictions*”. Each purchaser of the Ordinary Shares will be deemed to have made the relevant representations described therein.

The distribution of this document and the offer of the Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Selling Shareholders, the Banks to permit a public offering of the Ordinary Shares or to permit the possession or distribution of this document (or any other offering or publicity materials relating to the Ordinary Shares) in any jurisdiction where action for that purpose may be required, other than the United Kingdom. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In particular, save for the United Kingdom, no actions have been taken to allow for a public offering of the Ordinary Shares under the applicable securities laws of any other jurisdiction, including Australia, Canada, Japan or the United States. This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy any of, the Ordinary Shares in any jurisdiction where it is unlawful to make such offer or solicitation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Ordinary Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States. The Ordinary Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States to “qualified institutional buyers” in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirement of the US Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of the Ordinary Shares and the distribution of this document, see “*Details of the Global Offering—Selling Restrictions*”.

The Ordinary Shares offered by this document have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”), any State securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Global Offering or the accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

GROUP’S WEBSITES

Save for the copies of the documents listed in “*Additional Information—Documents available for inspection*” that are extracts from this document and will be available for inspection for a period of 12 months following Admission on the Company’s website at <https://www.moonpig.group>, information contained on the Group’s websites, including <https://www.moonpig.group>, <https://www.moonpig.com/uk/>, <https://www.moonpig.com/us/>, <https://www.moonpig.com/au/> and <https://www.greetz.nl/>, or the contents of any website accessible from hyperlinks on the Group’s websites do not form part of this document.

UNITED KINGDOM

In relation to the United Kingdom, no Offer Shares have been offered or will be offered pursuant to the Global Offering to the public in the United Kingdom prior to the publication of the Prospectus has been approved by the FCA, except that the Offer Shares may be made to the public in the United Kingdom at any time:

- (i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (iii) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the Offer Shares shall require the Company or any Bank to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person in the United Kingdom who acquires any Offer Shares in the Global Offering or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Banks that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Banks that the Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the United Kingdom to qualified investors, in circumstances in which the prior consent of the Banks has been obtained to each such proposed offer or resale. Neither the Company nor the Banks have authorised, nor do they authorise, the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Banks which constitute the final placement of Offer Shares contemplated in this document.

The Company, the Selling Shareholders and the Banks and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of retained EU law by virtue of the European Union (Withdrawal) Act 2018.

EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area (“EEA”) (each a “**Member State**”), no Offer Shares have been offered or will be offered pursuant to the Global Offering to the public in that Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except the Offer Shares may be offered to the public in that Member State at any time:

- (i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall require the Company or any Bank to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Member State who acquires any Offer Shares in the Global Offering or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Banks that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Banks that the Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Member State to qualified investors, in circumstances in which the prior consent of the Banks has been obtained to each such proposed offer or resale. Neither the Company nor the Banks have authorised, nor do they authorise, the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Banks which constitute the final placement of Offer Shares contemplated in this document.

The Company, the Selling Shareholders and the Banks and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

In this context, the expression “an offer to the public” in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Global Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that such Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Global Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Banks will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapter 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

The date of this document is 2 February 2021.

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SUMMARY INFORMATION

1. INTRODUCTION AND WARNINGS

1.1 Name and ISIN of the securities

Ordinary voting shares of in the capital of the Company with a nominal value of GBP 0.10 each (the “**Ordinary Shares**”) with ISIN: GB00BMT9K014.

1.2 Identity and contact details of the issuer

The issuer’s name is Moonpig Group plc (the “**Company**” and, together with its subsidiaries and subsidiary undertakings, the “**Group**”). Its registered office is at 10 Back Hill, London EC1R 5EN, United Kingdom. The Company’s telephone number is +44 7809 340142.

1.3 Identity and contact details of the competent authority

This document has been approved by the Financial Conduct Authority, with its head office at 12 Endeavour Square, London E20 1JN, United Kingdom and telephone number +44 (0) 20 7066 1000.

1.4 Date of approval of the Prospectus

2 February 2021

1.5 Warnings

This summary should be read as an introduction to the Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

Domicile and legal form, LEI, applicable legislation and country of incorporation

The Company is incorporated under the laws of England and Wales with its registered office in England and its Legal Entity Identifier (“**LEI**”) is 213800VAYO5KCAXZHK83. The Company was incorporated on 23 December 2020 under the name Project Titan plc under the Companies Act 2006 as a public company limited by shares with registered number 13096622. The principal law and legislation under which the Company operates is the Companies Act 2006.

Principal activities

The Group is a leading online greeting card and gifting business, comprising the Moonpig brand in the UK and the Greetz brand in the Netherlands. In both markets, the Group is the clear online market leader in cards, holding a 60% market share in the UK among online card specialists in 2019 and a 65% market share in the Netherlands among the top three online card players in 2019, according to OC&C estimates. The Group’s leading customer proposition includes an extensive range of cards, a curated range of gifts, personalisation features and next day delivery offering. This has enabled the Group to develop a large and loyal customer base efficiently and profitably, demonstrated by its 12.2 million active customers as at 31 October 2020 and strong customer retention, with 78% of the Group’s revenue in the year ended 30 April 2020 derived from previously acquired customers.

For the year ended 30 April 2020, the Group’s revenue was £173.1 million, with £126.5 million contributed by Moonpig and £46.6 million contributed by Greetz. During this same period, the Group’s underlying EBITDA was £44.4 million, representing an underlying EBITDA Margin of 26%. For the six months ended 31 October 2020, the Group’s revenue was £155.9 million, with £120.8 million contributed by Moonpig and £35.1 million contributed by Greetz. The Group’s business is also highly cash generative, due to its high margins, an attractive negative working capital profile and relatively low capital expenditure requirements.

Major Shareholders

As at the date of this document, and insofar as it is known to the Company, the following persons are, or will, immediately following Admission, be directly or indirectly interested (within the meaning of the Companies Act 2006) in 3% or more of the Company’s issued share capital (being the threshold for notification of interests that will apply to Shareholders as of Admission pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules), and the

interests of those acquiring 5% or more of the Offer Shares being sold in the Global Offering, assuming no exercise of the Over-allotment Option:

	Interests in Ordinary Shares at the date of this document		Interests in Ordinary Shares immediately following Admission assuming no exercise of the Over-allotment Option ⁽¹⁾	
	Number of Ordinary Shares	Percentage (%)	Number of Ordinary Shares	Percentage (%)
<i>Shareholders</i>				
Exponent Private Equity Partners III (SPV), LP	107,340,220	41.28%	90,835,846	26.55%
LCP VIII Holdings LP.....	49,281,700	18.95%	41,681,084	12.18%
LGT Capital Partners ⁽²⁾	14,784,640	5.69%	12,504,406	3.66%
Strategic Partners VII Investments L.P (Series D).....	13,418,860	5.16%	13,619,192	3.98%
Aberdeen Standard Investments ⁽³⁾	8,673,600	3.34%	3,684,605	1.08%
BlackRock-affiliated funds ⁽⁴⁾	—	—	30,000,000	8.77%
Dragoneer Global Fund II, L.P.	—	—	14,285,714	4.18%
Henderson Global Investors Limited	—	—	8,000,000	2.34%

(1) Includes Cornerstone Commitments from the Cornerstone Investors and reflects shareholdings in the Company following conversion of shareholder loan notes pursuant to the pre-IPO Reorganisation and issuance of Subscription Shares pursuant to the Global Offer.

(2) Includes Ordinary Shares held by Crown Premium Private Equity VI Master SCS SICAV- FIS, Crown Global Secondaries IV PLC, Crown European Markets IV PLC and Crown Global Opportunities VI PLC.

(3) Includes Ordinary Shares held by Hampshire County Council as administering authority of the Hampshire Pension Fund, Perpetual Corporate Trust Limited as custodian for ROC Capital PTY Limited as Trustee for Q Private Equity Trust, Perpetual Corporate Trust Limited as custodian for ROC Capital PTY Limited as Trustee for MU Private Capital Trust and PE2 LP.

(4) Includes various independently managed funds affiliated with BlackRock, Inc.

Key managing Directors

Nickyl Raithatha is the Chief Executive Officer and Andy MacKinnon is the Chief Financial Officer.

Statutory auditors

PricewaterhouseCoopers LLP (“PwC”), whose address is 1 Embankment Place, London WC2N 6RH, United Kingdom.

2.2 What is the key financial information regarding the issuer?

Condensed Consolidated Income Statement

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
		£'000		£'000	£'000
		(audited)		(unaudited)	(audited)
Revenue	87,857	120,141	173,119	66,302	155,898
Cost of sales.....	(39,522)	(56,936)	(81,430)	(31,073)	(75,140)
Gross profit.....	48,335	63,205	91,689	35,229	80,758
Selling and administrative expenses.....	(32,827)	(49,234)	(58,581)	(25,488)	(47,773)
Other income	—	—	—	—	738
Operating profit	15,508	13,971	33,108	9,741	33,723
Finance income.....	399	847	942	826	356
Finance expense.....	—	(898)	(2,275)	(1,189)	(1,089)
Profit before taxation	15,907	13,920	31,775	9,378	32,990
Income tax	(50)	(325)	(1,077)	(580)	(5,150)
Profit for the period	15,857	13,595	30,698	8,798	27,840

Condensed Consolidated Balance Sheet

	As at 30 April			As at 31 October
	2018	2019	2020	2020
			£'000 (audited)	
TOTAL ASSETS	24,071	77,773	108,038	116,606
TOTAL LIABILITIES	14,569	56,549	88,523	77,065
TOTAL EQUITY	9,502	21,224	19,515	39,541
TOTAL EQUITY AND LIABILITIES	24,071	77,773	108,038	116,606

Condensed Consolidated Cash Flow Statement

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
		£'000 (audited)		£'000 (unaudited)	£'000 (audited)
Net cash generated from operating activities	17,898	26,692	61,636	14,674	19,587
Net cash used in investing activities	(7,208)	(30,146)	(7,482)	(4,001)	(5,032)
Net cash (used in)/generated from financing activities	(12,410)	3,660	(44,153)	(10,900)	(19,683)
Net (decrease)/increase in cash and cash equivalents	(1,720)	206	10,001	(227)	(5,128)

Selected pro forma statement of net assets

The unaudited pro forma statement of net assets set out below (the “**Pro forma Financial Information**”) has been prepared to illustrate the impact on the Group’s net assets of (i) the Horizon Group Separation, (ii) the refinancing, (iii) the Pre-IPO Reorganisation and (iv) the net proceeds of the Subscription Shares that are part of the Global Offering as if these events had occurred on 31 October 2020.

Unaudited pro forma statement of net assets as at 31 October 2020

	Consolidated net assets of Cards Holdco Limited as at 31 October 2020 ⁽¹⁾	Adjustment				Pro Forma statement of net assets of the Group as at 31 October 2020
		Horizon Group Separation ⁽²⁾	Refinancing ⁽³⁾	Pre-IPO Reorganisation ⁽⁴⁾	Net proceeds of the Subscription Shares ⁽⁵⁾	
	£m	£m	£m	£m	£m	£m
ASSETS						
Non-current assets						
Intangible assets	37.2	—	—	—	—	37.2
Property, plant and equipment	18.0	—	—	—	—	18.0
Other non-current assets	0.2	—	—	—	—	0.2
Total non-current assets	55.4	—	—	—	—	55.4
Current assets						
Inventories	6.2	—	—	—	—	6.2
Trade and other receivables	46.1	(40.1)	—	—	—	6.0
Corporation tax receivable	1.6	—	—	—	—	1.6
Cash and cash equivalents	7.3	—	—	0.1	11.0	18.4
Total current assets	61.2	(40.1)	—	0.1	11.0	32.2
Total assets	116.6	(40.1)	—	0.1	11.0	87.6

	Consolidated net assets of Cards Holdco Limited as at 31 October 2020 ⁽¹⁾	Adjustment			Net proceeds of the Subscription Shares ⁽⁵⁾	Pro Forma statement of net assets of the Group as at 31 October 2020
	£m	Horizon Group Separation ⁽²⁾	Refinancing ⁽³⁾	Pre-IPO Reorgani- sation ⁽⁴⁾	£m	£m
LIABILITIES						
Current liabilities						
Trade and other payables	30.6	—	—	—	—	30.6
Contract liabilities	3.3	—	—	—	—	3.3
Borrowings	27.9	406.7	(167.5)	(264.8)	—	2.3
Provisions for other liabilities and charges	0.9	—	—	—	—	0.9
Total current liabilities	62.7	406.7	(167.5)	(264.8)	—	37.1
Non-current liabilities						
Deferred tax liabilities	3.1	—	—	—	—	3.1
Borrowings	—	—	167.5	—	—	167.5
Lease liabilities	10.4	—	—	—	—	10.4
Provisions for other liabilities and charges	0.9	—	—	—	—	0.9
Total non-current liabilities	14.4	—	167.5	—	—	181.9
Total liabilities	77.1	406.7	—	(264.8)	—	219.0
Net assets	39.5	(446.8)	—	264.9	11.0	(131.4)

Notes:

- (1) The net assets of the Group as at 31 October 2020 have been extracted without material adjustment from the historical financial information of Cards Holdco Limited. No separate balance sheet has been presented for the Company as the Company does not have material equity or reserves, and therefore has no material impact on the pro forma combined net assets.
- (2) On 8 January 2021 the Horizon Group Separation was completed and resulted in the settlement of the Group's related party balances with the other Horizon Group entities, leaving one related party loan that will be settled as part of the Pre-IPO Reorganisation. As at 31 October 2020 the amounts that would have been settled under the terms of the Horizon Group Separation are: (i) settlement by way of a share issue and subsequent reduction in related party current borrowings owed to Horizon Group of £25.5 million; (ii) the assumption of a related party loan owing to Horizon Group of £472.3 million; (iii) settlement of a related party receivable of £40.1 million against the related party loan owing to Horizon Group. These combined amounts result in a decrease in trade and other receivables of £40.1 million and a net increase in current borrowings of £406.7 million
- (3) On 7 January 2021 the Titan Bidco Limited, one of the new intermediate holding companies of the Group, entered into the Senior Facilities Agreement and on 8 January 2021 its Facility B of £175.0 million was utilised in full, with fees of £7.5 million capitalised on the balance sheet. The amount of £167.5 million drawn net of fees was remitted to the Horizon Group in order for the Horizon Group to repay the Existing Facilities.
- (4) In connection with the Pre-IPO Reorganisation and prior to Admission, the Horizon Group will transfer the residual £264.8 million related party loan owed by Titan Debtco Limited, being the net of the £472.3 million related party loan described in (2) above reduced by the related party receivable (£40.1 million) and cash remittances described in (3) of £167.5 million, to part settle the Horizon Group loan notes owing to investors and management. These investors and management will subsequently subscribe for additional shares in the Company with the consideration being the related party loan owed by Titan Debtco Limited. The Company was incorporated with initial share capital of £50,000 and a corresponding cash balance, included in the table above as £0.1 million.
- (5) The issue of Subscription Shares under the Global Offering is expected to result in gross proceeds of £20.0 million less £9.0 million of related underwriting commissions and other estimated fees and expenses.
- (6) No adjustment is shown for the sale of Sales Shares as part of the Global Offering because the Group will not receive any of the proceeds from the sale of the Sale Shares, and underwriting commissions and other estimated fees and expenses associated with the sale of Sale Shares will be borne by the Selling Shareholders.
- (7) No adjustment has been made to reflect the trading results or financial position of the Group since 31 October 2020.

Audit report on the historical financial information

There are no qualifications in PricewaterhouseCoopers LLP's accountants' report on the historical financial information of the Group for the years ended 30 April 2018, 2019 and 2020 and the six months ended 31 October 2020.

2.3 What are the key risks that are specific to the issuer?

Risks Relating to the Group's Business and Industry

The Group faces significant competition for its products, and its success depends on its ability to compete effectively. Failure to compete could have a material adverse effect on the Group's outlook and prospects.

The quality and breadth of the products that the Group offers to its customers, including the overall customer experience and broader trends that impact customer preferences, are integral to the Group's efforts to retain existing customers and to attract new customers, which together are critical to the Group's business.

The Group's business depends on the strength of its brands, and any damage to the Group's reputation or brands could increase its customer acquisition costs, or require the Group to invest more in marketing activities, or harm the Group's ability to attract and retain new customers, which could have a material adverse effect on the Group's business.

The Group must innovate and regularly improve its technology systems to be able to respond to customers' evolving needs through periodic and ongoing improvements to the platform that enhance platform functionality, performance, reliability, design, security and scalability. Any failure or inability to execute these improvements could have a material adverse effect on the Group's business.

Should the Group encounter difficulties with software development that either delay or prevent development all together for new features to its platform, the Group's ability to respond to customer needs could be hindered and such hindrances could have a material adverse effect on the Group's business.

The Group invests in a considerable amount of marketing strategies in order to attract and retain new customers. As a result, if the costs related to these strategies were to increase or if the strategies were to fail in attracting and retaining new customers, the Group's business could be materially and adversely affected.

The Group's business has experienced recent rapid growth, which is not expected to continue to grow at the same pace. The Group's success depends on the continued growth of its own business and of the online gifting market and the corresponding shifts from physical to online purchasing by customers.

A portion of the Group's success is attributable to the growth of the gifting market and the corresponding shifts away from physical purchasing to online purchasing by customers. Should such growth not continue or if it were to decrease, the Group's business could be materially and adversely affected.

Disruption to the Group's platforms or its computer systems or software, or the systems and software of the Group's third-party suppliers, could damage the Group's reputation and result in a loss of customers, which could have a material adverse effect on the Group's business.

Risk Relating to Regulation, Legal and Intellectual Property Matters

The Group is subject to EU and UK consumer protection laws, including data protection directives and privacy and electronic communications regulations, as well as health and safety laws, and a failure to comply with such current laws or regulations or changes to such, including through compliance breaches or hacks, could significantly harm the Group's reputation and expose it to litigation or other legal or regulatory actions, or cause other material adverse effects.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

Type, class and ISIN of the securities

When admitted to trading, the Ordinary Shares (which are ordinary voting shares) will be registered with International Securities Identification Number ("ISIN") GB00BMT9K014.

Currency, denomination, par value, number of securities issued and term of the securities

The Ordinary Shares are denominated in pounds sterling with par value of £0.10 each and an indefinite term. On Admission, the Company will have 342,112,913 Ordinary Shares in issue.

Rights attached to the securities

The Ordinary Shares will have the following rights attaching to them:

- on a show of hands at a general meeting every member present in person has one vote and every proxy or representative present who has been duly appointed by a member entitled to vote has one vote; and on a poll every member (whether present in person or by proxy or representative) has one vote per Ordinary Share;
- the right to receive dividends on a *pari passu* basis; and

- if the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided amongst the members in the proportion to the capital which at the start of the winding-up is paid up on the Ordinary Shares held by them, respectively.

Rank of securities in the issuers' capital structure in the event of insolvency

The Ordinary Shares do not carry any rights to participate in a distribution (including on a winding-up) other than those that exist under the Companies Act 2006. The Ordinary Shares will rank pari passu in all respects.

Restrictions on free transferability of the securities

The Ordinary Shares are free from any restriction on transfer, subject to compliance with applicable securities laws.

Dividends and dividend policy

The Company does not intend to pay any dividends as the Group invests in growth. The Company intends to revisit its dividend policy in future years and may revise its dividend policy from time to time.

3.2 Where will the securities be traded?

Application will be made for all the Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities and admitted to the premium listing segment of the Official List. No application has or is currently intended to be made for the Ordinary Shares to be admitted to listing elsewhere or to be traded on any other exchange ("**Admission**").

3.3 What are the key risks that are specific to the securities?

The market for the Ordinary Shares may not develop or be sustained, and future sales of Ordinary Shares may impact their trading price.

Exponent's interests could diverge from those of the other Shareholders.

Admission may not occur when expected.

The Company may not pay dividends.

The market price of the Ordinary Shares could be affected by sales Ordinary Shares in the public markets, including following the lock-up period or the perception that such sales could occur.

4. KEY INFORMATION ON THE OFFER AND ADMISSION

4.1 Under which conditions and timetable can I invest in this security?

General terms and conditions

Not applicable. This document does not constitute an offer or an invitation to any person to subscribe for or purchase any Ordinary Shares. The Ordinary Shares are not being offered to the public.

Expected timetable of Principal Events

Each of the following times and dates in the table below is indicative only and subject to change without further notice.

All references to times in this document are to London times unless otherwise stated.

Event	Time and date
Latest time and date for receipt of indications of interest under the Global Offering	12:00 p.m. on 1 February 2021
Announcement of the results of and notification of allocations of Ordinary Shares in the Global Offering	7:00 a.m. on 2 February 2021
Commencement of conditional dealing in Ordinary Shares on the London Stock Exchange	8:00 a.m. on 2 February 2021
Admission and commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8:00 a.m. on 5 February 2021
CREST accounts credited in respect of Ordinary Shares acquired in the Global Offering in uncertificated form	As soon as possible after 8:00 a.m. on 5 February 2021
Share certificates despatched	Within ten business days of Admission

Details of admission to trading on a regulated market

Application will be made for all the Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities and admitted to the premium listing segment of the Official List. No application has or is currently intended to be made for the Ordinary Shares to be admitted to listing elsewhere or to be traded on any other exchange.

Plan for distribution

On 2 February 2021, the Company (acting for itself and as agent on behalf of the Individual Selling Shareholders pursuant to the Deeds of Election entered into by the Individual Selling Shareholders), the Principal Selling Shareholders, the Directors and the Banks (as defined below) entered into an underwriting agreement (the "**Underwriting Agreement**") pursuant to which the Banks have severally agreed, on the terms and subject to the conditions contained therein, to use reasonable endeavours to procure subscribers and purchasers for, and, failing which, to subscribe for or purchase themselves (in their relevant proportions) the Offer Shares subject to the Global Offer at an offer price of GBP 3.50 per Ordinary Share (the "**Global Offer**").

Amount and percentage of immediate dilution resulting from the issue

Pursuant to the Global Offering, existing Shareholders will experience a 1.7% dilution as a result of the issue of the 5,714,286 Subscription Shares (that is, its, his or her proportionate interest in the Company will decrease by 1.7%).

Estimate of the total expenses of the issue

The costs and expenses of, and incidental to, Admission and the Offer payable by the Company are estimated to amount to £9.0 million (including VAT), and include, amongst others, underwriting commissions (including the maximum amount of any discretionary commission), the FCA's fees, professional fees and the costs of printing and distribution of documents. No expenses will be charged by the Company or the Selling Shareholders to any subscribers or purchasers of Shares pursuant to the Offer.

Joint Global Coordinators and Joint Bookrunners

Citigroup Global Markets Limited ("**Citigroup**") and J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("**J.P. Morgan**") are acting as joint global coordinators for the Global Offer (the "**Joint Global Coordinators**"). Citigroup, J.P. Morgan, HSBC Bank plc, Jefferies International Limited, Jefferies GmbH and Numis Securities Limited are acting as joint bookrunners for the Global Offer (the "**Joint Bookrunners**").

4.2 Why is this Prospectus being produced?

Reasons for the Offer and use of proceeds

The Global Offering is being conducted, among other reasons, to further raise the profile of the Company, provide it with a platform for continued growth, and allow the Selling Shareholders to sell part of their shareholdings, while providing increased trading liquidity in the Ordinary Shares. The Company intends to raise gross proceeds of approximately £20 million from the issue and sale of Subscription Shares pursuant to the Global Offering. After deducting underwriting commissions and other estimated fees and expenses incurred in connection with the issue and sale of the Subscription Shares in the Global Offering, the Company expects to receive net proceeds of approximately £11.0 million. The Company will not receive any proceeds from the sale of Sale Shares. The Directors intend to use the net proceeds received by the Company from the issue and sale of the Subscription Shares in the Global Offering for the following:

- positioning the Group for the next stage of its development by establishing an appropriate capital structure; the net proceeds received by the Company will reduce its net debt as a result of the cash received from the net proceeds from the Global Offering, with the Group targeting less than 2.0x net debt to EBITDA as at 30 April 2021; and
- general corporate purposes, by supporting the Group's ability to invest in the business and drive future growth.

Material conflicts of interest

Not applicable.

RISK FACTORS

Investing in and holding the Ordinary Shares involves financial risk. Prospective investors in the Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Group and the Ordinary Shares which should be considered together with all other information contained in this document. If one or more of the following risks were to arise, the Group's business, financial condition, results of operations, prospects or the price of the Ordinary Shares could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in the Group and the Ordinary Shares. Additional risks and uncertainties not currently known to the Group or which it currently deems immaterial may arise or become material in the future and may have a material adverse effect on the Group's business, results of operations, financial condition, prospects or the price of the Ordinary Shares.

Risks Relating to the Group's Business and Industry

The Group faces significant competition for its gifting products, including greeting cards and gifts, and if the Group does not compete effectively, its business, results of operation, financial condition or prospects could be materially adversely affected.

The Group competes in the gifting market (the “**gifting market**”), which is large, evolving and highly competitive and includes the sale of greeting cards and gifts. The Group faces significant 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 offline competitors include specialist greeting cards, supermarkets and other retailers, generalists, stationers, discount chains and florists. The Group also competes with online greeting card companies; online flower specialists; and online gift specialists. Some of the Group's competitors, particularly supermarkets, general merchandise discounters and stationery retailers, may have larger and broader customer bases, wider distribution channels, substantially greater financial, technical or marketing resources, stronger brand or name recognition or a lower cost base than the Group. Some of the Group's competitors may have greater research and development resources and be able to adapt to changes in customer requirements, customer preferences or attitudes toward design content and gifting products faster, launch innovative products more quickly, more readily take advantage of acquisitions and other opportunities, or have more established relationships with third-party suppliers, which could result in the Group not being able to compete as effectively and lose its market position. The Group's competitors may also aggressively discount their products in order to gain market share, which could result in pricing pressures, reduced profit margins, lost market share, or a failure to grow market share for the Group.

Within each of the UK and the Netherlands, the Group has benefited from its strong positions in the gifting market, but competition could intensify as traditional retailers expand their digital, online and app-based sales capabilities and potential new competitors enter the gifting market. The Group could face an increase in online competition as a result of competitors prioritising investments in new or improved online platforms to deal with disruptions faced as a result of the novel strain of coronavirus causing Covid-19 disease (“**Covid-19**”) and the expected continued shift to online purchasing, which may make it more difficult for the Group to maintain its market share.

The Group competes, and could increasingly compete in the future, with alternatives or substitutes to the Group's products, whether that is the increasing use of electronic gift cards as substitutes for physical gifts, social media or other companies that host and enable the posting of greetings, images, electronic or other gifts, e-cards or other innovations and developments. In addition, the Group competes and may increasingly compete in the future with alternative business models that serve the gifting markets, including greeting card subscription services, flower subscription services, or apps or websites that provide free products (only charging for any up-sells of attachments to the free base product) that compete or may serve as a substitute to the Group's gifting products. If such alternative communications media or substitutions for the Group's products appeal more to the Group's existing customers or potential customers and the Group fails to innovate its product offering in a manner that continues to be attractive to its customers or enables the Group to maintain its existing margins, the Group may be unable to compete effectively.

If the Group is not able to compete effectively against its current or potential competitors, this could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group's efforts to retain existing customers and to attract new customers are critical to its business and depend, in part, on the quality and breadth of the products it offers to customers, the overall customer experience and broader trends that impact customer preferences and the Group's response to such changes. If not successful, the Group's business could be negatively impacted.

The Group's success depends on its ability to retain and engage existing customers and attract new customers. Factors that could influence such an ability include:

- technical or other problems preventing the Group from delivering its products in a timely and reliable manner or otherwise negatively affecting the customer experience;
- any unavailability or delay to customers of the Group's products, including products sourced from third parties or shipped by third parties which may arise due to factors outside the Group's control due to changes in the service level agreements or the reliability of services provided by regulated postal services on which the Group must rely;
- any pricing changes for the Group's products are negatively received or the pricing of the Group's competitors change;
- ineffective marketing or brand promotion campaigns by the Group or effective marketing or brand promotion campaigns by the Group's competitors;
- security breaches leading to the Group's loss of confidential customer or employee information;
- negative publicity surrounding the Group, its brands or its products for any reason, including that resulting from negative online reviews or unfavourable press coverage;
- a perception that the Group acts in an irresponsible manner, including with respect to its environmental, social or corporate responsibility; or
- if there are adverse changes that are mandated by legislation, regulatory authorities or litigation that impacts the Group's ability to market its products to customers.

If the Group is unable to continue to offer gifts that are attractive to its customers, to obtain such products at costs that allow it to sell such products at a profit or to market such products effectively to customers, the Group may have a difficult time attracting new customers or retaining existing customers, and its sales or profitability could be affected adversely.

The success of the Group's business depends in part on its ability to anticipate, identify and respond promptly to evolving trends in demographics and customer preferences, expectations and needs, so that it can continue to attract and retain customers. The Group's product offering is influenced in part by how it views these preferences, expectations and needs. If the Group is unable to respond quickly to developing trends or if the spending patterns or demographics of these markets change, and the Group does not respond in a timely or appropriate manner to such changes, the demand for its products and its market share could decline. Such a decline could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group benefits from current cultural practices surrounding the giving of cards in Anglo-Saxon and Dutch societies. While the single card market has been broadly stable in both countries (for instance OC&C estimates that from 2016 to 2019 the UK market declined by 0.3% compound annual growth rate ("CAGR") in volume terms and grew by 0.5% CAGR in value), cultural norms could evolve or change.

A satisfied and loyal customer base is crucial to the Group's continued growth, both for continued engagement and retention of existing customers as well as through promoting the Group to attract new customers. Because the Group does not have the direct face-to-face contact with customers that comes from offline retail, the way the Group directly interacts with customers through its platform is important to maintaining continuous customer relationships. For example, if customer ratings of the Group's products

were to decline as reflected by lower NPS or app ratings, such negative customer experiences could adversely affect the business. The Group relies on a variety of tools on its platform, including reminders of birthdays and other events to prompt repeat engagement and purchases with prior customers, as well as customer relationship management strategies. Any actual or perceived failures by the Group's platform or customer relationship management strategies for customer engagement could negatively affect customer satisfaction, engagement, loyalty or retention. Accordingly, any inability by the Group to retain customers or attract new customers could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

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.

Maintaining, protecting and enhancing the Group's reputation and brands is critical to expanding its customer base and engagement with the Group's platforms. Maintaining, protecting and enhancing its brands depends largely on the Group's ability to continue to provide high-quality, useful and innovative services, features and functionality on its platform and in effectively producing and delivering its products to customers. If customers do not perceive the Group's platform or products to be of high quality or user-friendly, the value of the Group's brand could diminish, thereby decreasing the Group's attractiveness to customers and prospective customers. Any failure or perceived failure by the Group, or its third-party suppliers, to produce and deliver quality products to the customer's specifications, could lead to customer dissatisfaction. The Group's customers may post negative reviews or experiences online, whether on the Group's platforms, Bazaarvoice or Thuiswinkel (the Group's third-party platforms for customer-generated reviews and other content), Trustpilot, its social media platforms (including Facebook and Instagram) or on customers own social media or other online accounts. Information concerning the Group, whether accurate or not, may be posted online or on social media platforms at any time and may have a disproportionately adverse impact on the Group's brands, products and reputation. For example, negative experiences with the Group's personalisation tools for cards or other gifts or damage to flower gifts that may be damaged or suffer from quality issues due to their perishable nature could harm the Group's brand or reputation. In addition, customers may become dissatisfied with the Group's customer service, its handling of personal data or other aspects of its platforms or products. If the Group fails to adequately address these or other customer complaints, negative publicity about the Group, its platforms or products, it could diminish confidence in its brand and reputation.

The Group's reputation and brand could also be negatively affected by the actions of customers that fail to comply with the Group's content rules or which are perceived as inappropriate. Although the Group has content rules for personalised cards and gifts, high output volumes (in particular for cards, of which the Group produced 46 million in the last twelve months ended 31 October 2020) mean it is not feasible for the Group to manually screen all personalised products for compliance with its content rules, whilst cultural practices (where customers and recipients use and appreciate edgy language and humour) impede the automated application of rules. To the extent that any personalised greeting cards or gifts are sent to recipients that violate the Group's content rules, including through the inclusion of pictures or statements that infringe copyright, is abusive or threatening or promotes discrimination or incites hatred or violence, this could significantly harm the Group's reputation and brands.

While the Group has developed and implemented certain internal controls, policies and procedures designed to prevent or mitigate employee misconduct or misconduct by third parties, such policies and procedures may not be effective in all instances. For example, it is not always possible to identify and deter misconduct or errors by the Group's people or third parties and the precautions the Group takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. The discovery of misconduct or fraudulent activities by any of the Group's employees or third parties could result in significant negative publicity in relation to such misconduct and harm the Group's reputation and brands.

The performance and reputation of third-party suppliers in the Group's third-party supplier and production network could also affect the Group's brand and reputation, particularly if the Group's customers and members do not have a positive experience with the services provided by these third parties or if such third-party suppliers experience adverse publicity for any reason.

Any of the foregoing or other events could damage the Group's reputation and brands, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

A failure of the Group to improve and enhance the functionality, performance, reliability, design, security and scalability of its platforms, including those aspects provided by third parties, in a manner that responds to its customers' evolving needs could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group relies on its technology platforms for the sale of its gifting products in its markets. Most of the Group's technologies and systems are developed and maintained in-house by the Group, although some are developed and maintained by third parties. These technologies, however, are characterised by constant change and innovation, and the Group expects them to continue to evolve rapidly. The Group's success has been based on its ability to identify and anticipate the needs of its customers and design a platform that facilitates their ability to make purchases. The Group's business and results of operations will depend in large part on its ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of its technology platform, including those aspects it sources from third parties. This includes through its continued development of its customer-facing features that display relevant gifting products in response to customer searches and enhances cross selling, and the use of reminders to customers of occasions and events, as well as the continued development of its back-end features that aim to provide a faster checkout experience, increase the Group's range and control of promotions and improve pricing and inventory management. Any failure by the Group or its third-party service providers to maintain and improve the relevant technology systems and infrastructure of its platform may result in the platform not performing as desired or even system interruptions or failures. Any of the foregoing may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group may experience difficulties with software development that could delay or prevent the development, introduction or implementation of new solutions and enhancements to its technology platforms which could adversely impact the Group.

Software development involves significant amounts of complexity and it can take time for the Group's developers, or in certain instances third parties, to update, code and test new and upgraded solutions and integrate them into existing technology platforms. The Group must also continually update, test and enhance its software and make sure that its technology platform operates effectively across multiple devices, operating systems and internet browsers. The continual improvement and enhancement of the Group's technology platform requires significant investment. A failure by the Group to improve and enhance the functionality, performance, reliability, design, security and scalability of its technology platform in a manner that responds to its own or its customers' evolving needs could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group's own software or the third-party software on which it relies may contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when new software is introduced or when new versions or enhancements are released. Despite internal testing, Group software may contain serious errors or defects, security vulnerabilities or bugs that the Group may be unable to correct in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance and damage to the Group's brand and reputation, any of which could have a material adverse effect the Group's business, results of operations, financial condition or prospects.

If the Group's customer acquisition costs increase or its investment in marketing activities fails to attract and retain new customers, its business, results of operation, financial condition or prospects could be materially adversely affected.

The Group uses a multi-channel marketing strategy to attract and retain customers and increase brand awareness. The Group's marketing may not succeed for a variety of reasons, including were the Group unable to: execute and implement its plans effectively, allocate resources in an efficient manner, including through appropriate on- and off-peak TV and radio as well as paid social media placements or through its performance marketing investments; or appeal to shifting customer preferences and sensibilities. If the Group is unable to generate meaningful customer acquisitions from its investment in marketing activities, it could have a material adverse effect on the Group's business, financial condition or results of operations. As the Group scales up its marketing activities in response to growth opportunities, marginal additional marketing spend may not contribute to increased customer acquisition and growth at the same marginal efficiency as in the past.

Some of the Group's customers locate the Moonpig and Greetz websites through internet search engines, such as Google, as well as through paid TV and radio advertising, pay-per-click advertising through Google and other websites, and pay-per-click and other advertisements on social media websites, such as Facebook and Instagram. If the price of marketing the Group's websites or brands over TV and radio, search engines or social media websites increases, the Group may be required to increase its marketing spend or to allocate a larger portion of its marketing spend and its business and operating results could be adversely affected. In addition, search engines or social media websites may change their advertising policies from time to time. If any change to these policies delays or prevents the Group from marketing through these channels or reduces the effectiveness of its marketing, the Group could experience reduced traffic to its websites and reduced sales of its products.

The Group also invests in content and other actions to maintain the prominence of the Group's websites on search engine results pages, which is an important factor in attracting potential customers. If Group websites are listed less prominently or fail to appear in search results for any reason, visits to its websites could decline significantly, and the Group may not be able to replace this traffic. Search engines revise their algorithms from time to time in an attempt to optimise their search results. If search engines modify their algorithms, the Group's websites may appear less prominently or not at all in search results, which could result in reduced traffic to the Group's websites. Additionally, search engines and social websites may block the websites of affiliates that the Group has partnered with. New search engines or social networking websites may develop, including in respect of individual jurisdictions or regions, which may result in reduced traffic on existing search engines and social networking websites, and if the Group is not able to achieve prominence on these new search engines or social networking websites through its marketing, search engine optimisation or otherwise, the Group may not achieve significant traffic to its websites through these new websites, which may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Any of the foregoing could impact the effectiveness of the Group's customer acquisition efforts or increase customer acquisition costs related to the Group's marketing initiatives and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group's business has experienced rapid growth, which has been temporarily accelerated during the Covid-19 pandemic. There is uncertainty relating to each of the extent to which the Group will retain the additional customers and revenue acquired during the pandemic, the further future duration of government lockdown measures, the effectiveness and rate of deployment of vaccines and whether or not (and if so to what extent) there will be any enduring change in consumer behaviour or competitor landscape as a consequence of the pandemic. This uncertainty makes it difficult for the Group to evaluate its future prospects and the Group's targets and the assumptions and judgments underlying its stated near- and medium-term financial outlook and other forward-looking performance measures may prove inaccurate, and as a result the Group may not achieve its targeted financial results.

The higher growth in revenue experienced by the Group during 2020 has been due, in part, to Covid-19 lockdowns and restrictions implemented in the UK, the Netherlands and other jurisdictions where it sells its

products, and the resulting shift to online purchases as many retail shops were closed or had limited operations. Certain patterns with respect to the Group's recent growth as a result of Covid-19, such as accelerated new customer acquisition, increased existing customer retention and reactivation of inactive customers and increased order frequency per customer, are likely to be different moving forward due to the circumstances in which such growth occurred, and the Group does not expect certain aspects of this growth to continue, particularly the rapid acceleration in new customer acquisition and frequency of customer purchases. It is difficult for the Group to predict how these recent growth patterns that were driven by Covid 19, particularly as to new customer acquisitions and purchase frequency of customers, will evolve over time and thus what proportion of this growth represented exceptional purchasing by customers during this recent period which is not expected to continue. It is also difficult to predict for how long, or to what degree, governmental restrictions related to the pandemic will continue, and it is difficult to predict the extent or timing of impact that the deployment of vaccines will have on such government restrictions. The Group cannot predict whether customer behaviour will return to its pre-Covid-19 norm and whether the new customers acquired during the Covid-period will generally behave in the same manner as the Group has observed from its historical customers. The growth in revenue attributed to Covid-19 experienced by the Group in the last part of the year ended 30 April 2020 and for the six months ended 31 October 2020 is not expected to continue indefinitely in future periods.

The Group presents various targets in this document relating to the Group's near- and medium-term financial outlook in respect of revenue, underlying EBITDA margin and other forward-looking performance measures, including in relation to expected customer behaviour. However, as described above, due in part to uncertainty around the continuing and long-term impact of Covid-19 (including that related to national lockdowns in the UK and the States of Guernsey reintroduced in January 2021), it is difficult for the Group to predict how much, or whether any, of the recent growth experienced by the Group will continue and makes the Group's ability to set near- and medium-term financial targets and other forward-looking performance measures particularly challenging. With that said, the Group's outlook anticipates a decline in revenue in the year ending 30 April 2022 compared to the year ending 30 April 2021 as the higher levels of purchase frequency seen in the year ending 30 April 2021 are expected to moderate, as well as due to the expected decrease in overall spending from the customer cohort acquired in the year ending April 2021, assuming that the historical cohort spending patterns are observed in this new cohort. The information in respect of the Group's near- and medium-term financial outlook and other forward-looking performance measures represent the Group's targets only and should not be relied upon to predict or forecast actual near- and medium-term results or future events. Such targets and beliefs are unaudited and reflect a number of assumptions relating to future orders, frequency of purchases, new customers acquired, retention of previously acquired customers and their purchase behaviour reflecting the historical patterns observed by the Group in the past, the Group's continued brand strength, market share and capital expenditures, any of which may not be borne out due to both known and unforeseen risks, uncertainties and other important factors beyond the control of the Group that could affect actual results, including understanding the overall impact of Covid-19. The Group's targets and the underlying assumptions and judgments carry an inherent degree of uncertainty and may not take into account all relevant considerations. If the assumptions upon which the estimated data are based prove to be inaccurate, the Group's actual financial results and performance may be lower than targeted or the Group's position in its industry may be less favourable than expected, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations in the near- and medium-term.

The Group's success depends on the continued growth of the online gifting market and the corresponding shifts from physical to online purchasing by customers.

The Group's success depends in part on the continued development and growth of the gifting market, including the portion of the gifting market that is expected to shift from physical to online purchases, particularly in the greeting cards and floristry segments of the gifting markets. For example, OC&C estimates that the online portion of the cards market in the UK is expected to grow from approximately 10% in 2019 to approximately 20% in 2024 and online penetration of the cards market in the Netherlands is expected to grow from approximately 13% in 2019 to approximately 19% by 2024. Historical trends, however, may not be indicative of future trends and forecast or estimated growth rates may not be accurate, in whole or part, or ever materialise. In particular, the acceleration of the shift from physical to online

purchases, including as a result of Covid-19 lockdowns and restrictions, may not continue at the estimated rates or at all. In addition, the Group's success could be impacted if the growth of the gifting market is not as anticipated, including if the gifting market is less recession resilient than anticipated. Further, underlying markets could decline, overall growth rates in the gifting market could be slower than anticipated and key anticipated trends could fail to materialise, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Any significant disruption in service on the Group's platforms, in the Group's computer systems or software or in the systems operated by third parties that the Group utilises could damage the Group's reputation and result in a loss of customers, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group's brand, reputation and ability to attract and retain customers to use its platforms depend upon the reliable performance of the Group's or its third-party suppliers' cloud infrastructure, physical infrastructure, network infrastructure and content delivery processes. Like many technology-based businesses, the Group and its third-party suppliers have experienced in the past, and may experience in the future, system disruptions that impact its platforms. Any disruptions, outages or delays in systems used by the Group, including as a result of security breaches, fire, flood, power loss, telecommunications failure, physical or electronic break-ins, earthquakes, acts of war or terrorism or other events or disruptions, could affect the availability of Group services and platforms and prevent or inhibit the ability of customers to access or complete purchases on its platforms, which, in turn, could materially adversely affect the quality of the Group's services, its brands and reputation and its ability to generate revenue.

Volume of traffic and activity on the Group's platforms spikes at peak periods, such as Valentine's Day, Mother's Day, Father's Day and Christmas in the United Kingdom, and any disruptions, outages or delays in systems used by the Group would be particularly problematic if it were to occur at such a high-volume time. The Group has seen a consistent trend in recent years towards more last-minute buying behaviour, which further increases such risks to the Group related to such peak periods. Problems with the reliability of Group systems could prevent it from earning revenue and could harm its reputation.

The Group relies on Amazon Web Services ("AWS"), which currently hosts the Group's Moonpig platform, and the Group expects to integrate the Greetz platform onto the Moonpig platform over time. As a result, the Group is vulnerable to service interruptions at AWS, which could impact the ability of customers to access the Moonpig platform at any time, without interruption or degradation of performance. In the event that there is a lapse of service, interruption of Internet service provider connectivity or damage to such facilities or termination of the Group's AWS agreements, the Group could experience interruptions in access to its Moonpig platform as well as delays and additional expense in arranging new facilities and services. The Group may also incur significant costs for using an alternative cloud infrastructure provider or taking other actions in preparation for, or in reaction to, events that damage the AWS services used by the Group. The Greetz platform is currently hosted on physical servers in two separate data centres, which are located in external data centres in Amsterdam; these physical servers have less resilience than the cloud-based infrastructure on which the Moonpig platform is hosted, and will be on physical servers until it is migrated onto the Moonpig platform. Additionally, certain of the Group's third-party providers and the Group's own operations at the Guernsey production facility are coordinated by the Group's platforms through the Group's physical IT infrastructure at the Group's headquarters, which means any interruption to such IT infrastructure may disrupt the Group's ability to send orders to its third parties and otherwise manage its operations.

The Group's systems and operations, including those hosted or managed by third parties, are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses and similar events. The occurrence of any of the foregoing events could result in damage to the Group's systems and hardware or could cause them to fail completely, and the Group's insurance may not cover such events or may be insufficient to compensate for losses that may occur. A system failure at one site could result in reduced platform functionality for customers, and a total failure of the Group systems could cause its platforms or apps to be inaccessible by some or all of its customers. Any errors, defects, disruptions or other performance problems with the Group's

platforms or services could harm its reputation and may have a material adverse effect on its business, results of operations and financial condition. Any of the above could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group relies on various third parties for the supply and production of a number of its products, and if the products or supplies become limited or disrupted, or if there is any deterioration in the Group's relationships with such third parties, the price of these products could rise or these products may be unavailable.

The Group relies on various third parties for the supply and production of a number of its products and recently consolidated its third-party supplier and production network to consolidate its costs and increase the efficiency of its supply chain. The Group evaluates third-party suppliers for their ability to meet the specifications of the products they are supplying and to meet requirements for safety, quality and legality throughout the supply chain. Identifying, negotiating and documenting relationships with suitable third-party suppliers requires significant time and resources. Third-party suppliers may choose to terminate their relationships with the Group or to make material changes to their businesses, products or services. The Group's competitors may be effective in providing incentives to third-party suppliers to supply them, including as a result of having a larger scale or geographic footprint, which could reduce available supply to the Group. In addition, these third-party suppliers may not perform as expected under agreements with the Group or face disruptions or outages to their own operations, and disagreements or disputes with third-party suppliers may arise in the future.

The Group currently relies on a single provider for certain products and primary providers for certain warehousing and fulfilment services. For example, Arena Flowers ("Arena") is the Group's sole third-party provider of flowers in the UK and e-Flora (the e-commerce specialist division of the Dutch Flower Group) is Greetz's sole supplier of flowers in the Netherlands, and any impairment of Arena's or e-Flora's ability to provide flowers could in turn delay or prevent the Group from fulfilling customer orders. In addition to supplying and fulfilling flower orders, Arena has contracts with third-party couriers and arrange the shipping of the products fulfilled by them. In addition, many factors such as weather conditions, agricultural limitations and restrictions relating to the management of pests and disease affect the supply of and the price of flowers. If the supply of flowers available for sale is limited, prices of flowers could rise, which could cause a reduction in customer demand for floral products offered by the Group and adversely affect the Group's margins if the Group is not able to pass the cost increases on in the form of product price increases. Alternatively, the Group may not be able to obtain high quality flowers in an amount sufficient to meet customer demand. Even if available, flowers from alternative sources may be of lesser quality or may be more expensive than those the Group currently offers. The Group also relies upon a third party as its sole UK producer of "giant" sized cards and another third party as its sole cake and patisserie producer in the Netherlands. Should either of these suppliers operations be slowed, suspended or cease altogether for whatever reason, the Group may be unable to find a replacement third-party supplier without significant interruption to its giant greeting cards product line or cake and baked goods line. Further, the Group has a primary third-party provider to warehouse and fulfil product orders for a number of the Group's non-personalised gifts sold in the UK.

The Group has in the past, and could in the future, experience interruptions or delay in its operations due to incidents that occur at its third-party suppliers that significantly reduce its product offerings for a period of time, including those that arise as a result of security breaches or hacks. While the Group has sought to expand its suppliers to create redundancies, if the supplies or operations of the Group's third parties become limited or disrupted, or if there is any deterioration in the Group's relationships with the third parties it uses, the price of the Group's products impacted could rise or such products may be unavailable.

The Group relies on various third parties for shipping and logistics and any changes to shipping terms and costs or services quality could significantly harm the Group.

The Group relies upon third-party carriers and transportation providers, including the Royal Mail and Guernsey Post Limited ("Guernsey Post") in the UK and PostNL in the Netherlands for its shipping and logistics. The Group also relies upon the third-party shipping providers utilised by certain of the Group's third-party suppliers that provide both fulfilment and shipping services. The Group's third-party shipping

and logistics are subject to risks that could increase its distribution costs or delay shipping, including rising fuel costs and events such as labour disputes, inclement weather, pandemic restrictions or other disruptions at airports or ports, which may impact the third party's ability to provide delivery services that adequately meet the Group's needs. For example, the Royal Mail fulfils the "last mile" of all regulated post deliveries (i.e. cards sent in an envelope, not packages) so a strike by Royal Mail staff would impact all Group card deliveries in the UK including those sent into the network by Guernsey Post. Any of the above, or other potential factors, could impact the ability of third-party shippers to deliver the Group's products in a timely fashion, which could have a negative effect on the Group's reputation given the importance of a timely delivery of Group products (especially when they are sent for specific dates such as birthdays, anniversaries, or holidays). If the Group needed to change third-party carriers or transportation providers, where alternatives are available, the Group could face logistical difficulties that could adversely affect deliveries, and it would incur additional costs and expend resources in connection with such change, and it may not have any reasonably priced alternatives for the regulated postal services in each of the UK and the Netherlands. Moreover, the Group may not be able to obtain terms as favourable as those received from the other third-party carriers and transportation providers it currently uses, which also would increase the Group's costs and could impact the customer experience. Finally, while there are not any future changes in the universal service obligations for regulated post in the UK and Netherlands for which the Directors are aware, should there be any changes with respect to: the geographical coverage (e.g. letters not being sent next day delivery to all parts of the UK) or the frequency of services (e.g. reducing the number of days per week when there is a doorstep delivery), this could negatively impact the Group's ability to offer its gifting products with the Group's existing cut-off times for next-day delivery, particularly its greeting cards, as the Group would unlikely be able to find third parties that can provide alternatives to the existing services by regulated postal providers upon obtain terms as favourable as those currently provided. If the Group is not able to continue to offer its products at its current cut-off times for any reason, this could result in the Group losing some of its competitive advantage and one of its key customer propositions which could harm the Group's reputation and operations.

Any of these factors could result in reduced sales, cancelled orders, increased costs, or longer shipping times, which may limit the Group's growth and damage its reputation, and may have a material adverse effect on its business, results of operations, financial condition or prospects.

The Group relies on a single third-party payment provider in each of the UK and the Netherlands for the provision of the majority of its payment services and any failure of such services to function properly could have a material adverse effect on its business, results of operations or financial condition.

The Group relies on a single third-party provider in each of the UK and the Netherlands as a third-party payment service provider for taking payments via credit and debit cards on all of its platforms. Moonpig and Greetz also operate payments through PayPal. If there was a disruption to the Group's third-party payment services, the Group could incur substantial delays and expenses in finding and integrating alternative third-party payment service providers, and the quality and reliability of such alternative payment service providers may not be comparable. In addition, the Group pays interchange and other fees to these third-party payment providers for these card payments, which may increase over time and raise operating costs and lower margins.

The Group is also subject to the operating rules of its various third-party payment service providers, payment card industry data security standards and certification requirements, which could change or be reinterpreted to make it more difficult or impossible for the Group to comply. If the Group fails to comply with these rules or requirements, it may be subject to fines and higher transaction fees and lose its ability to accept credit and debit card payments from customers, which would make its services less convenient and attractive to the Group's customers and likely result in a substantial reduction in revenue. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group relies on the performance of highly skilled personnel, including its senior management and its key employees, and the loss of one or more of such personnel or a significant number of its team members, or the inability to attract and retain senior management and other key employees needed to support the Group's business, could have a material adverse effect on the Group's results of operations and future growth.

The Group's performance depends on the continued services and contributions of its senior management and skilled personnel, particularly its data scientists, engineers and other technology specialists and product developers. The loss of services of senior management or other key employees could significantly delay or prevent the achievement of the Group's strategic objectives. From time to time, there may be changes in the Group's senior management team resulting from the hiring or departure of executives, which could disrupt its business. The Group does not maintain key person life insurance policies on any of its employees. The loss of the services of one or more of the Group's senior management, or other key employees, for any reason could affect the Group's operations and reputation, and could require significant amounts of time, training and resources to find suitable replacements and integrate them within the Group's business and could affect its corporate culture, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

In addition, competition remains intense for highly skilled personnel, including staff with e-commerce expertise across all functions and, within the technology function, data scientists, software engineers and other technology specialists. The specialised skills the Group requires can be difficult to acquire and, as a result, such skills are in short supply and may be more expensive to employ, especially in a highly concentrated hubs such as London, Manchester and Amsterdam. A lengthy period of time is also required to hire and train replacement personnel and it takes time for newly recruited specialists to learn the Group's systems and business and become productive. An inability to hire, train and retain a sufficient number of qualified employees could materially hinder the Group's business by, for example, delaying its ability to bring new products to market through improvements or enhancements in its platforms, impairing the success of the Group's operations. Even if the Group is able to maintain its employee base, the resources needed to attract and retain such employees, as well as to update their skills as the technological demands of the Group's industry change, could become increasingly costly. Competition for well-qualified and specialised skills in the UK could intensify as a result of Brexit and as a result of high demand for employees with e-commerce expertise, driven by the accelerating impact of Covid-19 upon the demand for online products and services.

Any significant disruption to the Group's production or fulfilment facilities, particularly where the Group has limited third-party suppliers performing similar operations, could have a material adverse effect on the Group's business, results of operations or financial condition.

Moonpig operates an in-house printing facility, producing a majority of its greeting cards in Guernsey, but has a number of third-party suppliers that can provide printing services, whereas Greetz operates its in-house printing facility and gifts fulfilment, including warehouse facilities in Amsterdam. Accordingly, any major disruption to the Group's facilities in Amsterdam, whether due to operational issues, equipment automation errors, machinery breakdowns or a failure by third-party service providers and suppliers of printing machinery to repair or service such machinery on a timely basis, or any major natural or man-made disasters affecting the facilities, could severely affect the Group's ability to supply its products to its customers. Furthermore, if the Amsterdam facilities were to experience a disruption, since it performs a number of warehouse, fulfilment and other gift production functions for the Group and there are less third-party suppliers with arrangements with the Group to cover these services in the Netherlands, the Group may not be able to engage third-parties on commercially acceptable terms, in a timely manner, or at all. This could result in certain of the Group's products being unavailable for customers, which could have a materially adverse effect on the Group's reputation and brands. Furthermore, the Group's facilities in Amsterdam are leased, which leases will terminate on 31 January 2022 unless the Group is able to agree an extension of the term of the leases with the landlord. The Group is currently in negotiations with the landlord to extend the term of the leases into the year ending 30 April 2023. The Group will be required to find new premises as early as 31 January 2022 and the Group will experience capital expenditure outside the ordinary course to fit out a new property ahead of moving to new premises. If there were any delays in such fit out or in locating a new property, the Group could experience significant disruptions to its operations.

For the Group's operations in Guernsey, any disruption could require the Group to rely on its third-party suppliers to print the greeting cards that it currently produces in-house at these facilities, which could increase the Group's costs, and if the disruptions were sudden, the Group could experience short-term capacity constraints if its third-party suppliers had to scale up and bring on additional staffing. On 23 January 2021, the States of Guernsey implemented a lockdown which has resulted in limitations on the number of employees being able to work at the Group's Guernsey production facility at any time, which has reduced card production capacity. If this lockdown persists and the Group is unable to reopen fully its Guernsey production facility or expand card production capacity further through third-party suppliers, the Group could experience significant card production capacity constraints, particularly during the Group's peak trading periods of Valentine's Day and Mother's Day, which could have a negative impact on the Group's revenue, business or reputation. While the Group maintains insurance covering each of the Group's production facilities as well as business interruption insurance, events not covered by the Group's insurance, which could include a natural or man-made disaster or a Covid-19 work stoppage or disruption, could negatively impact the Group's results of operation and financial position. As a result, any significant disruptions at its facilities in Guernsey and Amsterdam could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business could be harmed if it fails to manage its anticipated growth effectively.

As the Group seeks to grow its business, it will need to continue to improve and enhance its infrastructure to deal with the greater scale and complexity of operations. While the Group has taken reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, continued growth could in particular strain the Group's ability to maintain reliable service levels for the Group's platform; to attract, train, motivate and retain highly skilled employees; and to continue to develop and to enhance the Group's operational, financial and management controls. In order to manage operating activities and growth, the Group will need to continuously test and improve operational and management controls, controls over technology, reporting and information disclosure, and financial internal controls. Any failure to effectively manage the increasing size and complexity of the Group's business resulting from future growth, including as its operations become more complex or as a result of any future acquisitions, could have a material adverse effect on its business, results of operations, financial condition or prospects.

The Group's business is impacted by seasonality, which may result in significant fluctuations in the Group's results of operations.

Historically, the Group's sales have exhibited strong seasonal trends, with four calendar event related peaks for Valentine's Day, Mother's Day (the date of which varies by year and by geographic market), Father's Day and Christmas being significantly higher than the average sales rate in other months which are driven by occasion-based or everyday events like birthday and anniversaries that generate sales throughout the year. These four peaks drive variability in trading activity, with Moonpig's highest week of volume (units) being three times its average and Greetz's peak week of volume (units) being two times its average. In addition, the Group has seen a consistent trend in recent years towards more last-minute buying behaviour, which further increases the concentration of activity during peak periods. In addition, whereas typically the Group orders flowers from its third-party suppliers once orders are placed on its platforms and thus does not have client-demand risk for its flowers, to manage the peaks in demand, the Group contractually commits to purchase a certain volume of product from its third-party suppliers for its supply of flowers for the Valentine's Day and Mother's Day peak periods, which exposes the Group to client-demand risks. As a result of the seasonality of its sales, any reduced customer spending in these peak periods, including due to any disruptions (including the reduced card production capacity at the Group's Guernsey production facility as a result of the most recent lockdown) or failures at the Group, its third-party suppliers, or changes in customer behaviour or disproportionate discounting of greeting cards and gifts by the Group's competitors during significant seasonal occasions, may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The ongoing Covid-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, in particular its effects in the UK and the Netherlands, or other epidemics or pandemics, could have a significant adverse impact on the Group's revenue, supply chains, operations and workforce.

A novel strain of coronavirus causing Covid-19 disease, identified in China in late 2019, has spread throughout the world. On 11 March 2020, the World Health Organization confirmed that its spread and severity had escalated to the point of pandemic. The outbreak of Covid-19 has resulted in authorities, including those in the UK and the Netherlands, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, lockdowns, quarantines and shutdowns of business and workplaces, and has led to materially increased volatility in financial markets and significant worsening of the global, European and British and Dutch macroeconomic outlook. The extent and scope of such restrictions is highly uncertain and subject to change and stricter measures may be put in place in the future.

The spread of Covid-19 has led the Group to modify certain of its operational practices, and it may take further actions required by authorities or that it determines are in the best interests of its employees, customers and other stakeholders. The Group has implemented a work-from-home policy that has been used by most of the Group's employees. For the Group's employees who cannot work remotely, such as employees at the Group's Guernsey production facility and its Amsterdam production, warehouse and fulfilment site, the Group has implemented additional protective procedures, including equipping employees with sanitising equipment (e.g. disinfectants and hand sanitisers), implementing social distancing, staggering employees working hours as required to comply with restrictions, and increasing the frequency of cleaning in the Group's facilities. While the Group was able to shift certain of its production to third-party suppliers due to disruptions arising from restrictions to staffing levels at its operations in Guernsey and scale its operations to meet increased customer demand during the Covid-19 lockdown restrictions implemented in the spring of 2020, there can be no assurance that the Group will be able to continue to mitigate the risks posed by Covid-19. Any interruptions at the Group's production or fulfilment facilities or at those of third parties that perform these services for the Group, could result in interruptions to the Group's supply chains and its ability to conduct production activities and ultimately reduce the amount of product available for the Group to offer to its customers.

The degree to which Covid-19 impacts the Group's business, results of operations and financial position will depend on future developments, which are uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of Covid-19, its severity, actions taken to contain the virus or treat its impact, including the effectiveness and rate of deployment of vaccines, the extent and effectiveness of economic stimulus and the speed at which and to what extent normal economic and business activity can resume. Future waves of Covid-19 may result in national or local governments taking further severe countermeasures. For example, starting from 27 March 2020 and lasting approximately two weeks, the States of Guernsey issued lockdown regulations which included measures requiring that no more than two employees work at the Group's Guernsey production facility at any time. Furthermore, on 23 January 2021, the States of Guernsey implemented a lockdown which has resulted in limitations on the number of employees being able to work at the Group's Guernsey production facility at any time, which has reduced card production capacity. Any future measures could impose similar or more stringent restrictions or may lead to greater economic distress and reductions in the gifting market that the Group serves, which could impair the Group's growth. Potential future lockdown measures, such as shutting down the Group or its third parties' production facilities and offices or restricting free movement of transportation and distribution, could disrupt the Group's business more significantly in the future than what occurred in the first half of 2020. If any of the foregoing were to occur, there could be a material adverse effect on the Group's business, results of operations, financial condition or prospects.

General macroeconomic, political and other factors, in particular in the United Kingdom and the Netherlands, could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group's business, financial performance and results of operations may be impacted by worldwide macroeconomic conditions and their impact on customer spending. Recessionary economic cycles, higher interest rates, volatile fuel and energy costs, inflation, levels of unemployment, conditions in the residential

real estate and mortgage markets, access to credit, customer debt levels, unsettled financial markets and other economic factors that may affect customer spending or buying habits could materially and adversely affect demand for the Group's products. In addition, volatility in the financial markets has had and may continue to have a negative impact on customer spending patterns. Further, negative national or global economic conditions may materially and adversely affect the Group's third-party suppliers' financial performance, liquidity and access to capital. In addition, changes in trade policies or increases in tariffs, including those recently enacted by the United States and proposed by China, may have a material adverse effect on global economic conditions and the stability of global financial markets and may reduce international trade and could impact the price of certain of the Group's products.

Natural disasters and other adverse weather and climate conditions, public health crises, political crises, terrorist attacks, war and other political instability or other unexpected events, could disrupt the Group's operations, internet or mobile networks or the operations of one or more of its third-party suppliers. Such events may also impact customer discretionary spending, including spending on gifting products such as greeting cards and other gifts. If any of these events occurs, there could be a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Group's business, results of operations, financial condition or prospects.

There are a number of uncertainties in connection with the future of the UK and its relationship with the EU following its departure from the EU on 31 January 2020 and the end of the transition period on 31 December 2020. Therefore, the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation (made under powers provided in these Acts) ensures there is a functioning statute book in the UK. However, lack of clarity about future UK laws and regulations and how they will develop outside of the EU, including financial laws and regulations, tax and free trade agreements, immigration laws and employment laws, could increase costs, depress economic activity and impair the Group's ability to attract and retain qualified personnel. Any of these factors may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Work stoppages or labour disputes at the Group or its third-party suppliers could have a material adverse impact on the Group's business, results of operations, financial condition or prospects.

An extended work stoppage or labour dispute within the Group or one of more of its third-party suppliers could adversely affect the Group's ability to fulfil product orders and deliver them in a timely manner. A work stoppage or other limitations on production at any of the Group's facilities, or its third-party suppliers, for any reason could have a material adverse effect on its business, results of operations and financial condition.

In 2020, Greetz employees established a works council, representing the employees of both Greetz B.V. and Full Colour B.V., and, as a matter of law, certain important business decisions and certain decisions concerning schemes and policies relating to certain collective employee terms and conditions may now only be taken following the works council's advice or with the works council's consent. For example, a works council generally has the statutory right of prior consent in relation to any contemplated decision concerning the adoption, amendment or withdrawal of schemes and policies relating to certain collective employee terms and conditions, such as a bonus scheme, a scheme pertaining to the processing personal data or a sickness absence scheme. A works council typically has the right to advise on, among other things: (i) a transfer of control of the undertaking or any division thereof; (ii) the taking up of significant credit on behalf of the undertaking; (iii) the granting of significant credit and provision of security for major liabilities of another company, unless this is done within the normal conduct of activities of the undertaking; and (iv) the restructuring of the company through such actions as termination of one of its activities, a substantial reduction of the workforce, or expansion or other change in its activities. If the Group fails to obtain such consent or advice, the Group may be unable to implement certain changes in a timely manner or at all, which may materially adversely impact its operations, generate incremental costs or damage its reputation.

If products the Group sells become contaminated, mislabelled or have safety issues, such products may need to be recalled and the Group may experience product liability claims or suffer reputational damage.

Any loss of confidence on the part of customers in the Group's products, in particular its gift products whether related to product contamination, product mislabelling or product safety or quality failures, actual or perceived, or the inclusion of prohibited ingredients or safety recalls, could tarnish the image of that product's brand, and could cause customers to choose other products or purchase from the Group's competitors. Allegations of contamination, mislabelling or other adverse effects on product safety or suitability by a particular customer, even if untrue, may require the Group to expend significant time and resources responding to such allegations and could, from time to time, result in a recall of a product from any or all of the markets in which the affected product was distributed. In addition, safety or other defects in the products of the Group's competitors could reduce customer demand for the Group's products if customers view them to be similar. The Group's products are primarily subject to UK and EU regulations, and the products sold on the Group's platforms could be subject to involuntary recalls and other actions by relevant national authorities. Any such issues or recalls could negatively affect the Group's business, financial condition and results of operations in the near- and medium-term.

The Group's standard buying agreement requires that all of its third-party suppliers (and their products) comply with applicable product and food safety laws. The Group generally seeks contractual indemnification and insurance coverage from its third-party suppliers of its gift products. However, if the Group does not have adequate contractual indemnification or insurance available or the agreement was not entered into on the Group's standard buying agreement terms, the Group could face claims or liabilities and any of the foregoing could have a material adverse effect on the Groups' business or reputation.

Fluctuations in exchange rates may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's results are presented in sterling and are thus exposed to exchange rate risk on translation of its Greetz Netherlands-based entity. In addition, the Group trades internationally and is exposed to exchange rate transactional risk on purchases and sales, primarily in Euros and, to a lesser extent, US dollars and Australian dollars as a result of its operations in the United States and Australia. Significant fluctuations in exchange rates could thus have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Moonpig may need additional capital in the medium- to long-term and this may not be available on as favourable terms.

The Group's ability to make principal or interest payments when due on the Group's indebtedness, including that from the Group's Senior Facilities Agreement will depend on the Group's future performance. This ability is, to a certain extent, subject to general economic, financial, competitive, legislative, legal, regulatory, and other factors, many of which are beyond the Group's control. If at the maturity of the Group's Senior Facilities in the medium- to long-term or any other debt that the Group may incur that is due in the medium- to long-term, the Group does not have sufficient cash flows from operations and other capital resources to pay the Group's debt obligations, or to fund the Group's other liquidity needs, the Group may be required to refinance or restructure the Group's indebtedness. Furthermore, the Group may need to refinance all or a portion of its indebtedness on or prior to their stated maturity in the medium- to long-term. Further, the holders of the Group's debt may accelerate the Group's debt and, to the extent such debt is secured, foreclose on the Group's assets. The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on the Group's cash needs and the prevailing conditions in the financial markets. The Group cannot provide assurance that it will be able to accomplish any of these measures in a timely manner, on the same or on other commercially reasonable terms, if at all. In such an event, the Group may not have sufficient assets to repay all of the Group's debt.

The Group in the future may make acquisitions and investments, which could divert management's attention, result in operating difficulties and otherwise disrupt the Group's operations.

The Group might elect to pursue new business opportunities, develop new product offerings, expand internationally or acquire other businesses, any of which could prove to be non-cost-effective or otherwise

unsuccessful. For example, the Group may engage in opportunistic acquisitions of other companies, businesses or assets. Acquisitions involve numerous risks, any of which could harm the Group's business, including but not limited to: difficulties in integrating the technologies, operations, existing contracts and personnel of acquired businesses; difficulties in supporting and transitioning customers or suppliers of an acquired company; diversion of financial and management resources from existing operations or alternative acquisition opportunities; failure to realize the anticipated benefits or synergies of a transaction; failure to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance, accounting practices or employee or customer issues; risks of entering new markets in which the Group has limited or no experience; potential loss of key employees, customers and suppliers from either the Group's current business or an acquired company's business; inability to generate sufficient net revenue to offset acquisition costs; additional costs or equity dilution associated with funding the acquisition; and potential write-offs or impairment charges relating to acquired businesses. Additionally, if the Group seeks to expand internationally, especially in countries where greeting cards are not the cultural norm, such expansion may prove more difficult for the Group and may be unsuccessful or not cost effective.

Risks Relating to Regulation, Legal and Intellectual Property Matters

The Group is subject to EU and UK consumer protection laws, including data protection directives and privacy and electronic communications regulations, as well as health and safety laws. A failure to comply with current laws, rules and regulations or changes to such laws, rules and regulations and other legal uncertainties may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Laws and regulations applicable to e-commerce, as well as laws and regulations of broader application that apply to the Group's business, and to public companies generally, are evolving at a rapid pace and can be subject to differing interpretation. Given the extensive scope and timing of the changes, the Group cannot guarantee that its practices have complied or will comply fully with all applicable laws and regulations and their interpretation. Any failure, or perceived failure, by the Group to comply with any of these laws or regulations could result in damage to the Group's reputation and a loss of revenue, and any legal or enforcement action brought against the Group as a result of actual or alleged noncompliance could further damage its reputation and result in substantially increased legal expenses or penalties. In addition, legislative and regulatory bodies or self-regulatory organisations may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection and consumer protection.

The Group is subject to a number of laws relating to privacy and data protection, including, in particular, the General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**"), the United Kingdom's Data Protection Act 2018 and the European Directive 2002/58/EC, also known as the "**e-privacy Directive**", as implemented into the local laws of the United Kingdom and the Netherlands. Such laws govern the Group's ability to collect, use and transfer personal data, including relating to its customers and third-party suppliers, as well as any such data relating to its employees and others. In processing transactions through the Group's technology platforms, the Group receives and processes a large volume of personal data, including credit card information. The Group also relies on a mixture of in-house capabilities and third-party service providers to collect and process certain personal data and to maintain its databases. The Group has in the past experienced breaches of data protection laws which were discussed with applicable local regulators and the Group could in the future be exposed to the risk that data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws.

While the Group strives to comply with all applicable laws and regulations relating to privacy and data protection, such laws are subject to frequent evolution and, following the UK's exit from the European Union (commonly referred to as "**Brexit**"), the data collected and processed by the Group may be subject to regulation by a different regulator in the UK to the EU. It is possible that applicable privacy and data protection laws and regulations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or the Group's practices. That concern is particularly relevant for the GDPR, given that different Member State regulators may differ as to its interpretation and

their approach to enforcement, and for the e-Privacy Directive, which is currently under review, particularly for the Group's operations in the Netherlands.

In addition, the Group is subject to the requirements set out under the Payment Card Industry Data Security Standards. While the Group believes it currently meets these requirements, significant security breaches or operating failures that cause the disclosure of, or failure to adequately protect, payment card details may impact the Group's ability to comply with the standards and may impact the Group's ability to meet requirements under the standard and/or increase the Group's processing costs for credit card transactions.

A variety of local and international laws and regulations govern the collection, use, retention, sharing and security of consumer data, and these laws and regulations are changing especially rapidly. Data protection is a particularly sensitive and politically charged issue in the UK and Europe, and any actual or alleged failure by the Group to comply with applicable laws or regulations could have a significant adverse effect on the Group's reputation and popularity with existing and potential buyers and merchants. Local and international governmental authorities continue to evaluate the privacy implications inherent in the use of cookies and other methods of online tracking for behavioural advertising and other purposes. Certain governments have enacted or are considering measures that could significantly restrict the ability of companies to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools. Additionally, some providers of consumer devices and web browsers have implemented, or have announced plans to implement, means to make it easier for internet users to prevent the placement of cookies or to block other tracking technologies. These plans, if widely adopted, could result in a significant reduction in the effectiveness of the use of cookies and other methods of online tracking. New laws, regulations, or developments in industry practice or consumer behaviour might result in the loss of or a substantial reduction in the Group's ability to use such practices to effectively market products, or might adversely affect the Group's ability to attract new customers on cost-effective terms. For example, any adverse change in the regulatory environment on data protection (either as a result of a regulators change in interpretation or a change in the laws or regulation themselves) could impact the ability of the Group to communicate with its customers via reminders, app notifications or email marketing, which could negatively impact the Group's customers' frequency of purchases and customer retention rates and subsequently negatively impact the revenue.

The Group is subject to environmental, health and safety laws and regulations, but because legal requirements frequently change and are subject to interpretation, these laws and regulations may give rise to claims, uncertainties or possible loss contingencies for future environmental, health and safety liabilities for which costs may be material.

The realisation of any of such risks, alone or in combination, could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group's existing controls, systems and security measures, or those of third parties on which it relies, may not stop a data privacy compliance breach or other security breaches or hacks and such breaches or hacks could significantly harm the Group's reputation and expose the Group to litigation or other legal or regulatory actions.

Substantial or ongoing security breaches, whether instigated internally or externally on the Group's systems or other internet-based systems, or those of third parties on which the Group relies, could significantly harm the Group's business and reputation. Like most technology companies, the Group experiences attempted phishing, malware and denial-of-service attacks in the ordinary course of its operations. The Group incurs, and expects to continue to incur, substantial expense to protect itself against security breaches and their consequences. For example, the Group has made substantial investments in the security environment for Moonpig, and is in the process of bringing the Greetz security environment up to the same standard as that which is in place at Moonpig.

Despite the Group's investments in protections against security breaches and evaluation of the measures in place by third parties upon which it relies, it is possible that computer circumvention capabilities, new discoveries or advances in technology or other developments, including the Group's own acts or omissions, could result in a party (whether internal, external, an affiliate or unrelated third party) compromising or

circumventing the Group's security systems, or third parties upon which it relies, and stealing customer transaction or personal data or the Group's proprietary information or causing significant interruptions to the Group's operations. Although the Group has taken measures to protect all critical elements of its facilities, assets and data the Group cannot guarantee that such measures will be successful. Furthermore, the security environments of the third parties upon which the Group relies are harder for the Group to evaluate and monitor and the Group cannot guarantee that the security measures such third parties have in place will be sufficient. There have been in the past, and there could be in the future, technology security breaches at certain of the third parties in the Group's production and fulfilment network. If the Group or third parties upon which it relies were to experience frequent or persistent interruptions in its systems, whether due to system failures, human input errors, computer viruses, physical or electronic break-ins or denial-of-service attacks, such events could significantly curtail its ability to conduct its businesses and generate revenue, and its reputation and brand could be harmed. Production or delivery errors resulting in orders to the wrong recipient could also lead to the inadvertent and erroneous disclosure of personal data. Failure to continue to improve the Group's standards or a substantial interruption to any of the Group's businesses, or in the systems of third parties upon which the Group relies, could expose the Group to a risk of loss or litigation and possible liability and could significantly harm its business. The Group's insurance may not be adequate to reimburse it for losses caused by security breaches.

Breaches could also damage the Group's reputation and cause customers and potential customers to lose confidence in its security, which would have a negative effect on the Group's reputation, the value of its brands and the demand for its products. Moreover, public perception concerning general security and privacy on the Internet could adversely affect customers' willingness to use the Group's platforms. A publicised breach of security could inhibit customers' willingness to provide private information or effect commercial transactions on the Internet and, therefore, demand for the Group's services, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group has in the past and will in the future suffer from internet-related fraud, including credit or debit card fraud.

A significant portion of the Group's customers' payments are made by credit card or debit card, with the remainder of payments generally coming from PayPal, iDeal or Sepa. The Group has in the past been and may in the future be liable for accepting fraudulent credit or debit cards and could be subject to other payment disputes with its customers for such sales. For example, the Group may incur losses because of claims that the customer did not authorise given purchases, fraud, erroneous transmissions and customers who have closed bank accounts or have insufficient funds in their accounts to satisfy payments owed to the Group. Furthermore, stolen account credentials from third-party sites consisting of usernames and passwords that are the same as account information on the Group's platforms have in the past and may in the future be used to gain unauthorised access to customers' user accounts on the Group's platforms. Sales made through the Group's technology platforms which involve or may involve fraudulent credit card or debit card transactions may result in decreased revenue for the Group and increased costs and could therefore materially adversely affect the Group's margins, business, financial condition and results of operations.

The Group makes significant and ongoing investment in technology and people to combat fraud, however the Group's ability to detect and combat increasingly sophisticated fraudulent schemes may be negatively impacted by the adoption of new payment methods, the emergence of new technology platforms, including mobile. The use of fraudulent credit or debit cards through the Group's platforms could harm the Group's reputation and could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to, or voluntarily complies with, a number of other laws and regulations relating to the payments it accepts from its customers and third parties, including with respect to money laundering, money transfers, privacy and information security. These laws and regulations could change or be reinterpreted to make it difficult or impossible for the Group to comply. If it was found to be in violation of any of these applicable laws or regulations, it could be subject to civil or criminal penalties and higher transaction fees or lose its ability to accept credit and debit card payments from the Group's customers, or process other types

of online payments, which may make Group products less convenient and less attractive to its customers and diminish the customer experience.

The inability to acquire, use or maintain the Group's or third-party intellectual property rights, including Moonpig and Greetz trademarks, content licenses from third parties, wordmarks and domain names for its sites, could have a material adverse effect on the Group's business, results of operations or financial condition.

The Group believes its user data (as a part of the Group's trade secrets and databases), trademarks, copyrights, trade secrets, licences, proprietary technology and similar intellectual property are critical to its success, and the Group relies on trademark, copyright and trade secret protection, licence and other agreements and other methods with the Group's employees and others to protect the Group's intellectual property and other proprietary rights. The Group's brands, Moonpig and Greetz, are important trademarks of the Group. In addition, the Group has developed, and the Group anticipates that it will continue to develop, a substantial number of programmes, processes and other know-how on a proprietary basis that are of key importance to the successful functioning of the Group's business. Know-how, though, has an unclear and vague legal status, with no direct regulations. The Group might not be able to obtain effective intellectual property protection in every country in which the Group is active or in which such protection is relevant, and the Group's efforts to protect the Group's intellectual property could require the expenditure of significant financial, managerial and operational resources. A large part of the Group's intellectual property rights could be challenged or invalidated through administrative processes or litigation, and the Group cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights.

Furthermore, the regulations governing domain names and laws protecting marks and similar proprietary rights could change in ways that block or interfere with the Group's ability to use relevant domains or the Group's current brand. In addition, the Group might not be able to prevent third parties from registering, using or retaining domain names that interfere with the Group's customer communications or infringe or otherwise decrease the value of the Group's marks, domain names and other proprietary rights.

The Group might be required to spend significant resources to monitor and protect its intellectual property rights. The Group may not be able to discover or determine the extent of any infringement, misappropriation or other violation of the Group's intellectual property rights and other proprietary rights. The Group may initiate claims or litigation against others for infringement, misappropriation or violation of the Group's intellectual property rights or proprietary rights, or to establish the validity of such rights. Despite the Group's efforts, the Group may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating the Group's intellectual property rights and other proprietary rights. Any litigation, whether or not it is resolved in the Group's favour, could result in significant expense to the Group and divert the efforts of the Group's technical and management personnel.

Additionally, to provide an assortment of relevant and compelling gifting products, including greeting cards and other gift offerings, the Group must obtain licenses to provide certain of the personalised features for its card designs, produce products based on various popular brands, celebrities, character properties, designs and other material owned by third parties, including for cards produced by third parties through the Group's Global Design Platform. In the event that the Group is not able to acquire or maintain advantageous licenses, it may not be able to meet changing customer demands and preferences for cards and our other gifting products, which could materially and adversely affect the Group's business, results of operations and financial condition.

In addition, the Group has received in the past, and the Group anticipates receiving in the future, communications alleging that certain items posted on, or sold through, the Group's sites violate third-party copyrights, trademarks, marks and trade names or other intellectual property rights or other proprietary rights. For example, artist illustrations in greeting cards may contain representations of household objects, which have in the past and could in the future be subject to communications or claims by third parties alleging breach of trademark or passing off (which is an action that can be brought to protect unregistered rights associated with a particular business). Brand and content owners and other proprietary rights owners have actively asserted their purported rights against the Group. In addition, a number of the Group's greeting

cards contain artist illustrations' showing likenesses of celebrities, politicians, actors or other individuals. Whilst the Group does not believe any of the card designs it sells breach intellectual property rights, there is a risk that third parties may assert such claims against the Group and this risk could increase as the Group's presence increases in geographic markets where the legal framework includes the concept of a right of personality (such as the United States).

In addition to litigation from rights owners, the Group may be subject to regulatory, civil or criminal proceedings and penalties if governmental authorities believe the Group has aided and abetted in the sale of counterfeit or other unlawful products. Such claims, whether or not meritorious, could result in significant additional expenses and redirect management attention.

The realisation of any of such risks, alone or in combination, could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Application of existing tax laws, rules or regulations are subject to interpretation by taxing authorities.

The Group pays corporation tax in each of the UK, Guernsey and the Netherlands, and has previously paid corporation tax in Australia whilst it had a branch there. The application of the tax laws of various jurisdictions to the Group's international business activities is subject to interpretation. The taxing authorities of the jurisdictions in which the Group operates may challenge its methodologies, including its transfer pricing, or determine that the manner in which the Group operates its business does not achieve the intended tax consequences, which could increase its worldwide effective tax rate and adversely affect its financial position and results of operations.

Significant judgement and estimation are required in determining the Group's worldwide tax liabilities. In the ordinary course of the Group's business, there are transactions and calculations for which the ultimate tax determination is uncertain or otherwise subject to interpretation. Tax authorities in any of the countries in which the Group operates may disagree with its intercompany charges, including the amount of, or basis for, such charges or cross jurisdictional transfer pricing, and assess additional taxes.

As the Group operates in numerous jurisdictions, the application of tax laws of these jurisdictions can be subject to diverging and sometimes conflicting interpretations by tax authorities of these jurisdictions. It is not uncommon for taxing authorities in different countries to have conflicting views, for instance, with respect to, among other things, whether a permanent establishment exists in a particular jurisdiction, transfer pricing, or the valuation of intellectual property. For example, if the taxing authority in one country where the Group operates were to reallocate income from another country where it operates, and the taxing authority in the second country did not agree with the reallocation asserted by the first country, the Group could become subject to tax on the same income in both countries. If taxing authorities were to allocate income to a higher tax jurisdiction, subject the Group's income to double taxation or assess interest and penalties, it could increase the Group's tax liability, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects. One such example is that as a result of the Group's online operations, the Group considers there is an increased risk of challenge from tax authorities in respect of whether the Group has created corporate residence, or a permanent establishment in a particular jurisdiction. As such, as the Group continues to expand internationally, the Group may become exposed in additional tax jurisdictions.

In connection with the Horizon Group Separation and the Pre-IPO Reorganisation, there has been and there will be a number of transactions which expose the Group to potential stamp duty. While the Directors believe the Company meets the criteria for stamp duty relief in relation to each of these transactions, there can be no assurance that HMRC will grant such relief and in the event any such relief is not granted, the Group would be required to pay the applicable stamp duty. The Company has applied to HMRC for stamp duty relief for the share for share exchanges undertaken as part of the Horizon Group Separation and such applications are pending. In the event the Group's application for stamp duty relief under Section 75 of Finance Act of 1986 in relation to the second share for share exchange undertaken as part of the Horizon Group Separation is not granted, the stamp duty applicable in relation to this step of the Horizon Group Separation is expected to be approximately £5 million. In connection with the Pre-IPO Reorganisation, prior to Admission the Company will acquire the entire issued share capital of Titan Holdco Limited from the shareholders of Titan Holdco

Limited in exchange for shares issued by the Company to the shareholders of Titan Holdco Limited, thereby making the Company the holding company of the Group. Once this exchange takes place, the Company may apply to HMRC for stamp duty relief under Section 77 of Finance Act 1986 and the Company intends to make such application. In the event such relief is not granted, the stamp duty applicable in relation to this step in the Pre-IPO Reorganisation is expected to be approximately £3.8 million.

Although the Group believes its tax estimates and methodologies are reasonable, taxing authorities have become more aggressive in their interpretation and enforcement of such laws, rules and regulations over time, as governments increasingly focus on ways to increase revenues. This has contributed to an increase in audit activity and harsher stances by tax authorities. As such, additional taxes or other assessments may be in excess of the Group's current tax reserves or may require it to modify its business practices to reduce its exposure to additional taxes going forward, any of which may have a material adverse effect on its business, results of operations, financial condition or prospects.

Amendments to existing tax laws, rules or regulations or enactment of new unfavourable tax laws, rules or regulations could have an adverse effect on the Group's business, results of operation, financial condition or prospects.

Many of the underlying laws, rules or regulations imposing taxes and other obligations were established before the growth of the internet and e-commerce. The Group cannot predict the effect of current attempts to impose taxes on commerce over the internet. If such tax or other laws, rules or regulations were amended, or if new unfavourable laws, rules or regulations were enacted, the results could increase the Group's tax payments or other obligations, prospectively or retrospectively, subject it to interest and penalties, and decrease the demand for its services if it passes on such costs to the customer. In addition, any such new laws, rules or regulations may result in increased costs to update or expand the Group's technical or administrative infrastructure or effectively limit the scope of its business activities if it decided not to conduct business in particular jurisdictions. For example, as business progressively shifts from offline to online, there is a risk that governments in many territories may seek to broaden their tax base by introducing new tax measures in respect of the digital economy. Whether that is the introduction of new taxes which focus on online business, or the broadening of existing online business taxes, the measures could result in increased tax exposure for the Group. As a result, any of the foregoing changes may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

In addition, various governments and intergovernmental organisations could introduce proposals for tax legislation, or adopt tax laws, that may have a significant adverse effect on the Group's worldwide effective tax rate, or increase its tax liabilities, the carrying value of deferred tax assets, or its deferred tax liabilities. For instance, the Organisation for Economic Co-operation and Development continues to study tax challenges arising from the digitisation of the economy through the "base erosion and profit shifting" framework. Multiple jurisdictions, including some of the countries in which the Group operates, have begun implementing recommended changes aimed at addressing perceived issues within their respective tax systems that may lead to increased tax liabilities among multinational companies. For example, the UK and the Netherlands have both implemented an interest deductibility rule (as a result of the Organisation for Economic Co-operation and Development base erosion and profit shifting project). It is possible that other jurisdictions in which the Group operates or does business could enact tax legislation that could adversely affect the Group through increasing its tax liabilities that could thereby have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is exposed to risk with respect to its VAT arrangements between the tax authorities in the UK and Guernsey.

The Group's products produced in Guernsey and shipped to UK customers are subject to import VAT rather than VAT. Import VAT costs are required to be paid by the customer rather than the Group. However, currently, there is a concessionary arrangement in place under the UK Import VAT Accounting Scheme ("IVAS") which allows the Group to ship its products from Guernsey and to pay the tax due on behalf of its customers. The concessionary arrangement consists of a memorandum of understanding between HMRC and the customs and postal authorities of several countries, including the Channel Islands (the "HMRC MOU"). Under HMRC MOU, the UK and the Channel Island authorities (which includes Guernsey) have

agreed that qualifying companies will be allowed to deliver goods directly into the UK postal system under the IVAS, bypassing the normal customs clearance procedure. This allows companies to self-declare the VAT applicable on an entire month's shipments rather than on an item-by-item basis. To join the IVAS, companies must submit an application that is approved by the Guernsey Border Agency, who then notify Guernsey Post which administers the scheme and issues a Traders' Scheme Authorisation Number ("TSAN"). Moonpig has applied for and received a TSAN, which allows the Group's production in Guernsey to be delivered directly into the UK postal system under IVAS, subject to the terms and conditions laid out in the schedule to its IVAS application. The Group faces risk of withdrawal of its TSAN should it not meet these conditions in future, which could result in increased shipping times for any products produced in Guernsey that are required to go through the customs clearance procedures. While current publications indicate the TSAN arrangements will continue, these arrangements have not been confirmed and in the event that such arrangements are withdrawn, all goods imported from Guernsey to the UK would need to clear through UK customs and import VAT will need to be paid on a shipment-by-shipment basis before such goods are released, rather than on each month's worth of shipments.

The Group may be exposed to additional taxes for sales tax, VAT, goods and service tax or other taxes as its operations expand and the Group could have exposure to greater than anticipated tax liabilities.

As of the date of this document, the Group has a limited presence in jurisdictions outside of the United Kingdom and the Netherlands. However, the application of sales taxes, VAT, goods and service tax ("GST") and certain other taxes (such as income tax) in many jurisdictions is generally determined by the location of the recipient of the goods, as opposed to the location of the seller or that of the customer ordering the product, though the application of such taxes are often subject to minimum volume thresholds. The Group currently offers international dispatch for its greeting cards products via the international postal system and in the year ended 30 April 2020, the Group sent cards to approximately 200 countries. As the Group's operations expand and its volume of international shipping increases, it has triggered thresholds requiring it to register for GST, VAT or sales tax in overseas jurisdictions and expects this to continue. For example, the Group's volume of greeting cards shipped to New Zealand and Ireland have in the past and are expected in the future to be subject to GST and VAT, respectively, and following the U.S. Supreme Court's decision in *South Dakota v. Wayfair* in 2018, the Group was subject to US Sales tax in certain U.S. states and expects to be subject such taxes in the future. Furthermore, should the Group decide to expand its international shipping to its physical gifting products or virtual gifting products, such as gift cards, this will increase the complexity of the Group's international GST, VAT and sales tax compliance, and increase its risk of breaching national tax guidelines in multiple jurisdictions.

Furthermore, within the EU, the Group's dispatches of greeting cards from outside to within the EU Customs Area have historically generally been subject to the EU's Low Value Consignment Relief ("LVCR") regime which exempts parcels with a value less than €22 from accounting for VAT (including exemption from counting towards the applicable Member State's threshold). As the Group currently only facilitates international postage of greeting cards, and most greeting card orders are exempt under the applicable thresholds, most of the Group's dispatches from Guernsey (and since 1 January 2021, the United Kingdom) to EU States have been and are expected to be exempt from VAT until 30 June 2021. Since the end of the transition period on 31 December 2020, import VAT has been applicable on all sales into Member States over the LVCR. However, the LVCR is being removed for goods being imported into the EU from 1 July 2021, where import VAT will be due on all sales regardless of its value. While, the Group has options available on how best to manage import VAT payment and reporting requirements from 1 July 2021 (such as making the customer as importer of record or including partnership arrangements with third-party shipping providers), it is expected that there will be increased compliance reporting and additional VAT due as a result.

Furthermore, the EU has announced that it plans to abolish LVCR outright with effect from 1 July 2021, which is expected to result in an increase in import VAT on the small proportion of transactions the Group sends to Member States as the previous *de minimis* threshold will no longer apply. The Group will need to manage its compliance with the new MOSS tax regime (established as part of Article 1 of Council Directive (EU) 2017/2455 modifying Directive 2006/112/EC (the "VAT Directive") and in Council Implementing Regulation (EU) 2459/2017 modifying Regulation (EU) 282/2011 (the "VAT Implementing Regulation").

While the Group monitors the different forms of taxation and reporting obligations in other jurisdictions, including, but not limited to, GST, VAT or sales tax, and seeks to ensure it is in compliance with such taxes, tax law and administration is complex and often requires the Group to make subjective determinations. Furthermore, changes in tax laws or their interpretation or application or changes in the amount of taxes imposed on companies could increase the Group's future tax burden and it can take some time to implement changes to ensure the Group is compliant in all relevant jurisdictions. If the Group fails to manage these risks adequately, or if one or more of these risks materialises, the Group could be subject to additional tax liabilities, which could include penalties for any non-compliance, any of which could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The relationship of the Group with other members of the Horizon Group for certain tax purposes prior to the Horizon Group Separation could adversely affect the Group after the Horizon Group Separation.

Members of the Group will have been related to other members of the Horizon Group for various UK tax purposes prior to the Horizon Group Separation, which could have adverse consequences for the Group following the Horizon Group Separation. In particular:

- Cards Holdco Limited and Moonpig.com Limited were from 1 August 2011 until 31 July 2020 members of a group registration for UK VAT purposes (of which Photobox Limited was the representative member) together with certain other Horizon Group entities (the “**Photobox VAT group**”), and as a result are jointly and severally liable for all VAT liabilities of the VAT group (including liabilities that have no relation to the activities of Cards Holdco Limited and Moonpig.com Limited) in respect of their period of membership of the Photobox VAT group.
- Certain members of the Group have accepted (or agreed to accept) surrenders of losses for corporation tax purposes by way of “group relief” from other members of the Horizon Group in relation to certain accounting periods commencing prior to the Horizon Group Separation, with a view to using those losses to reduce the Group’s own taxable profits in those accounting periods. While the Group believes that its group relief claims were valid and does not anticipate the claims being challenged by HM Revenue & Customs, to the extent that HM Revenue & Customs were to successfully challenge the availability of any of the relevant tax losses, or the validity of a surrender of such losses, this could result in the Group suffering an increased corporation tax liability for the accounting period(s) in question.
- The members of the Group were treated for UK corporation tax purposes as being under common control with other members of the Horizon Group until the Horizon Group Separation took effect. As a result, in limited circumstances HM Revenue & Customs could assess unpaid corporation tax liabilities of other Horizon Group entities on members of the Group.

Under the tax matters agreement entered into on 7 January 2021 (the “**Tax Matters Agreement**”), Cards Holdco Limited and Horizon Bidco Limited have agreed to certain contractual commitments in relation to the risks described above. This Tax Matters Agreement provides the Group with contractual protection in respect of certain aspects of those risks, but does not cover every aspect of the risks and in any case will not reduce or eliminate the risks themselves. Accordingly, if any such risk were to materialise then that risk could still have a material adverse effect on the Group’s business, results of operations, financial condition or prospects to the extent that either: (i) the risk is covered by the Tax Matters Agreement but Horizon Bidco were unable to fulfil its contractual commitments to the Group, or (ii) the risk is not covered by the Tax Matters Agreement.

Greetz is in a post-acquisition dispute regarding pension indemnity and could be exposed to losses.

Greetz was in a dispute with a retail pension fund (the “**Retail Pension Fund**”) in the Netherlands in relation to whether or not Greetz is obligated to participate in its compulsory pension fund scheme. The Retail Pension Fund claimed that Greetz is obligated to participate in the compulsory pension fund scheme, which Greetz contested. In December 2020, Greetz and the Retail 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, provided that Greetz pays approximately €0.7 million into

its current pension scheme at Nationale Nederlanden and maintains this or another employer pension scheme that remains actuarially and financially equivalent to the Retail Pension Fund, and makes an insurance-related payment to the Retail Pension Fund of approximately €0.2 million.

The share purchase agreement entered into by Horizon Bidco B.V. (the “**Purchaser**”) to acquire Greetz, provides an indemnity from the sellers to Purchaser, as well as its group companies (which includes Greetz), for certain pension related claims up to a maximum of €3.0 million (the “**Pension Indemnity**”). The Directors believe that the settlement described above results in an indemnity obligation of €1.6 million under the Pension Indemnity (the “**Pension Indemnity Obligation**”), which represents the approximately €0.9 million in payments made by the Group in connection with its settlement with the Pension Retail Fund, approximately €0.4 million from estimated future losses arising from the settlement costs with the Retail Pension Fund claim (calculated in accordance with the agreed formula in the Pension Indemnity) and €0.2 million relating to reasonable costs incurred. The Purchaser withheld part of the deferred consideration owed to the sellers proportional to the Pension Indemnity Obligation to cover its claim; the Purchaser commenced proceedings in court for its claim under the Pension Indemnity related to the Retail Pension Fund dispute in November 2020. Whether the Pension Indemnity Obligation is recoverable under the Pension Indemnity is currently in dispute with the sellers. The Group intends to continue to vigorously pursue the claim in court, if necessary. As at 31 October 2020, the Group had a pension provision of £0.9 million recorded for the potential liability in relation to the Pension Indemnity Obligation. However, until the final resolution of the Pension Indemnity Obligation, the Group could be exposed to losses in excess of the amount recorded, including as a result of a failure to recover under the Pension Indemnity and any penalties applied for withholding the deferred consideration.

The Group may be subject to general litigation, regulatory disputes and government inquiries.

As a growing company with expanding operations, the Group has in the past faced and may in the future increasingly face the risk of claims, lawsuits, investigations, including proceedings by governments and other regulatory authorities, involving a wide range of issues, including privacy and data protection, consumer protection, intellectual property matters, accessibility claims, tax, labour and employment, commercial disputes, services and other matters. The number and significance of these disputes and inquiries have increased as the political and regulatory landscape changes, as the Group has grown larger and expanded in scope and geographic reach, and as the Group’s operations have increased in complexity.

The Group cannot predict the outcome of such disputes and inquiries, and such disputes or inquiries could have an adverse impact on the Group because of legal costs, diversion of management resources, and other factors. Determining provisions for any litigation is a complex, fact-intensive process that is subject to judgement calls. Legal proceedings or inquiries could also result in reputational harm, criminal sanctions, consent decrees or orders preventing the Group from offering certain products or services, or requiring a change in the Group’s business practices in costly ways or requiring development of non-infringing or otherwise altered products or technologies. Litigation and other claims and regulatory proceedings against the Group could result in unexpected expenses and liabilities, which could have a material adverse effect on its business, results of operations, financial condition or prospects.

The Group will incur increased costs and regulatory burden and devote substantial management time as a result of being a listed company.

The Group will incur additional costs as a newly listed company and its management will be required to devote substantial time to new compliance matters. As a newly listed public company, the Group will incur significant legal, accounting and other expenses, including those resulting from public company reporting obligations and compliance with corporate governance-related rules, including the admission requirements of the FCA and the London Stock Exchange. There can be no assurance that, in an environment where the Group is subject to greater scrutiny and disclosure requirements, it will be able to manage its operations in the same manner as it has done as a private business before Admission and not in a public company environment. In particular, the Group will be subject to increased regulatory obligations as a result of being listed, and senior management, as well as other employees, will need to devote a substantial amount of time to ensure that the Group’s business complies with all of these requirements. In addition, the reporting requirements, rules and regulations will increase the Group’s legal and financial compliance costs and make

some activities more time-consuming and costly, which may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

If the Group or its third-party fulfilment providers do not comply with the specialised regulations and laws that regulate the alcoholic beverage industry, there could be a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group offers alcoholic beverages in its range of gifting products. Alcoholic beverages are highly regulated. Regulated areas include production, importation, product labelling, taxes, marketing, pricing, delivery, ownership restrictions, prohibitions on sales to minors, and relationships among alcoholic beverage producers, wholesalers and retailers. The Group cannot be sure that it or its third-party fulfilment providers will always be in full compliance with all applicable regulations or laws, that it will be able to comply with any future regulations and laws, that it will not incur material costs or liabilities in connection with compliance with applicable regulatory and legal requirements or that such regulations and laws will not have a material adverse effect on the Group's gifting business.

Within the UK, the licensing obligations for alcohol falls upon the fulfilment provider and the Group provides alcohol to customers exclusively through its third-party fulfilment providers, which third parties provide the relevant experience to comply with the applicable regulatory and legal requirements in relation to the Group's alcohol gifts in the UK. However, within the Netherlands, as a result of the Licensing and Catering Act (*Drank- en Horecawet*) the online retailer selling the alcoholic product is primarily responsible for the compliance of their fulfilment providers for the provision of alcohol. As a result, within the Netherlands, the Group is responsible for ensuring its compliance with the current Licensing and Catering Act and the new Alcohol decree (*Alcoholwet*), which is expected to be introduced in July 2021. Regulators may impose financial penalties and criminal penalties upon the Group for any non-compliance or could withdraw permission to supply alcohol products via the web shop. The new rules will require a more stringent age verification process from the online retailer, at both the point of purchase and point of delivery. Whether or not the Group or its third-party fulfilment providers are responsible, if either do not comply with the relevant laws or regulations, this could have a negative impact on the Group's brand and reputation which could adversely affect the Group's gift business.

Risks Relating to the Global Offering and the Ordinary Shares

There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.

Prior to the Global Offering and Admission, there has been no public trading market for the Ordinary Shares. There can be no assurance that an active trading market will develop or, if it does develop, that it will be maintained. The trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including short-term selling pressures, equity market fluctuations, general economic conditions and regulatory changes, which may adversely affect the market price of the Ordinary Shares, regardless of the Group's actual performance or conditions in its key markets.

The market price of the Ordinary Shares may fall below the Offer Price. The market price of the Ordinary Shares may also fluctuate substantially due to various factors, some of which may be specific to the Group, and some of which may be related to the legal and connected services industries and equity markets in general. The Group cannot guarantee that investors will be able to (re)sell their Ordinary Shares at or above the Offer Price, or at all. An inactive market may also impair the Group's ability to raise equity capital in the future by further issues of Ordinary Shares in the long-term. Furthermore, the concentration of ownership by individuals affiliated with the Group may affect the liquidity of the market for Ordinary Shares on the London Stock Exchange and contribute to a perception that the ownership structure is not conducive to an investment decision involving the Group in the short- to medium-term. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected and investors may have difficulty selling their Ordinary Shares.

Immediately following Admission, Exponent will hold approximately 26.6% of the Ordinary Shares (assuming no exercise of the Over-allotment Option) and there could be instances where Exponent's interests diverge from those of the other Shareholders.

Immediately following Admission, Exponent will hold approximately 26.6% of the Ordinary Shares (assuming no exercise of the Over-allotment Option). On the date of this Prospectus, the Company and Exponent have entered into a relationship agreement (the “**Relationship Agreement**”). The Relationship Agreement has been entered into to ensure that the Company is capable at all times of carrying on its business independently of its controlling shareholder (as defined in the Listing Rules) and its associates. In particular, the Relationship Agreement contains undertakings from Exponent to, among other things: (i) conduct all transactions and arrangements with any member of the Group at arm's length and on normal commercial terms; (ii) not take any action which would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (iii) not propose or procure the proposal of any shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules. The Relationship Agreement is not subject to any additional penalty or indemnity clauses. There could be instances when Exponent has interests that diverge from those of the other Shareholders. As a result, Exponent has the ability to exercise influence over the business of the Group and determine the outcome of certain matters submitted to the vote of shareholders. In particular, Exponent could block certain shareholder resolutions requiring approval by more than a simple majority to pass, such as special resolutions. Moreover, Exponent could pass certain shareholder resolutions requiring approval by a simple majority to pass, such as the appointment or re-election of directors, irrespective of the vote of any other Shareholder. For example, Exponent's influence over the Group may have the effect of delaying or deterring a change in control of the Group, could deprive investors of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Group and might affect the value of the Ordinary Shares. Furthermore, future acquisitions by the Group may result in an increase in the collective shareholding of Exponent in the Group.

Admission may not occur when expected.

Admission is subject to the approval (and subject to satisfaction of any conditions on which such approval is expressed) of the FCA and Admission will become effective as soon as a dealing notice has been issued by the FCA and the London Stock Exchange has acknowledged that the Ordinary Shares will be admitted to trading. There can be no guarantee that any conditions to which Admission is subject will be met or that the FCA will issue a dealing notice when anticipated.

The Company may not pay dividends at all or at any particular level.

The current Company dividend policy is to not pay any dividends as it invests in growth. While the Company may revisit its dividend policy in the future, the Company may not pay dividends at all or at any particular level. The Company's results of operations could fluctuate and the Company's ability to pay dividends will depend on, amongst other things, it and certain of its subsidiaries achieving sufficient distributable profits.

In addition, the Company may not pay dividends if the Directors believe the payment of dividends, or dividends at any particular level, would cause any member of the Group to be inadequately capitalised or if for any other reason the Directors conclude it would not be in the best interests of the Company. Any dividends will depend on, amongst other things, the Group's profits, financial position, working capital requirements, general economic conditions and other factors that the Directors deem significant from time to time.

The market price of the Ordinary Shares could be negatively affected by sales of substantial amounts of such Ordinary Shares in the public markets, including following the expiry of the lock-up period, or the perception that these sales could occur.

Following Admission, the Selling Shareholders will own beneficially, approximately 58.3% of the Company's issued ordinary share capital, assuming no exercise of the Over-allotment Option, and approximately 54.2% if the Over-allotment Option is exercised in full. The Company, the Selling Shareholders and the Directors are subject to restrictions on the issue, sale or transfer, as applicable, of their respective holdings in the Company's issued share capital. The issue or sale of a substantial number of

Ordinary Shares by the Company, the Selling Shareholders or the Directors in the public market after the lock up restrictions in the Underwriting Agreement and Deeds of Election, as applicable, expire (or are waived by the Sponsor), or the perception that these sales may occur, may depress the market price of the Ordinary Shares and could impair the Company's ability to raise capital through the sale of additional equity securities. In addition, certain of the Ordinary Shares could be granted as security by the Selling Shareholders in connection with margin loan facilities, the enforcement of which would reduce the Selling Shareholders' shareholdings, may have a significant impact on the Company's shareholding structure and corporate governance, may depress the market price of the Ordinary Shares and could impair the Group's ability to raise capital through the issue of further Ordinary Shares.

The Ordinary Shares will be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to the Group's operating performance.

The Ordinary Shares will be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to the Group's operating performance. The market price of the Ordinary Shares may be volatile and subject to wide fluctuations because of a variety of factors, including, but not limited to, those referred to in this section "*Risk Factors*", as well as period-to-period variations in operating results or changes in revenue or profit estimates by the Group, industry participants or financial analysts. The market price of the Ordinary Shares could also be affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation about the Group in the press or the investment community, strategic actions by competitors, including acquisitions or restructurings, changes in market conditions and regulatory changes in any number of countries, whether or not the Group derives significant revenue therefrom. Investors may not be able to sell their Ordinary Shares at or above the Offer Price. In addition, potential investors should be aware that no stabilisation will be carried out in connection with the Offer and therefore there may be a greater risk of price volatility following the Offer than would otherwise be the case. Further, Shareholders may earn a negative or no return on their investment in the Group.

The issuance of additional Ordinary Shares in the Company in connection with any future acquisitions or otherwise may dilute all other shareholdings.

The Group may seek to raise financing to fund future acquisitions and other growth opportunities, invest in its business, or for general purposes and for these reasons may issue additional equity or convertible equity securities in the medium-term. Any of such additional issuances or top-up may result in the dilution of the percentage ownership of the Group's existing Shareholders or may materially adversely affect the price of the Ordinary Shares.

Overseas shareholders may be subject to exchange rate risk.

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in British pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not British pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of British pounds sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

Shareholders in the United States or other jurisdictions may not be able to participate in future equity offerings.

The Company's Articles provide for pre-emptive rights to be granted to Shareholders, unless such rights are disappplied by a special resolution of shareholders. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise these rights unless either the rights and Ordinary Shares are registered under the US Securities Act, or the rights and Ordinary Shares are offered pursuant to an exemption from, or transaction not subject to, the registration requirements of the US Securities Act. The Company cannot assure prospective investors that any exemption from such overseas

securities law requirements would be available to enable US or other Shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

Not all rights available to shareholders under US law will be available to holders of the Ordinary Shares.

Not all rights available to shareholders under US law will be available to holders of the Ordinary Shares. Rights afforded to shareholders under English law differ in certain respects from the rights of shareholders in typical US companies. The rights of holders of the Ordinary Shares are governed by English law and the Articles. In particular, English law currently limits significantly the circumstances under which the shareholders of English companies may bring derivative actions. Under English law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. In addition, English law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US company.

Overseas Shareholders may have only limited ability to bring actions or enforce judgements against the Company or its Directors.

The ability of an overseas Shareholder to bring an action against the Group may be limited under law. The rights of holders of Ordinary Shares are governed by English law and by the Company's Articles. These rights differ in certain respects from the rights of shareholders in comparable US corporations and some other non-UK corporations. The majority of the Directors are residents of the United Kingdom and most of their assets are located in the United Kingdom. Consequently, it may not be possible for an overseas Shareholder to affect service of process upon the Group or its Directors and executive officers within the overseas Shareholder's country of residence or to enforce against the Company or its Directors or executive officers' judgements of courts of the overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. An overseas Shareholder may not be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than the United Kingdom against the Directors or executive officers of the Company who are residents of the United Kingdom or countries other than those in which such judgement is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or its Directors or executive officers in a court of competent jurisdiction in England or other countries.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

(1) Historical Financial Information

The Group's combined and consolidated financial information as of and for the three years ended 30 April 2018, 2019 and 2020 and the six months ended 31 October 2020 (collectively the "**Historical Financial Information**") has been included in this document beginning on page 116.

The Historical Financial Information has been prepared in accordance with the basis of preparation and accounting policies as set out in Notes 1.2 and 1.3 of Section B of "*Historical Financial Information*" which are consistent with those that will be used by the Group in its audited financial statements as at and for the year ending 30 April 2021. The Group's Historical Financial Information has been prepared in accordance with the requirements of the UK Prospectus Regulation.

Unless otherwise stated, all financial information relating to the Group in this document has been prepared in accordance with the basis of preparation and accounting policies as set out in Notes 1.2 and 1.3 of Section B of "*Historical Financial Information*" and should be read in conjunction with PricewaterhouseCoopers LLP's report thereon set out in Section B of "*Historical Financial Information*".

The Group's financial year runs from 1 May to 30 April. The Historical Financial Information in "*Historical Financial Information*" is covered by the accountants' report preceding it, which was prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom.

(2) Non-IFRS Information

This document contains certain financial measures that are not defined or recognised under IFRS, including underlying EBITDA, underlying EBITDA margin and cash conversion (collectively, the "**Non-IFRS Measures**").

The Company has presented these Non-IFRS Measures because it considers them an important way to evaluate growth trends, assess operational performance and efficiencies, understand how the Board manages the Group's business and evaluates the performance of the Group, as well as providing a supplemental measure of the Group's underlying performance. For definitions and a reconciliation of the Non-IFRS Measures to the IFRS measures included in the Historical Financial Information, see "*Selected Financial Information—Non-IFRS Financial and Operating Data*".

The Non-IFRS Measures alone do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for profit before taxation or any other measure as an indicator of operating performance or as an alternative to cash generated from operating activities as a measure of liquidity. In addition, these measures should not be used instead of, or considered as an alternative to, the Group's historical financial results. Non-IFRS Measures reported by the Group may not be comparable to similarly titled measures reported by other companies as those companies may define and calculate such measures differently from the Group.

The Group's presentation of the Non-IFRS Measures should not be construed as an implication that its future results will be unaffected by non-recurring items. In identifying and quantifying non-recurring items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as adjusting. These items are separately disclosed in the segmental analyses or in the notes of Section B of "*Historical Financial Information*" as appropriate. The Company provides this information as it believes that these items are useful to users of the Historical Financial Information in helping them to understand the underlying business performance and are used to derive the Group's principal non-IFRS measures of underlying EBITDA, which is before the impact of non-recurring items.

(3) Currency Presentation

Unless otherwise indicated, all references in this document to:

“Euro” or “€” are to the lawful currency of 19 of the 27 member states of the European Union;

“UK pound sterling”, “GBP” or “£” are the lawful currency of the United Kingdom; and

“US dollars”, “USD” or “\$” are to the lawful currency of the United States.

(4) Rounding

Certain data in this document, including financial, statistical and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

(5) Market, Economic and Industry Data

This document contains historical market, economic and industry data and forecasts which have been obtained from industry publications, market research and other publicly available information. Certain information regarding market size, market share, market position, growth rates and other industry data pertaining to the Group and its business contained in this document consist of estimates based on data compiled by professional organisations and on data from other external sources. The Company confirms that all such third-party information contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by such third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Whilst the Directors believe the third-party information included therein to be reliable, the Company has not independently verified such third-party information.

In some cases there is no readily available external information (whether from trade and business organisations and associations, government bodies or other organisations) to validate market related analyses and estimates, requiring the Group to rely on internally developed estimates.

In addition, OC&C Strategy Consultants (“OC&C”), an independent and global strategy consulting firm whose address is 6 New Street Square, London EC4A 3AT, United Kingdom, has prepared, at the request of the Company for the purposes of this document, information on the market and industry (the “OC&C Report”). OC&C has no material interest in the Company.

Where third-party information has been used in this document, the source of such information has been identified. Where the Group has relied upon internally developed estimates, the information is identified as Company estimates or beliefs. All other market and industry information in this document is extracted from the OC&C Report.

The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this document. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this document and estimates based on any data therein may not be reliable indicators of future market performance or the Group’s future results of operations.

(6) References to Defined Terms

This document refers variously to the Group, Moonpig and Greetz, each of which is described and defined in Note 1.2 of Section B of “*Historical Financial Information*”, and should be understood according to such definitions unless the context requires otherwise.

Certain terms used in this document, including certain capitalised terms and certain technical and other terms, are defined, and certain selected industry and technical terms used in this document are defined and explained in “*Glossary*”.

(7) Information Not Contained in this document

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

(8) Information Regarding Forward-Looking Statements

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on Management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "targets", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Company concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industry in which it operates. In particular, the statements under the headings "*Summary Information*", "*Risk Factors*", "*Business Description*" and "*Operating and Financial Review*" regarding the Company's strategy, targets and expectations in respect of the impact of and government measures taken in connection with the Covid-19 pandemic, the Group's expected revenue, underlying EBITDA margin, customer purchasing behaviour, frequency of purchases, profit, growth, accounting tax rates, and capital expenditure upon the operating results of the Group as well as other expressions of the Group's targets and expectations and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Important factors that could cause the Group's actual results to so vary include, but are not limited to:

- the Group faces significant competition for its products, and its success depends on its ability to compete effectively;
- the quality and breadth of the products that the Group offers to its customers, including the overall customer experience and broader trends that impact customer preferences, are integral to the Group's efforts to retain existing customers and to attract new customers, which together are critical to the Group's business; and
- the Group's business depends on the strength of its brands, and any damage the Group's reputation or brands could increase the its customer acquisition costs, or require the Group to invest more in marketing activities, or harm the Group's ability to attract and retain new customers, any of which could damage the Group's business.

For more information regarding these and other uncertainties, please see "*Risk Factors*".

Subject to the requirements of the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules and the Listing Rules, or applicable law, the Company explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of it.

Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this document.

(9) No Incorporation of Website Information

Save for the copies of the documents listed in “*Additional Information—Documents available for inspection*” that are extracts from this document and will be available for inspection for a period of 12 months following Admission on the Company's website at <https://www.moonpig.group>, the contents of the Group’s websites, including <https://www.moonpig.group>, <https://www.moonpig.com/uk/>, <https://www.moonpig.com/us/>, <https://www.moonpig.com/au/> and <https://www.greetz.nl/>, and all other websites mentioned in this document do not form part of this document. The information on such websites has not been scrutinised or approved by the FCA, and investors should not rely on such information.

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Kate Swann, <i>Chair</i> Nickyl Raithatha, <i>Chief Executive Officer</i> Andy MacKinnon, <i>Chief Financial Officer</i> David Keens Niall Wass Susan Hooper Simon Davidson
Senior Management	Nickyl Raithatha, <i>Chief Executive Officer</i> Andy MacKinnon, <i>Chief Financial Officer</i>
Business address of each of the Directors	10 Back Hill London EC1R 5EN United Kingdom
Registered office of the Company	10 Back Hill London EC1R 5EN United Kingdom
Company Secretary	Link Market Services Limited
Sponsor	Citigroup Global Markets Limited Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB United Kingdom
Joint Global Coordinators and Joint Bookrunners	Citigroup Global Markets Limited Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB United Kingdom J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP United Kingdom

Joint Bookrunners	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom
	Jefferies International Limited 100 Bishopsgate London EC2N 4JL United Kingdom
	Jefferies GmbH Bockenheimer Landstraße 24 60323 Frankfurt Germany
	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT United Kingdom
Legal advisers to the Company as to English and US law	Allen & Overy LLP One Bishops Square London E1 6AD United Kingdom
Legal Advisers to the Banks as to English and US law	Linklaters LLP One Silk Street London EC2Y 8HQ United Kingdom
Auditors and Reporting Accountant	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
Registrar	Link Market Services Limited The Registry 34 Beckenham Road Beckenham, Kent BR3 4TU United Kingdom

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Expected Timetable of Principal Events

Each of the times and dates in the table below is indicative only and may be subject to change without further notice. References to time and date are to time and date in London, United Kingdom unless otherwise stated.

Event	Time and date
Latest time and date for receipt of indications of interest under the Global Offering	12:00 p.m. on 1 February 2021
Announcement of the results of and notification of allocations of Ordinary Shares in the Global Offering	7:00 a.m. on 2 February 2021
Commencement of conditional dealing in Ordinary Shares on the London Stock Exchange	8:00 a.m. on 2 February 2021
Admission and commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8:00 a.m. on 5 February 2021
CREST accounts credited in respect of Ordinary Shares acquired in the Global Offering in uncertificated form	As soon as possible after 8:00 a.m. on 5 February 2021
Share certificates despatched	Within ten business days of Admission

It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned. Temporary documents of title will not be issued.

Offer Statistics

Offer Price (per Ordinary Share)	GBP 3.50
Number of Ordinary Shares in issue immediately following Admission	342,112,913
Number of Ordinary Shares (5,714,286 Subscription Shares and 134,641,695 Sale Shares) in the Global Offering (assuming no exercise of the Over-allotment Option) ⁽¹⁾⁽²⁾	140,355,981
Number of Ordinary Shares in the Global Offering as a percentage of total number of Ordinary Shares in issue immediately following Admission (assuming no exercise of the Over-allotment Option)	41.0%
Maximum number of Ordinary Shares subject to the Over-allotment Option	14,035,599
Estimated gross proceeds of the Global Offering receivable by the Company	GBP 20.0 million
Estimated net proceeds of the Global Offering receivable by the Company	GBP 11.0 million
Estimated gross proceeds of the Global Offering receivable by the Selling Shareholders (assuming no exercise of the Over-allotment Option) ⁽²⁾	GBP 471.2 million
Estimated net proceeds of the Global Offering receivable by the Selling Shareholders (assuming no exercise of the Over-allotment Option) ⁽²⁾	GBP 454.8 million
Estimated market capitalisation of the Company at the Offer Price ⁽³⁾	GBP 1,197.4 million

(1) Represents the total number of Ordinary Shares in issue following completion of the Pre-IPO Reorganisation and after the issue of Subscription Shares by the Company.

(2) The maximum number of Ordinary Shares subject to the Over-allotment Option is, in aggregate, equal to 10% of the maximum number of Ordinary Shares comprised in the Global Offering (prior to the utilisation of the Over-allotment Option).

(3) The market capitalisation of the Company at any given time will depend on the price of the Ordinary Shares at the time. There can be no assurance that the market price of an Ordinary Share will be equal to or exceed the Offer Price.

INDUSTRY OVERVIEW

This Industry Overview contains information regarding the Group's business and the market in which it operates and competes, which the Group has obtained from various third-party sources. Where information contained in this Industry Overview has been sourced from a third party, the Group confirms that such information has been accurately reproduced and, as far as the Group is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where such information has been used in this document, its source has been identified. Please refer to "Presentation of Financial and Other Information—Market, Economic and Industry Data" for further details of the third-party sources. Please also refer "Risk Factors" and "Presentation of Financial and Other Information—Information Regarding Forward-Looking Statements".

Introduction

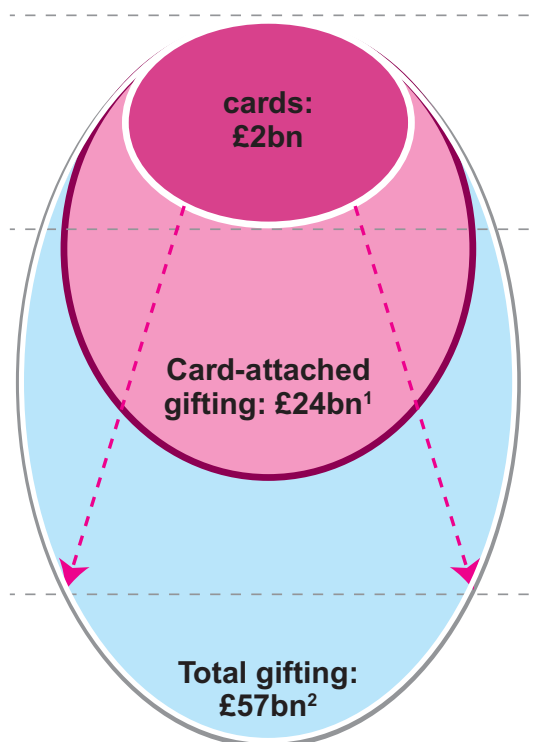
The Group operates in the large and underpenetrated gifting market (the "**gifting market**"), which includes the sale of greeting cards and gifts. According to OC&C, the overall value of customer spending on gifting in the UK, the Netherlands and the Republic of Ireland, which are the Group's core markets, was approximately £57 billion in 2019, spread across a wide range of categories and gifting occasions.

The gifting market includes greeting cards (which consist of single greeting cards ("**cards**") and boxed greeting cards), 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 ("**card-attached gifting**") and gifts that are sent or given without being accompanied by a card ("**standalone gifting**"). 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. For the year ended 30 April 2020, cards accounted for 58% of the Group's revenue, card-attached gifting represented 35% and standalone gifting represented the remaining 7% of revenue at Moonpig.

OC&C estimates the total cards market (including boxed cards) in the UK, the Netherlands and the Republic of Ireland was worth approximately £2.0 billion in 2019. In the UK and the Netherlands, OC&C estimates that there are approximately 53.8 million people who have purchased at least one greeting card during the last year ("**card customers**"). It is a large and broadly stable market, with 2019 volumes estimated by OC&C at 910 million units in the UK and 150 million units in the Netherlands. Online penetration (in value terms) of these markets in 2019 was approximately 10% in the UK and approximately 13% in the Netherlands, and the aggregate online cards market in the UK and the Netherlands is expected to grow at a CAGR of approximately 12.5% and 7.4%, respectively, from 2021 to 2024. In 2019, Moonpig had an approximately 60% market share amongst online specialist card retailers in the UK and Greetz had an approximately 65% market share amongst the top three operators (defined by estimated online greetings card sales in the Netherlands) among online card providers in the Netherlands, according to OC&C estimates.

The size of the card-attached gifting market in the UK, the Netherlands and the Republic of Ireland was £24 billion in 2019 (including approximately £2.0 billion in relation to the total cards market), according to OC&C estimates. The majority of card-attached gifting activity is associated with birthdays, anniversaries and calendar celebrations (principally, Mother's Day, Father's Day, Valentine's Day and Christmas). Of the total market for card-attached gifts, approximately 12.5% are currently purchased online. According to OC&C, this market is expected to grow faster than the approximate 12.5% CAGR at which the online cards market is expected to grow from 2021 to 2024.

Group's Total Addressable Market (2019)



Source: OC&C estimates of UK, NL and ROI markets

- (1) Based on OC&C estimates for UK, NL and ROI, including approximately £2.0 billion in relation to the total cards market, with the incremental card-attached gifting representing £22 billion.
- (2) Of the total gifting market, £33 billion is incremental stand-alone gifting (with the remainder represented by cards and card-attached gifting).

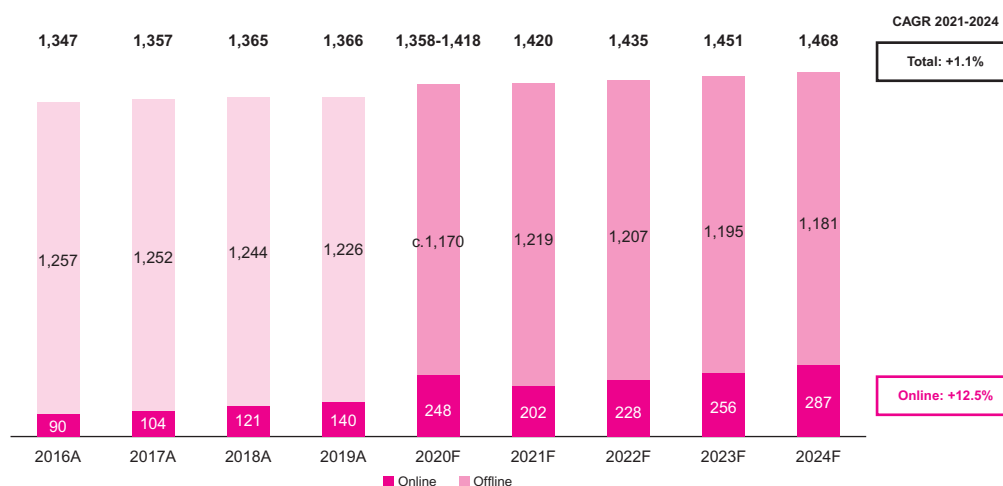
Clear transition from offline to online

The cards market is increasingly transitioning online and moving away from offline traditional bricks and mortar stores. Online penetration for cards in the UK has seen higher growth relative to other product categories analysed by OC&C, and over the period from 2016 to 2019, the online cards market saw approximately 1.3x higher growth rate than online cosmetics & toiletries, approximately 1.8x higher growth rate than online homewares and approximately 1.6x higher growth rate than online clothing & footwear.

Notwithstanding this historical growth performance, OC&C estimates that online penetration of cards was at only approximately 10% of total market value in the UK in 2019, and that there remains substantial headroom for this trend to continue, particularly as the current level is well below the level of online penetration in other adjacent categories (71% for books and media, 42% for toys and games). OC&C forecasts approximately 12.5% online channel growth over 2021 to 2024 in the UK single cards category, which would take online share of the market to approximately 20% by 2024.

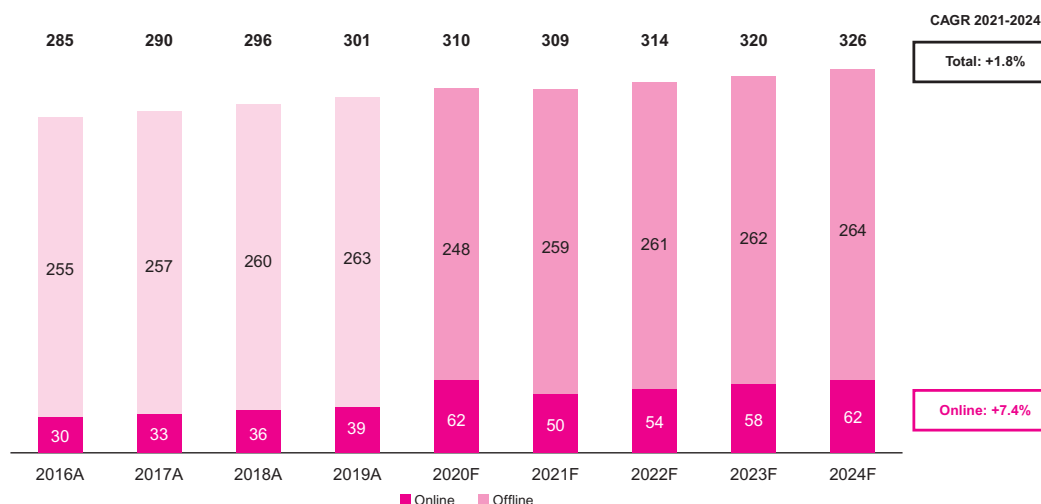
In the Netherlands, OC&C estimates online penetration was at approximately 13% in 2019, slightly higher than the UK but similarly, with substantial opportunity for future growth. OC&C forecasts that the online cards market in the Netherlands will grow at a CAGR of approximately 7.4% from 2021 to 2024 and online penetration will reach approximately 19% by 2024.

UK Cards Market (singles only) by Channel (2016 to 2024F, £m)



Source: OC&C

Netherlands Cards Market (singles only) by Channel (2016 to 2024F, £m)



Source: OC&C

Covid-19 lockdowns in the UK and the Netherlands implemented in the spring of 2020 accelerated the structural market transition to online, with the online segment of the cards market growing nearly 125% year-on-year during mid-March to August 2020 in the UK according to OC&C. According to OC&C, the cards market growth has continued, even following the easing of the restrictions on non-essential offline retail in the UK from 15 June 2020, with the traffic uplift for cards larger and lasting longer than many other retail categories. The impact in the Netherlands is similar, with rapid growth of the online segment – web traffic increased 76% year-on-year in the Netherlands (January to July) as volumes shifted rapidly online. Elevated momentum in online demand was sustained as lockdown restrictions implemented in the spring of 2020 were eased from June 2020.

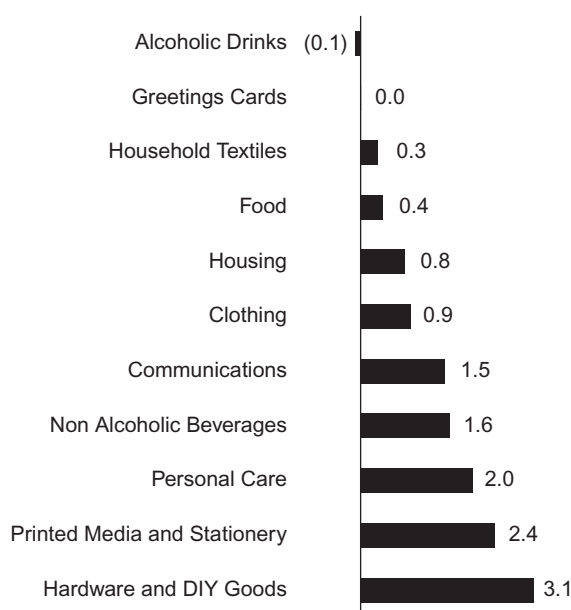
Large, stable and resilient cards market

There is an ingrained culture of sending cards in the UK, with approximately 87% of adults purchasing cards and sending an average of 20 cards per person each year. Of these, approximately 11% are sent for Christmas (excluding boxed cards), 10% for spring seasonal occasions such as Mother's Day, Father's Day, Valentine's Day and Easter, and the remaining 79% for "everyday" occasions including birthdays, weddings and others. The average Moonpig customer in the UK sends 24.2 cards per person per year from all retail sources, according to OC&C survey data. This results in a broadly stable and resilient market, with OC&C estimating that the overall UK singles cards market grew at a CAGR of approximately 0.5% per annum in terms of value of sales from 2016 to 2019. Looking forward, the UK cards market is projected by OC&C to grow at a CAGR of approximately 1.1% in value terms from 2021 to 2024.

OC&C estimate that approximately 57% of adults in the Netherlands give cards and send on average 17 to 19 cards each year. Customers in the Netherlands buy cards for similar occasions to customers in the UK, particularly at birthdays and Christmas, and family members are the main recipients. The overall cards market is worth approximately £300 million and has grown at a CAGR of approximately 1.8% from 2016 to 2019 in terms of sales value. Similar to the UK, value growth of the cards market in the Netherlands has been driven by price and partially offset by decreasing volume. OC&C estimates that the cards market in the Netherlands will follow a similar trajectory to the UK, with a growth CAGR of approximately 1.8% from 2021 to 2024.

According to OC&C, card purchasing is non-cyclical, with the macroeconomic environment appearing to have a minimal impact on card purchasing. The UK cards market has been resilient to recessions historically, as demonstrated by the consistent growth of the market through the 2008 financial crisis. OC&C analysis shows that a 1% decrease in real GDP would create a 0% increase or decrease of consumer expenditure in greeting cards, i.e., a beta (a measure of the sensitivity of expenditure to a change in GDP – the lower the beta, the more resilient a category is) of zero. This compares favourably with other categories of consumer product, for example, a beta of 3.1 for hardware and DIY goods, 2.4 for printed media and stationery, 1.6 for non-alcoholic beverages, 0.4 for food, and 0.9 for clothing. Survey data from OC&C also shows that cards are the category consumers state that they would cut their budgets least, out of a broad range of discretionary consumer spending categories including sports and fitness products, clothing apparel, health and beauty products and homewares.

Correlation with % change in real GDP



Source: OC&C, August 2020

% Change in Real GDP would create β Increase of Consumer Expenditure; Correlation B (or beta) is a measure of the sensitivity of expenditure in GDP – the lower beta, the more resilient a category is.

Significant opportunity in card-attached gifting

Consumers perceive many card giving occasions are also gifting occasions. According to OC&C, of the approximately £40 billion total gifting market in the UK in 2019, card-attached gifting was worth approximately £18 to £19 billion. 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, with some a modest sales peak for occasions around Christmas. This gifting spend is fragmented across a broad set of categories with the categories where Moonpig is strong, such as flowers, being purchased more often for gifting occasions. Gifted cut flowers (excluding houseplants) (online and offline) accounted for approximately £1.1 billion of the total UK card-attached gifting market in 2019. In 2019, approximately 72%

of cards were given with a gift in the UK with the gift being purchased either in the same place as the card or from a separate retailer.

With online penetration of cut flowers and house plants at approximately 17% and 27% in 2018, respectively, according to OC&C analysis, the Directors believe that there is significant headroom for future online penetration in these markets as consumers move their discretionary expenditure online for a number of reasons including ease of delivery, time and convenience, and range. Online penetration (as a percentage of total category sales) in 2019 was just 6% for chocolate and 8% for alcohol, demonstrating scope for online penetration growth in some of the Group's key product ranges.

According to OC&C, the total gifting market in the Netherlands was worth approximately £14 billion per year, of which approximately £3.8 billion pertained to card-attached gifting. While the Netherlands is behind the UK in overall online penetration, this varies from category to category. In the gifting chocolate and flowers categories online penetration in the Netherlands lags the UK, at approximately 5% for both compared to 6% and 19% respectively in the UK. This suggests considerable scope for further online penetration. An OC&C survey in 2018 found that ease, speed, convenience, larger range and options for personalisation were key factors driving customers to online gifting platforms in the Netherlands. The Directors believe that this clear customer understanding of the superior customer proposition of online gifting platforms will support future online penetration growth.

Competitive Landscape

A wide range of retailers sell cards and gifts in the UK and the Netherlands, across the online and offline channels. The Group is the number one operator in the online cards market in both countries.

UK

In the offline channel, card providers include supermarkets such as Tesco, ASDA, M&S and Sainsbury's, specialist cards chains such as Card Factory, Clintons, Cards Galore and Scribbler, stationers such as Paperchase and WH Smith, and other generalist retailers including discounters such as Poundland, Home Bargains, Aldi and Lidl, high street convenience stores and the Post Office, who offer cards alongside their other products. Smaller operators in the specialist online cards market include Funky Pigeon, Thortful, TouchNote, Boomf and Papier.

Moonpig has gained market share and such gains were further accelerated from mid-March to June 2020 during a Covid-19 lockdown. Moonpig leveraged its competitive advantages to outperform peers by driving volume, acquiring new customers and driving a shift to the app which results in greater purchase frequency. According to OC&C, in the first 7 months of 2020 Moonpig accounted for approximately 64% of revenue in the UK specialist online cards market, up from approximately 60% in 2019.

The UK market for gifts is broad and highly fragmented. A wide online competitor set includes the supermarkets, generalists such as John Lewis Partnership, Oliver Bonas and Amazon, specialists such as Prezzybox and Buyagift and gift marketplaces such as Etsy and Not on the High Street.

One segment of the gifts market where Moonpig has highest penetration is in cut flowers and house plants. Based on survey data for 2019, the Directors believe Moonpig is one of the top five UK online operators in cut flowers and houseplants. The overall market is highly fragmented and the largest operators are supermarkets, with no specialist having significant market share. For online flowers, OC&C estimate (also based on survey data) that the four largest operators alongside Moonpig are Interflora, M&S, Bloom & Wild and Tesco.

Netherlands

The Netherlands cards market is similar in structure to the UK market. Cards are sold by a wide range of retailers in the offline channel including specialists such as Hallmark and Primera, and more generalist retail chains such as Kruidvat, Albert Heijn, HEMA, Bruna stationers, and Read Shop.

Greetz is the largest operator in the online cards market in the Netherlands with an approximately 65% share of online card revenue among the top three operators (defined by estimated online greetings card sales in the Netherlands). The other major operators in this market are Kaartje2go and Hallmark.

Similarly to the UK, the Netherlands market for gifts is broad. Online this includes generalist retailers such as Bol.com and HEMA as well as personalised gift specialist such as Your Surprise and Primera. When it comes to personalisation, Greetz is the largest scale player delivering personalisation across a relatively broad set of card/gift categories.

Greetz's approximately 65% online cards market share establishes them as the best positioned operator with regards to card-attached gifts, as they have a broad customer base to whom they are able to cross-sell. With market share approximately 3.3x larger than the second largest player (Kaartje2go) and continuing to make gains, Greetz is firmly established as the leader in the market.

Within the Netherlands gifting market, Greetz has higher-than-average penetration in the flowers market. The flowers market in the Netherlands is highly fragmented, similar to the dynamics in the UK market. Competitors for Greetz in this space include Fleurop and Topbloemen.nl. Greetz has driven a significant increase in top-of-mind awareness in the past several years through its advertising and marketing campaigns, overtaking Fleurop in 2017 to become the first choice for flower gifting amongst customers in the Netherlands, according to OC&C survey data.

Broader international opportunity

There are large markets in other English-speaking countries where card giving and gift giving are important culturally, including the United States and Australia. The Directors believe that the Group has the opportunity to expand in these markets in the future, and to further its reach as a gifting companion internationally. OC&C estimates that in 2019, the size of the US and Australian greeting cards markets were approximately £5.8 billion and £0.3 billion respectively. Total gifting spend in these markets in 2019 was approximately £158 billion for the United States and approximately £22 billion for Australia. In the year ended 30 April 2020, Moonpig had revenues of £4 million from outside of the UK and Netherlands, which consisted primarily of the US and Australian markets, where it operates local websites.

BUSINESS DESCRIPTION

Investors should read this section of this document in conjunction with the more detailed information contained in this document, including the financial and other information appearing in “Operating and Financial Review”. Where stated, financial information in this section of this document has been extracted from the Historical Financial Information.

Overview

The Group is a leading online greeting card and gifting platform, comprising the Moonpig brand in the UK and the Greetz brand in the Netherlands. In both markets, the Group is the clear online market leader in cards, holding a 60% market share in the UK among online card specialists in 2019 and a 65% market share in the Netherlands among the top three online card players in 2019, according to OC&C estimates.

The Group’s leading customer proposition includes an extensive range of over 20,000 cards, a curated range of gifts, personalisation features and next day delivery offering. This has enabled the Group to build a large and loyal customer base efficiently and profitably, demonstrated by its 12.2 million active customers as at 31 October 2020 and strong customer retention, with 78% of the Group’s revenue in the year ended 30 April 2020 derived from previously acquired customers.

The Group offers its products through its proprietary technology platforms and apps, which utilise unique data science capabilities designed by the Group to optimise and personalise the customer experience and provide scalability. The Group’s platforms provide a seamless customer experience with an intuitive and user-friendly online interface which offers customers a wide product assortment and gift marketplace, enhanced order tracking and market leading cut-off times for next day delivery. The Group benefits from its dataset of approximately 160 million cumulative historical transactions, which have enabled it to capture and leverage the purchase intent of its customers and provide a unique user experience with approximately 45 million cumulative personalised reminders set by customers for important occasions and events as of 31 October 2020.

The Group’s operational excellence is underpinned by an asset light and inventory light business model, which combines lean, process designed automation with an efficient supply chain strategy consisting of a mix of in-house and outsourced functions. For example, the Group has flexible capacity arrangements with its third-party suppliers, allowing it to economically flex and scale its operations up to three times its normal dispatch volumes during peak periods. This strength was particularly evidenced during the Covid-19 lockdown period implemented in the spring of 2020, when the Group was not only able to maintain but also increase output to successfully meet heightened demand from customer as the Group has seen an acceleration of the shift to online purchasing of cards and gifts.

For the year ended 30 April 2020, the Group’s revenue was £173.1 million, with £126.5 million contributed by the Moonpig segment and £46.6 million contributed by the Greetz segment. During this same period, the Group’s underlying EBITDA was £44.4 million, representing an underlying EBITDA Margin of 26%. For the six months ended 31 October 2020, the Group’s revenue was £155.9 million, with £120.8 million contributed by the Moonpig segment and £35.1 million contributed by the Greetz segment. The Group’s business is also highly cash generative, due to its high margins, an attractive negative working capital profile and relatively low capital expenditure requirements.

Key Strengths

Leading online operator in a large market with clear competitive advantages driving a secular shift to online

The Group operates in the large £24 billion card-attached gifting market in the UK, the Netherlands and Ireland. This market is undergoing a structural shift from offline to online purchasing with only approximately 12% of card-attached gifting currently purchased online according to OC&C. These trends are also evident in the £2 billion card market (including boxed sets) with only approximately 10% of purchases made online as of 2019 in the UK, with this forecast to increase significantly to approximately 20% by 2024, according to OC&C. The Directors believe that this presents a significant multi-year growth

opportunity and that the Group has clear competitive advantages that will allow it to continue disrupting the market and capture this shift in customer behaviour to purchasing cards and gifts online.

These advantages are underpinned by the strengths of the online proposition and experience when compared to offline card-attached gift purchasing, including broader choice, ability to personalise products and enhanced convenience, additional digitally-enabled features such as reminders, and a personalised customer experience. Through the Group's proprietary, data-powered capabilities and large customer database, it has developed unique insight into its customers' gifting intent, allowing it to both monetize the existing customer base by increasing the gifting attach rate and average order value, and to acquire new customers from both offline and other online players with its enhanced, differentiated customer experience.

Furthermore, the Group is the clear online market leader in cards in its key geographies of the UK and the Netherlands with the Group's category defining brands Moonpig and Greetz holding market shares among online card specialists and the top three online operators, respectively, of approximately 60% and 65% respectively, representing approximately three times the share of the next largest competitor in each of these countries. As a result, the Group enjoys high brand awareness, strengthening its ability to capture the market growth opportunity, with Moonpig benefiting from 86% prompted brand awareness in 2020 according to OC&C.

A large and loyal customer base underpinned by a category leading brand and proposition

The Group's leading customer proposition, including an extensive range of over 20,000 cards, a curated range of gifts, personalisation features and next day delivery offering, has enabled it to build a large and loyal customer base, demonstrated by its 12.2 million active customers as at 31 October 2020 and strong customer retention, with 78% of Group's revenue for the year ended 30 April 2020 derived from previously acquired customers. This is underpinned by Moonpig's high 86% brand awareness in the UK (year ended 30 April 2020, according to OC&C), and a strong NPS score of 74% (annual average NPS as at October 2020 for Moonpig).

Together, these strengths have enabled the Group to acquire customers efficiently and profitably, with a short payback period of approximately 6 months for new customers. The Directors believe that these loyal customers and long term retention rates provide a customer base which has high customer lifetime value for the Group.

Proprietary technology platform with unique data capabilities

The Group employed a team of 141 data scientists, analysts, product developers and software engineers as at 31 October 2020, and operates a proprietary technology platform which has been recently upgraded over the course of the years ended 30 April 2019 and 2020 to accelerate the optimization of the customer experience and provide enhanced scalability and security. The new technology platform delivers improved front-end (web platform) and back-end (e-commerce and data platform) functionality to benefit the Group and its customers, including faster page speed and checkout experience, increased traffic through search engine optimisation and improved pricing and inventory management.

The Group is increasingly evolving into an app-first business. The Moonpig app delivers a high degree of customer satisfaction, evidenced by its 4.8/5.0 rating on each of Apple's App Store and Google Play Store (out of approximately 260,000 reviews and its Moonpig iOS app average 77% NPS score for the six months ended 31 October 2020). The Directors believe that the app enhances the user experience, offering features such as augmented reality card selection, personalised handwritten messages, and faster checkout time compared to the Group's traditional web channel, and increases order frequency, with a 15% increase in order frequency displayed by customers who downloaded the app in 2019.

Data is at the core of what the Group does, and it has collected a wealth of proprietary customer data over the years, having processed approximately 160 million cumulative transactions and collected 45 million cumulative reminders from October 2011 through to 31 October 2020 (with Greetz data processed since September 2018). The Directors believe that the Group's internally developed data science expertise, including proprietary algorithms, artificial intelligence, machine learning tools and real-time data processing, enable it to capture and reflect the purchase intent of its customers (e.g. the who, what, why, and

what style they are buying for), providing a personalised and efficient user experience with personalised reminders, recommendations and targeted promotions, and serving as a significant differentiator and barrier to entry. Since February 2015, approximately 350 million customer journeys on the Group's platforms have been used by the Group's technology to create highly relevant search results for customers. The Group is able to use artificial intelligence smart filters to predict the best filters for customers and provide input for the cross selling algorithms, all of which work together to provide a unique user experience.

Lean and best-in-class supply chain provides strong service offering, high flexibility and scalability

The Group consistently delivers a seamless customer journey with the best and most up to date features that e-commerce has to offer. For example, in addition to the Group's intuitive and user friendly online interface, the Group offers its customers a curated product assortment, enhanced order tracking and market leading cut-off times for next day delivery.

The Group's operational excellence is underpinned by an asset and inventory light business model, which combines lean, process designed automation with an efficient supply chain strategy consisting of a mix of in-house and outsourced functions to provide operational flexibility, minimise capital expenditure requirements, and enable operational leverage. For example, the Group has flexible capacity arrangements with its third-party partners, allowing it to economically flex and scale its operations up to three times its normal dispatch volumes during peak periods. The strength of the Group's business model was evidenced by the Group's ability to not only maintain operational continuity during the Covid-19 lockdown period of approximately mid-March to July 2020, but also to increase output to successfully meet customers' heightened demand.

Unique combination of scale, revenue growth, and high margins and robust cash generation

The Directors believe that the Group offers a powerful and unique combination of leading market positions, with a track record of strong, consistent revenue growth, high profitability and robust cash generation.

The Group has demonstrated unbroken revenue growth since inception and grew revenues at a mid-teens CAGR over the ten year period ended April 2020. Most recently, revenue from Moonpig grew at a CAGR of 20% from the year ended 30 April 2018 to the year ended 30 April 2020.

In the year ended 30 April 2020 and six months ended 31 October 2020, underlying EBITDA was £44.4 million, representing an underlying EBITDA margin of 26% and £41.2 million representing an underlying EBITDA margin of 26%, respectively. The Group has experienced a significant underlying EBITDA margin expansion from 19% in the year ended 30 April 2019, driven by a robust and broadly consistent gross margin of 53% over the same period and the benefits of operating leverage as the business scaled. The Group is targeting underlying EBITDA margin of approximately 24% to approximately 25% in the medium term. The Group's business model is also highly cash generative, due to its structurally high margins, an attractive negative net working capital profile and relatively low capital expenditure requirements. The Group's cash conversion rate was 73% for the year ended 30 April 2018, rising to 115% for the year ended 30 April 2020.

Digital first, highly experienced leadership team with an entrepreneurial culture

The Group is led by a dynamic leadership team, who are fully dedicated to the continued success of the Group, and fostering an entrepreneurial, growth oriented culture with strong employee engagement. CEO Nickyl Raithatha and CFO Andy MacKinnon both have significant experience and expertise in successfully running high growth e-commerce businesses, having previously held leadership roles at companies including Finery (LFG Limited), Rocket Internet SE, LateRooms.com and Wowcher, and have been instrumental in accelerating the growth of the Group since joining in June 2018 and January 2019, respectively. The Group is chaired by Kate Swann, who has significant listed UK plc experience, having formerly served as the CEO of WH Smith plc and SSP Group plc. The leadership team is supported by a deep bench of managers with extensive experience in product, operations, marketing, commercial strategy, data science and technology.

Highly resilient business model that continues to outperform in the current environment

The Group has continued to trade exceptionally well through the pandemic, with its scale, market leadership and flexible operations enabling strong revenue growth and providing validation of the Group's customer proposition, customer acquisition model and technology platform. In the six months ended 31 October 2020, the Group saw revenue growth of 135% compared to the six months ended 31 October 2019 and experienced strong adoption of the app, with the app share of total orders increasing from 16% in the month of October 2019 to 33% in the month of October 2020. The Group also benefitted from management actions and investments undertaken in response to the Covid-19 pandemic and the lockdowns to accelerate new customer acquisitions in the six months ended 31 October 2020. In connection with these actions, the Group experienced a threefold increase in revenue from new customers growing from £11 million in the six months ended 31 October 2019 to £33 million in the six months ended 31 October 2020.

The Group also proved resilient during the global financial crisis in 2008, reflecting both the business's differentiated customer proposition and the category's relatively low price points and exposure to special occasion purchase patterns (Source: OC&C 2020).

Strategy

The Group's vision is to become the e-commerce gifting companion in its markets

The Group's goal is for the Moonpig and Greetz brands to become synonymous with gifting in their respective markets. The Group has already evolved from the online leader in personalised greeting cards into a card-first gifting platform, and the next phase of the Group's journey is to transition into a holistic online gifting companion, increasing its share of the gifting market and becoming the destination of choice for customers seeking to purchase the right gifts for the important occasions and events in their lives.

The Directors believe that the Group's high brand awareness, large and loyal customer base, and strong customer acquisition capabilities provide a strong foundation for achieving this objective, and intend to leverage the Group's powerful data-science, technology, marketing and design capabilities to continuously enhance the Group's platforms to grow, increase and extend its customer base, customer lifetime value and range of addressable gifting occasions.

Capitalise on the structural shift to online with continued growth in the customer base

Continued customer acquisition, and in particular continuing to win customers migrating from the offline to online channel forms a key part of the Group's growth strategy. There are estimated to be 53.8 million card purchasers in the Group's core markets of the UK and the Netherlands according to OC&C, representing a large, untapped pool of potential customers for the Group to win.

The online greetings card market is experiencing structural offline to online channel shift, which has been accelerated by Covid-19 creating supply shortages as physical stores were required to close over lockdown periods, while also driving demand as cards became a way to stay connected during lockdown imposed separation. This environment provided an opportunity for the online channel to demonstrate its strong customer proposition and capture new customers. In the year ended 30 April 2020 and the six months ended 31 October 2020, the Group generated revenue of £37 million and £33 million, respectively, from new customers. As a result of these market dynamics, the Directors believe the Group is well positioned for continued strong customer acquisition through its superior product range, convenience and use of data.

The Group will continue employing its card-first customer acquisition strategy, leveraging the Group's strong brand awareness and reputation to bring new customers onto the Group's platforms. The Directors believe that a card-first strategy allows the Group to acquire customers efficiently and profitably, as the strong customer proposition and high brand awareness draw new customers to the platforms with high efficiency. For example, Moonpig delivers the highest share of "free" driven traffic amongst online cards players in the UK, with 84% of the Group's online traffic deriving from the direct and SEO (Search Engine Optimisation) channels (Source: OC&C). The Directors also believe its card first acquisition strategy which has begun to be implemented at Greetz has contributed to customer growth, with Greetz experiencing a 72% increase in active customers as at 31 October 2020 compared to as at 31 August 2018 (with the acquisition occurring 28 August 2018).

In addition to enhancing customer acquisition from both offline and online channels, reducing customer churn is another key component of growing the customer base. The Directors believe that the Group's differentiated gifting ecosystem and platforms foster a strong sense of customer loyalty and meaningfully support the Group's customer retention efforts, with 78% of the Group's revenue derived from previously acquired customers. It also strives to ensure that its platforms deliver the most complete, intuitive and up-to-date user experience and interface, and seeks to offer its customers the most convenient delivery options and industry leading cut-off times.

Drive growth through the existing customer base

The Directors believe that the Group has significant opportunity to drive strong, continued growth from its existing customer base by increasing its share of the customer wallet, and maintaining its historically strong levels of customer retention.

The Group's active customers are estimated to purchase, on average, 23.0 cards each per annum, of which just 3.3 are estimated to be purchased from the Group according to OC&C and management estimates. The Directors believe that through a combination of enhancing the product offering through its Global Design Platform, expansion of the gifting range, a focus on convenience through adoption of the app, and using data insights to personalise the customer journey, the Group will be able to increase its penetration of its customer base's annual spending on occasion-based gifting.

A key pillar of the Group's strategy is to grow total order volumes and average order value. The Group seeks to achieve orders growth through the continued use of reminders ahead of purchasing occasions to prompt customers to make additional purchases. In 2019, a majority of card-attached gifting was done for occasions in the UK card market, presenting opportunities for growth. The Group will seek to increase average order value by leveraging its strong product design capabilities and predictive algorithms to offer the customer the most relevant selection of gifts and increase both the gifting attach rate and, through an increasing use of brand partnerships and licenses, the price points at which gifts are attached. For the twelve months ended 31 October 2020, customers on average attached gifts to 16% of card purchases, with attached gifting representing 37% of the Group's revenue mix and increasing for orders placed both on the Group's websites and apps.

Continuous enhancement of the technology platform and data science capabilities to deliver a personalised app-first customer journey

The Directors believe that the Group's strong data science and technology expertise, along with its platforms, are key points of differentiation which enable strong customer acquisition and retention. The Group is focused on building a unified technology platform and enhancing its data collection and data science capabilities in order to ensure it continues delivering a seamless user experience across its markets.

Having successfully re-platformed the Moonpig business, the next stage is to unify the whole Group onto a single platform, with Greetz currently in the process of being migrated. The Directors believe this will enable the harmonization of the operating businesses, including the alignment of Greetz to Moonpig's card-first strategy, increasing the speed of innovation across the Group and driving operational efficiencies.

The Group intends to continue increasing its collection of data, adding to its deep pool of customer datasets and developing its proprietary algorithms, machine learning tools and techniques. The Directors believe that this drives a virtuous cycle of continuous customer data acquisition, learning, and self-improvement, strengthening its ability to understand and anticipate customer intent, employ effective targeted marketing and promotions, extend personalisation features across the entire customer journey, and continuously optimise the product range, ultimately enhancing customer retention and lifetime value.

The Group will continue developing its app-first strategy and continue adding innovative features and functionality to the Group's market leading app in order to accelerate app adoption and increase loyalty and order frequency. The Directors believe that this app-first strategy is already showing signs of success, as 33% of Moonpig's orders were app-based for the month of October 2020, a significant increase compared to the month of October 2019, when 16% of orders were app-based.

Further, the Group will continue to develop the user interface to ensure the customer journey remains seamless and incorporates the latest e-commerce features. The Directors are targeting further improvements in both the user interface, including enhanced page layout and speed, pre-populated fields, and faster checkout times, and e-commerce capabilities, including later cut-off times for next day delivery on products and enhanced order tracking.

Further growth opportunities

The Directors also believe that the Group has the potential to successfully pursue additional growth opportunities in the medium term. For example, there is the opportunity to extend the Group's focus to the standalone flowers and gifting categories in addition to the Group's current focus of card-attached gifting. Focusing on standalone flowers and gifting categories would allow the Group to further tap into the non-attached gifting market, where the Group derived 7% of its revenue in the year ended 30 April 2020. This would also expand the Group's total addressable market size, from the attached gifting market of £24 billion to the total gifting market of £57 billion, in the UK, the Netherlands and Ireland according to OC&C estimates of such markets sizes in 2019. Further, there is the opportunity to extend and grow the Group's existing, relatively small operations in the large gifting markets of the United States and Australia, worth £158 billion and £22 billion in 2019, respectively, according to OC&C. In addition to these organic growth opportunities, there is the potential for the Group to consolidate its existing markets or to enter into new markets through a bolt-on acquisition strategy, with the Group already having demonstrated its ability to successfully integrate acquired companies through its acquisition of Greetz. At this stage, the Group's immediate focus is on the continued growth of the core business within the Group's core markets of the UK and the Netherlands, but the pursuit of a number of these opportunities forms part of the Directors' longer term vision for the business.

History

The Journey

Moonpig is a pioneer in the online card market with a longstanding history of revenue growth, having been founded in 2000.

Moonpig initially focused on personalised cards, and was the first online cards business in the UK. Over time, the Group expanded into card-attached gifting, adding categories including flowers, chocolates and other personalised and non-personalised gifts to its product range, becoming a destination for online gifting.

In recent years, the Group has evolved further towards becoming a 'gifting companion' for its customers, a term the Group uses to refer to its gifting proposition and ecosystem. The Group's gifting companion ecosystem is built upon the Group's reach (through its customer base and its strong brand recognition), its customers' loyalty and its ability to access and leverage specific and relevant data on customers' purchase intent around life events to drive repeat purchase and cross-sell its products and its platforms (including reminders and its app notifications).

From Card Market Disruptor to an Online Gifting Market Leader

Moonpig was founded in 2000, at a time when broadband penetration in UK households was approximately 25%. The original vision of 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. This innovative and market disruptive goal quickly evolved as Moonpig expanded its range of products, including flowers in 2004, food, drink and other off-the-shelf gifts in 2007 and balloons in 2014.

Customer acquisition was accelerated by the launch of Moonpig's first television campaign in 2006, which also introduced customers to the iconic jingle that Moonpig uses in its television advertisements. By the time Moonpig was sold to Photobox Holdco Limited in July 2011, which was in turn subsequently acquired by the Exponent-backed Horizon Group in July 2016, growth in revenue and profitability was steady and continuing.

Becoming the Gifting Companion

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

- (1) *New leadership:* the addition of the Group's new leadership team, including Nickyl Raithatha as CEO in June 2018, Andy MacKinnon as CFO in January 2019 and Kate Swann as Chair in August 2019, has sharpened this focus and accelerated the Group's growth.
- (2) *Internationalisation:* the Group developed its international footprint through the acquisition of Greetz on 28 August 2018. Greetz was founded in Amsterdam in 2004 and is a leading online card and gifting business in the Netherlands, and has clear market leadership in online cards in the Netherlands, with a strong brand. Together with Moonpig's online websites which offer card products that focus on the Australia and U.S. markets, non-UK source markets accounted for 29% of the Group's revenue for the financial year ended 30 April 2020.
- (3) *Separation from Horizon Group (including Photobox):* the Group internally announced its operational and management separation from the Horizon Group in June 2019 and a full legal and capital structure separation followed with the completion of the Horizon Group Separation in 2021.
- (4) *Investment in technology and data:* to accelerate the Group's evolution to become the gifting companion, the Group has invested in the development of its technology and data platforms. This has involved building a team of 141 data scientists, analysts, product developers and software engineers as at 31 October 2020, and includes the launch of an additional technology hub in Manchester in November 2018. The Group uses data generated on its platforms to personalise the customer experience, including the Group's cross-selling algorithm to present customers with a relevant selection of products available, resulting in an attach rate of 16% during the last twelve months ended 31 October 2020. With the number of cumulative reminders growing to 45 million as at 31 October 2020, which reflects all reminders set by customers since Moonpig launched reminders in October 2011 and since September 2018 for reminders tracked by the Group at Greetz following its acquisition, and approximately 160 million cumulative historical transactions as at 31 October 2020, the Group has unique insights into customer preferences, relationships and occasions.
- (5) *App:* to support its focus on driving convenience and relevance, the Group has focused on developing its app presence. For the month October 2020, Moonpig had 33% app penetration of sales and in October 2020 Moonpig had a 4.8 out of 5.0 rating on each of Apple's App Store and Google Play Store (out of approximately 260,000 reviews) and there were 3.7 million app installs for the last twelve months ended 31 October 2020.
- (6) *Product range development:* The Group has expanded its broad and innovative product range to include giant cards (which are 293 millimetres by 419 millimetres when folded) and e-cards, has launched the Group's Global Design Platform (which licences card designs from independent freelance designers that has enabled an increase of approximately 5,000 designs in the Group's cards range as at 31 October 2020) and has recently also launched gift cards.

The Group's organic growth rate was significantly amplified by the outbreak of Covid-19 and the related lockdowns across the globe, which disrupted brick and mortar retail spending and shifted sales to online channels, particularly in the cards market. Covid-19 did not change the Group's strategy; however, due to the unique circumstances and shift from physical to online spending, the Group's management was able to accelerate the Group's strategy, in particular those elements relating to new customer acquisition. During the lockdowns in the UK and the Netherlands implemented in the spring of 2020 and the further restrictions introduced in the autumn of 2020, the Group's flexible platforms and operations network proved its resilience, and the Group has seen a positive impact on its financial performance because of these measures. For more information, please see "*Logistics, Operations, Production and Fulfilment Network – Cards Production and Fulfilment*" and "*Operating and Financial Review*".

Brands

The Group has two key brands, UK-based Moonpig, which primarily serves the UK card-attached gifting market, and Netherlands-based Greetz, which primarily serves the Netherlands card-attached gifting market. Each brand is well established and both offer a similar range of gifting products to their respective customers. Both brands have a long track record serving their respective geographic markets, and have a significant customer reach in terms of brand awareness, the number of active customers and the number of existing customers. According to OC&C, Moonpig's brand awareness was 86% and Greetz's brand awareness was 78% during the year ended 30 April 2020.

The Group also offers card products in the United States and Australia through its websites tailored to those markets (www.moonpig.com/us and www.moonpig.com/au). It also has a number of customers that purchase cards through its UK-based website to be shipped elsewhere in the world, including Ireland and New Zealand. In addition to significant growth opportunities in the UK and the Netherlands, the Directors believe that Ireland, the United States and Australia offer potential future growth opportunities for the Group.

Products

Moonpig and Greetz have sought to become the gifting companion to their customers in their respective geographic markets. The Directors believe that the Group's online offering, which provides customers with a large selection of personalised cards and curated complementary gifting products, distinguishes it from the Group's online competitors. For example, a number of the Group's competitors are card-focused or their gifting range is more limited, while other retailers are specialised in particular gifting categories (such as flowers or personalised gifts). The Directors thus believe that the Group's gifting companion ecosystem is unique and differentiates it in the gifting markets in the UK and the Netherlands. The Group utilises its data analytics tools to optimise the Group's card and gifting range. The Group categorises its products by "missions", meaning the Group identifies the primary recipients and occasions for which customers visit the Group's platform (a "**mission**"). By identifying and focusing on priority missions, the Group is able to identify core opportunities and curate its range of gifts to match the primary recipients and occasions for which customers seek a card or gift. The Group utilises the mission information throughout the customer journey to tailor the products offered to customers on the Group's platforms through attach and upsell.

The Directors also believe that the Group's product offering has additional advantages over products offered by competitors. For example, many of the gifts offered by the Group can be personalised, the Group's platforms' algorithms present customers with a relevant selection of products available for a recipient or occasion, and buyers can attach a gift to a card (or a card to a gift) easily and intuitively. The Group also offers customers ease and convenience with late cut-off times of up to 10 pm at Greetz or up to 9 pm at Moonpig for dispatching gifts, and no requirement to visit a post box, post office or shop.

The Group sold approximately 46 million cards and approximately 7 million gifts and flowers for the last twelve months ended 31 October 2020.

Cards

Moonpig and Greetz are the clear leaders in the online cards markets in each of the UK and the Netherlands. According to OC&C estimates, Moonpig had a market share of the online segment of the specialist cards market by revenue in the UK of approximately 60% in 2019, which grew to 64% from January through July of 2020. Similarly, Greetz had a market share of the online top three operators segment of the cards market by revenue in the Netherlands of approximately 65% in 2019, which grew to 66% from January through July of 2020. The Group's market leadership in the cards market has enabled it to consistently grow its customer base and provide customers with a one-stop shop to fulfil their gifting needs.

The Group's range includes cards for seasonal occasions and everyday events as well as cards with varying degrees of personalisation, with a focus on providing a depth of selection of cards for close friends and family for key events, together with a range for everyday occasions. The Group has expanded its broad range of card designs to increase customer conversion rate and repeat purchases, offering a wide selection of cards designed in-house, licensed designs from third-party designers and licensed properties such as Marvel and Disney, as well as those from its Global Design Platform. The Group also offers diverse designs that

represent race, ethnicity, sexual orientation, physical abilities and religious beliefs. These diverse designs have grown by six times from 1 January through 31 October 2020 compared to the same period in the prior year. The volume of cards orders by the Group grew by approximately 75% for the last twelve months ended 31 October 2020 compared to the last twelve months ended 31 October 2019.

Examples of the type of cards offered (in all cases with the option to include a personalised message inside the card) include:

- *Personalised photo*: cards where a customer inserts their own photo(s) and text.
- *Personalised wording*: cards with personalised text on the outside of the card.
- *Ready-made*: ready-made cards without any customer personalisation on the cover.

As at 30 April 2020, the Group had approximately 17,000 card designs, which increased to approximately 22,000 card designs as at 31 October 2020. More than offering a broader range, the Group has also been able to produce faster releases of card designs. For example, this year the Group launched a Diwali range in 14 days.

The Group offers its cards in standard, large and (in the UK) giant size formats. This size range provides opportunities for up-sell, with the introduction of larger formats having contributed to growth in average order value. These large and giant card formats also differentiate the Group and its high street competitors who typically offer a smaller range with standard card sizes. Between 2018 and 2020 the volume of Moonpig's large and giant cards sold increased by 50%.

In April 2020, Moonpig introduced e-cards, which have enabled the Group to attract new customers and to continue to innovate and to expand its product selection for its customers.

Gifts

The Group offers a curated selection of approximately 1,000 gift products, including flowers, chocolates, alcohol, balloons, personalised mugs, beauty products, candles, books, novelty items, games and soft toys. The Group's largest gifting category is flowers and plants, followed by food and beverage. By offering both cards and attached gifts, the Group seeks to appeal for all occasions in a customer's life (unlike many specialised card, gift, or flower retailers that may not offer a range to provide options for all circumstances). The Group's volume of gifts sold nearly doubled for the last twelve months ended 31 October 2020 compared to the last twelve months ended 31 October 2019. Moonpig saw a 17.9% increase in its attach rate and a 55% increase in up-sell orders for extra stem flowers, hampers and gift between the year ended 30 April 2018 and the year ended 30 April 2020. For the last twelve months ended 31 October 2020, flowers and plants have been the largest gifting category making up 45% of the Group's gift sales.

The Group has relationships with a variety of gift suppliers, from which it orders off-the-shelf products directly. Its product range includes approximately 200 trusted and premium brands as well as products to appeal to customers in each geographic market.

The Group offers personalised gifts, such as personalised mugs and tee shirts, in both the UK and the Netherlands. At Greetz, the personalised product range also includes personalised cakes, personalised balloons and personalised books. Personalised gifts are produced through a combination of in-house fabrication and outsourced production-to-order, in both cases with short lead times to facilitate next day delivery. The Group has introduced additional personalisation offers for branded products, in part as the Group sees higher attach rates for certain of its personalised gift products.

The Group offers cut flower bouquets and plants on a next-day delivery basis in both the UK and the Netherlands. The Group recently introduced floral deliveries that allow customers or their intended recipients to receive arrangements in a parcel that fits through the letterbox. Based on survey data for 2019, the Directors believe Moonpig is one of the top five UK online operators in cut flowers and houseplants, and according to OC&C survey data in 2017, Greetz was the first choice for flower gifting amongst customers in the Netherlands.

Customers

The Group has established an active and loyal customer base, fostered by the Group's gifting companion ecosystem. Whereas many online businesses operate a traffic acquisition model (focusing primarily on website traffic, conversion rate and revenue per visitor), the Group seeks to achieve lifetime customer relationships, and these efforts have proved successful, with the Group's customers exhibiting particular loyalty.

The Group's active customer base stood at 5.5 million, 7.3 million and 9.3 million as at 30 April 2018, 2019 and 2020, respectively, and 12.2 million as at 31 October 2020. New customers grew by 74% between the year ended 30 April 2018 and the year ended 30 April 2020. In the year ended 30 April 2020 approximately 78% of the Group's revenue came from previously acquired customers. The Group further divides these existing customers into customer cohorts to track customer behaviour by the year of a customer's first purchase (a "**customer cohort**"). Customer cohort behaviour and their historical purchase patterns have provided the Group with stable, relatively predictable revenue, with year two retention rates onward typically around 50%. The Group has a relatively balanced customer base by age and gender. From January to October 2020, 38% of the Group's customers identified as male while 62% of the Group's customers identified as female. During the same period, 40% were under 35, 35% were between the ages of 35 and 54 and 25% of the Group's customers were aged 55 or older.

The Group has sought to design a gifting companion ecosystem with a number of platform features specifically designed to facilitate long-term customer relationships. For example, both Moonpig and Greetz enable customers to set reminders for special dates and events, which the Directors believe is a significant source of competitive advantage compared to offline retailers and other online retailers who do not offer reminders, as these customers have a high purchase intent (i.e. customers' purchases serve a specific purpose and that purpose tends to be a day that recurs on an annual basis, as opposed to being an inspiration-based purchase). Customers have responded positively to these timely reminders, with customers that receive reminders showing a higher conversion rate than other customers on the Group's platforms. From 30 April 2018 to 31 October 2020, the Group's total number of cumulative reminders grew by 150%.

The Group's iOS and Android apps provide a further medium to retain customers and increase the frequency of their purchases. For example, customers who downloaded the Moonpig UK app had a 15.2% increase in order frequency compared to customers who did not migrate to the Moonpig apps for the calendar year 2019. Customers who downloaded the app in 2019 saw an increase in lifetime value of 11% in three months after downloading the app. While the Moonpig apps are well utilised in the UK, there remains significant opportunity to continue to grow the utilisation of the Group's apps in both the UK and the Netherlands. As the Group's app customers have demonstrated higher lifetime value, the Group has sought, particularly at Moonpig, to encourage customers to download and make purchases through its app. The Group's efforts to move customers to its apps were particularly effective during the lockdown period implemented in the spring of 2020. In October 2019 there were 116 thousand app downloads across Moonpig's iOS and Android apps, which grew to 321 thousand downloads in October 2020, reflecting a growth of approximately 177%. Moonpig occupied the number one slot in the shopping category for both UK iOS App Store and the UK Android App Store in the month of June 2020. As of 31 October 2020, 32% of customers had transacted on the Group's apps. While most of the Group's customers are individuals, Greetz has a business-to-business ("**B2B**") offering that provides gifting products to businesses and strengthens its position as a leader in the gifting market. For the year ended 30 April 2020, B2B represented 7% of the Greetz segment's revenue. The Directors believe there is an opportunity to expand the Group's focus in B2B offerings by offering these at Moonpig as well. As of the start of 2019, there were 1.4 million small or medium-sized enterprises ("**SMEs**") in the UK, which is 3x the size of the number of SMEs in the Netherlands.

Platforms

The Group's platforms consist of its Moonpig websites (for desktop and mobile, including Moonpig's websites for each of the UK, the US and Australian geographic markets), its Greetz website (for desktop and mobile), the Moonpig and Greetz apps and the systems underlying the Group's websites and apps; these include back-end systems for data and fulfilment (with fulfilment including the systems that manage the Group's production, fulfilment of gifts and shipping) (collectively, the "**Group's platforms**").

The Group's products are sold across the following online sales channels: the website (which is accessible both from desktop and mobile devices), the iOS app and the Android app. The proportion of Moonpig app sales has increased, in part due to the app improvements and features introduced to the Moonpig apps and the Group's effort to increase the app penetration of its Moonpig customers through incentives, with sales through the Moonpig apps representing 33% of total orders in October 2020, compared to 16% of orders in October 2019.

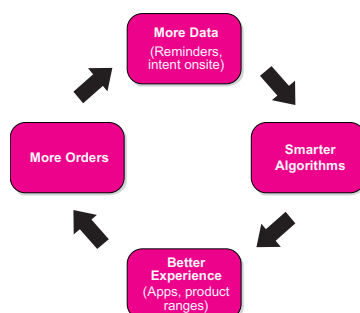
In 2018, the Group began a significant investment in technological improvements and innovations to its platforms in order to optimise the online customer journey and increase conversion rates, up-selling, attachment, repeat orders and retention. The Group also opened a technology hub in Manchester to broaden its pool of tech and engineering talent to assist with the Group's ongoing technological investments; see "*—Employees*". The Group has completed the improvements which were focused on enhancing and streamlining the customer-facing and commercial aspects of the Group's Moonpig platform, including by making Moonpig's platform faster, more efficient and optimising the customer journey through improvements to the e-commerce elements, the editor tool for the personalisation of products and fulfilment through the platform. These improvements have allowed the Group to introduce new features and releases to its platforms more quickly and are expected to accelerate improvements and innovations in the future. For example, in 2017, the Group was able to perform 10 releases per month on the Moonpig platform, whereas in 2020, after improvements, the Group performs approximately 340 releases per month on the Moonpig platform. The Directors believe the improvements also contributed to increase retention of the Group's customers. The Group saw an approximately 24% higher retention in active customers on all platforms as at 30 April 2019 compared as at 30 April 2018, when measured by the number of customers returning in the following year.

The Group has also brought the Moonpig mobile apps to parity, and in the case of some features on the mobile app (such as personalised handwritten messages), it provides enhanced functionality, as compared to the Moonpig website, which contributed to the increase in the penetration of the Moonpig apps in 2020. On the Moonpig iOS app, customers' average six month NPS score for the six months ended 31 October 2020 was 7% higher compared to the average NPS score by customers on the Moonpig website during that same period and the Group observed that time for a customer to checkout was faster compared to the website.

The Group continues to make improvements to its platforms and continues to support and invest in the Greetz elements of the Group's platforms in the near- to medium-term, including improving the Greetz app, and leveraging and applying learning from the Moonpig platform. The Group expects to integrate the Greetz business into the Moonpig platform over the longer-term.

Platform Competitive Advantages

The Group's platforms are structured to facilitate the collection of customer intent, targeted marketing, the personalisation of the Group's product offering and the retention of customers. For example, the Group's platforms require that all customer purchases are via login to a customer account (no guest checkout option is available), which ensures that customer checkout information can be linked to a relevant customer. Moonpig's data collection and data architecture on its platforms collect up to 500 billion data rows each day, which provides the Group with direct access to specific and relevant data on customers' intent, through a combination of reminders set by customers as well as the Group's data on cumulative historical transactions that provide insight into customer preferences, relationships and occasions.



The Group uses data collected to guide its marketing efforts through a variety of marketing channels, including through the use of social media, emails and app push notifications, to reach customers at the moments that they are likely to purchase for a specific occasion. The Group's data collection also allows the Group to personalise its offering and the Group's analysis of data collected has been used to test and shape the customer journey experience and has led to the Group introducing innovations in its platform features to further the Group's strategies, such as those increasing purchase frequency and facilitating attach, cross-sell and up-sell amounts. The data collection and other platform features also allow the Group to optimise the convenience and relevance of the platforms by using algorithms to identify winners, losers, gaps and trends in the products offered.

Features

The Group's platforms allow customers to easily browse and purchase its products, promote brand loyalty by sending reminders and encouraging repeat purchases, cross-sell, up-sell and attach opportunities and provide an inviting and seamless customer experience. The Group has designed its platforms to be fast, secure, easy to use, and to allow customers to order products with minimal effort.

The following are some of the key platform features that contribute to the customer's user experience and support the Group's strategy:

- *Personalised homepage:* Customers that are logged in will see a personalised homepage with targeted promotions and product recommendations, with app users also provided with information about their next reminders.
- *Navigation and search:* Customers are able to browse the Group's platforms using a number of different methods. Products are grouped into gifting categories, and within each grouping, customers are able to view products that suit a particular occasion, e.g. "New Job", "Wedding", or by a particular recipient, e.g. "Grandson", "Mum", "Wife" or "For Kids". Customers are able to search for products through use of text and "category" (using filters) search methods. The search engine on the Group's platforms has been designed in-house and has a number of bespoke features that are unique based on how customers shop for cards and gifts. When a customer enters a search term, the search functionality will display products that are the most relevant, as opposed to the most popular. This is achieved by using historical customer data collected from every visit to the platforms (whether website or app).

Customer utilisation of the search feature on Moonpig's platforms increased by 75% between the years ended 30 April 2018 and 2020, and between January 2020 to October 2020 the Group's conversion rate was 54% higher for customers that used the search feature compared to non-search customers.

- *Discovery:* The Group's platforms have algorithms that are used to rank cards suitable to the customer's shopping purpose and present a carousel of products shown on the landing page to inspire customers and to facilitate their ability to discover cards and gifting options for the relevant occasion. The Group's algorithms also show the most relevant filters per product category in a gallery to aid findability.

Within each of the mobile and desktop-based platforms, as well as the Android and iOS apps, the platforms will highlight seasonal card categories (e.g. Mother's Day, Christmas, etc.), as applicable.

- *Personalisation:* The Group's editor tool has a wide range of functions aimed at increasing convenience throughout the personalisation/editing process for customers. The editor tool allows customers to customise their card and gift by adding photo(s) or changing the text on the outside of the card. Customers can also write a message to the recipient on the inside of the card. The Greetz editor allows for the addition of stickers and emojis to customer's personalised cards. The Moonpig apps provide suggestions for messages to add on the card which makes it even easier for people to send the perfect card, and recently was updated to include the stickers and emojis available on the Greetz editor that were popular user experience elements.

- *Cross-sell*: Once customers have selected and personalised their card, they are brought to the cross-sell page. This “carousel” for discoverability of suitable gifts is populated by an algorithm using a number of different data points, including previous gifts purchased with the selected cards and similar cards, and data on who the customer is and who the recipient is. A number of different carousels are shown based on an algorithm and customers also have the ability to view more products within each carousel category. For example, after personalising a Christmas card the top suggested gifts are Christmas-related gifts. This feature facilitates the Group’s cross-sell and attach strategy.
- *Checkout features to improve customer journey*: Customers are able to checkout in their local currency: Moonpig offers the local currency (GBP, USD and AUD) for each of their stores while customers of Greetz are charged in Euros. The most popular payment options are provided in each country along with Apple Pay across the iOS app and website and for fast checkout on mobile. Address lookup functionality also makes it easier for people to checkout especially when they only know the first line of the address of the recipient. The checkout has been designed to cater for the many different ways in which customers wish to send cards and gifts. There is the ability to send different parts of a single order to multiple addresses. Customers can also configure the date they wish their order to be dispatched up to one year in advance. The Group also tracks abandoned baskets and will send email messages or in app messages to remind customers of unplaced orders.
- *Loyalty – Reminders (to existing customers to incentivise repeat purchases)*: Reminders offer customers a way to ensure that they never miss important occasions. 92% of customer purchase occasions are the same day every year (calculated as the percentage of Moonpig card sales generated from repeating occasions). Within the checkout journey, customers have the ability to automatically create their own reminders (which include the date of the event, the relationship of the recipient to the customer and the name of the recipient). Customers can also create reminders on certain of the Group’s apps from information stored in the contacts on their phone. Customers are offered incentives to set reminders. Based on data analysis from the platform conducted in 2018 and 2019, customers who have set at least one reminder have an approximately 7.5% higher lifetime value for the Group when compared to customers who do not set reminders.

Once a reminder is set up, customers will receive reminders before the occasion. Within the reminder email, customers get a unique discount code off a card as an incentive for them to act on the reminder. Once they click through on the email or push notification on the app, they are taken to a page that contains relevant cards and gifts based on the data within the reminder. The reminders also include ‘quick buy’ reminders which allow the customer to instantly order based on previous purchases (e.g. in case of birthdays).

Marketing

The Group has an established marketing approach that has enabled it to acquire customers in a highly cost effective way. The Group’s customer acquisition and retention activity is aimed at attracting lifelong customers rather than acquiring traffic to convert to a one-time customer transaction.

For the last twelve months ended February 2020, the Group had a new customer payback period (defined as the time it takes the Group to recoup the funds it expended to acquire the customer) of approximately six months. The Directors believe the last twelve months ended February 2020 are reflective of a representative customer payback period for the Group, as the period thereafter has been impacted significantly by the Covid-19 environment and is thus not necessarily reflective of the customer payback period the Group anticipates in future periods. These low customer acquisition costs reflect:

- Strong brands built over Moonpig’s and Greetz’s long operating histories. These mean that the Group benefits from a significant amount of traffic direct to its platforms, which provides an advantage over competitors. A significant portion of the Group’s marketing strategy focuses on maintaining its strong brands. As evidence of the strength of its brand, the Moonpig jingle has an approximately 72% prompted awareness in 2020.

- A network that is created with each customer interaction with the Group—when each of the millions of Group cards and gifts are sent, the Group gains exposure and the recipient is a potential future customer.
- Moonpig’s and Greetz’s leading organic position on search engine results pages in the UK and Netherlands, respectively, which reflects strong search engine optimisation and gives the brands prominent online visibility to customers looking for gifting products.
- Ongoing improvement in the efficiency of marketing. The Group promotes its products through a variety of channels, including brand focused marketing through television, video on demand and radio, and more acquisition focused marketing through internet portals, search engines, and mobile and online social networks, including through pay-per-click ads, product listing ads and re-targeting (which uses online marketing to target individuals once they have left the Group’s platform).

Once the Group has engaged with customers, it seeks to convert its new customers into long-term, high value customers that will return to the Group for their gifting needs going forward. The Group recognises that early engagement with new customers is critical to customer retention. To drive early engagement, the Group uses its marketing strategies and proprietary technology to encourage customers to make second purchases. The Group’s focus has been on targeting new customers to make a second purchase within the first 60 days to promote retention.

The Group uses data collected through its platforms to test marketing methods to increase customer retention and growth in orders, including through proven innovations such as providing reminders. The Group is able to capitalise on its customer database and long-term customer cohorts by utilising cost-effective, targeted emails and push notifications to app customers to notify customers of product promotions, remind them of upcoming gifting occasions and convey other marketing messages, to generate repeat sales and customer loyalty.

The Directors believe that the Group’s gifting companion ecosystem differentiates it from its competitors. The Group monitors a number of metrics and employs a variety of marketing tools to guide its marketing, including monitoring the source of traffic generation to its platforms, demand capture (which monitors the intent driving traffic to the Group’s website), re-targeting (which uses online marketing to target individuals once they have left the Group’s platform), app downloads and in app activity. Using these methods and monitoring their impact, the Group monitors what marketing channels perform best to guide it in its decisions about how much the Group can and should invest in each one.

Logistics, Operations, Production and Fulfilment Network

The Group’s logistics and operations are aligned to an asset-light operating model, with resilience and flexibility to expand capacity when needed during peak periods or otherwise, and a low-risk inventory model. The Group uses a combination of in-house capability and carefully selected third-party suppliers to enable it to flex and scale its operations up to three times its normal dispatch volumes during peak periods through an alteration of shift patterns and recruitment of additional temporary labour, while utilising additional capacity available through third parties as required.

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. The Group considers a number of factors when selecting third parties used for its logistics and operations, including: (1) whether the scale of their operations is sufficient to facilitate cost efficiencies, (2) opportunities to introduce resilience by increasing the diversity of third parties and providing redundancy, and (3) proximity to the national distribution network to enable the Group to support and potentially extend late cut-off times for next day delivery.

The Directors believe that the Group’s approach allows the Group to effectively scale its operations when needed and achieve its operational strategy. During the lockdown restrictions introduced in the UK from March to July 2020, it benefited from having a network of third-party suppliers. Through a combination of careful process planning at the Group’s own production facilities in Guernsey and Amsterdam and coordination with its third-party suppliers, the Group was able to quickly flex and shift certain of its

production to third parties and bring on additional production capacity. The Group also formed a new partnership with a third-party printer, which connected its printing facilities in the United Kingdom to the Group and enabled the Group to redirect certain of its card production to meet increased demand.

The Group's logistics and operations consists of: (1) the Group's production and fulfilment network (which comprises a mix of its own production and fulfilment resources and those of its third-party suppliers that provide production and fulfilment services, as well as third-party suppliers of raw materials, fresh produce (such as flowers and cakes), finished gifts and semi-finished gifts ready for personalisation (the "**Group's production and fulfilment network**")), (2) third-party shipping partners, including the shipping partners of certain third parties in the Group's production and fulfilment network and (3) third-party customer services operations.

Cards Production and Fulfilment

The Group's cards are printed on demand. The Group produces the majority of its cards in-house at its Guernsey and Amsterdam facilities. The Group can print standard and large format cards in Guernsey and standard format cards in Amsterdam.

The Group also has its printing machinery located on-site at most third-party facilities that fulfil attached gifting orders, to enable cards to be printed and attached to the gift. The Group can install additional owned or leased printers into third-party production and fulfilment network sites with relative ease.

The Group also works with several third parties that print cards on such third party's printer, including specialist printers in the UK and the Netherlands for the Group's giant cards and large cards, respectively, in those geographic markets and third-party printers for the Group's printing needs in each of the US and Australia.

The Group's platforms will determine, based on the content and time of a customer order, the best location for the order to be produced and fulfilled to ensure the latest possible dispatch times. For example, within the UK, a card order placed before 5:00 p.m. will be produced in Guernsey, leveraging the efficiency of the internal production facility. Card orders placed between 5:00 p.m. and 7:30 p.m. for same-day dispatch would not be available for the last shipping time from Guernsey for next-day delivery, and therefore the Group's routes these orders to one of its UK third parties, which have a cut-off time of 7.30 p.m. The Group also distributes gift orders to the appropriate internal or third party depending on stock availability and site capability and capacity with the cut-off times for certain gifts being up to 9:00 p.m. for Moonpig or up to 10:00 p.m. for Greetz.

The cards produced by or for the Group use printing technology that monitors print quality, and fine tunes print parameters accordingly. The Group's internal load testing capability enables automatic verification of quality assurance for up to approximately 12.5 times the Group's everyday load, enabling the Group to scale its production during peak periods. Skilled and qualified operators also complete regular manual checks to validate automatic quality assurance systems. For example, in June 2020 the Group received up to approximately 300,000 orders per day.

The Group's cards are printed after they are ordered, eliminating virtually all inventory risk other than with respect to paper and supplies. Paper card and envelopes are purchased through wholesalers and the Group also pays the "click charges" to printer manufacturers which cover ink, consumables and maintenance for the printers. Printing supplies are held locally, whether at the Group's production sites or at the sites of the Group's third parties which have the Group's printers on site. The Group keeps sufficient coverage of supply in stock to meet demand.

Gifts

The Group has relationships with a number of third-party suppliers from whom it sources its gifts. Certain gifts, such as mugs, alcohol and chocolates, may undergo further personalisation which is carried out by the Group once an order has been placed by the customer, typically by printing the name of the recipient, a message or photos onto the gift.

The Group purchases a number of its gifts from third-party suppliers who deliver to its various production and fulfilment network sites (which sites comprise a mix of its own sites and those of its third-party suppliers that provide production and fulfilment services (the “**production and fulfilment network sites**”) for warehousing). The Group maintains a tightly curated range of gifting products to reduce inventory risk and can prioritise the display of certain gifting products on the platform to manage the Group’s inventory.

Once a customer purchases the product, operating teams within the Group’s production and fulfilment network, which are typically located on the same site to maximise the cut-off times and increase capacity, will pack the gift, add the card (if applicable) and arrange to ship it to the recipient. The vast majority of gifts ordered on the Group’s platforms are dispatched together with a personalised card. Within the UK, gifts are ordered from third-party suppliers directly and then sent to the Group’s third-party production and fulfilment network sites to be warehoused. Within the Netherlands, most gifts are sent to the Group’s in-house production and fulfilment site to be warehoused, where the Group utilises its factory automation investments made for production and order fulfilment. This has contributed to a 35% increase in factory productivity for Greetz’s gifts production and fulfilment from January through November 2020. For certain of its gifts, such as Greetz’s personalised cakes produced by a third-party supplier, the materials and production are sourced entirely by the third party.

The Group puts in place systems with the aim of incentivising effective warehouse management with third-party suppliers, controlling fulfilment costs and minimising warehousing costs.

The Group has third-party arrangements in place for the supply and fulfilment of cut flowers and plants, using an exclusive supplier in each the UK and the Netherlands. The Group is a key customer of each of these suppliers, which the Directors believe helps with consistency of product quality, presentation and flexibility in ordering arrangements.

The Group generally purchases flowers directly from its third-party suppliers when a customer places an order, eliminating inventory risk. The exception to this is during the Valentine’s Day and Mother’s Day peak periods, when the Group makes a forward contractual commitment to manage its flowers supply in line with the Group’s expected customer demand.

The Group’s third-party flower supplier owns and operates a warehouse and fulfilment site in Milton Keynes, UK and typically leases a second warehouse from February to April each year to enable the Group to meet peak demand. Following the UK lockdown implemented in the spring of 2020, the Group coordinated with its third-party flower supplier to extend its lease on the spill-over facility until April 2021 and such third-party supplier has since extended the lease until at least April 2024.

Shipping

Consumers have the option for card-only orders to be shipped either by regulated postal services or through a premium tracked and signed for service. Due to the volume of card-only orders, a majority of the Group’s products are sent by regulated post, which is cost effective and efficient. The Group currently offers international dispatch from the UK and the Netherlands for cards only via the international regulated postal system.

For attached gifting and standalone gifting orders, shipment is by third-party couriers and the Group provides tracking to the final destination, including optional notifications and in-flight options. Certain of the Group’s third parties in the Group’s production and fulfilment network, such as the UK’s third-party supplier of flowers, have their own shipping partners and arrangements.

One of the Group’s key customer propositions is that it offers the latest cut-off time for next-day deliveries among its competitors in each of the UK and the Netherlands. To achieve this, the Group works carefully with its production and fulfilment network to set in place systems and processes to reach these goals; it generally locates its in-house or outsourced production and fulfilment sites close to the national distribution network; and it negotiates terms with shipping partners that facilitate late cut-off times for customers.

Customer service

Customer service is focused on after sales service, managing returns (which are small relative to other e-commerce categories) and order cancellations. The Group does not take any customer orders via customer service.

In both the United Kingdom and the Netherlands, customer service is provided through a third-party supplier, allowing the Group to scale up the customer service operations it requires from each third-party supplier when required, such as during peak sales periods. Customer service is available through web chat and email, with web chat handled immediately during business hours, and email normally handled within 24 hours of customer contact. The Group's average customer service contact ratio was less than approximately 3.5% and its customer service satisfaction score was more than approximately 80% during the six months ended 31 October 2020.

The Group utilises third parties in the UK, Ireland and the Netherlands to collect customer-generated reviews and other content, which allows the Group to monitor customers' experiences and feedback. As at 31 October 2020, Moonpig had collected approximately one million cumulative customer product reviews since its start of collecting reviews around October 2016.

Technology

The Group has a dedicated in-house technology team and the majority of the Group's e-commerce and fulfilment systems and solutions within the Group's platforms are developed and designed in-house. The Directors believe that many of the IT systems that the Group has developed for its platforms provide solutions to problems for which off-the-shelf IT systems or solutions either do not exist or are inadequate. The Group's IT team has designed the Group's platforms to integrate IT systems and solutions that improve the customer experience and support the Group's strategy. The Group seeks to recruit and hire the best IT talent, and has a low attrition rate among its technology team, allowing continuity and reliability in its IT operations.

The Group also relies on some select third-party applications or software for certain solutions on its platforms. For example, the Group uses commercetools GmbH's software technology for their e-commerce tools to manage transactions on the Group's platforms, as well as third-party solutions for the Group's content management system, customer relationship management (used to by the Group for emails to customers and to send reminders to customers), customer service tools and other back-end systems.

Data centres and resilience

Moonpig's platform operates entirely on a cloud-based system, which operate across multiple regions to ensure resiliency and which are hosted by Amazon Web Services ("AWS") and Microsoft Azure ("Azure"). The Group partners with a third party that provides further backup for the information hosted by AWS and Azure. Greetz's platform is hosted on the Group's own servers which are located at a physical data centre in Amsterdam, and which provide local resilience. Greetz also has offsite backup of its data. Within the Group's internal IT network, which coordinates the operations of the Group's in-house production operations, the Group's resilience and backup systems and facilities have been designed so that a hardware failure on a live operational application will failover to either alternative hardware within the data centre or a disaster recovery facility.

The Group's IT systems and platforms are designed and regularly tested to accommodate significantly higher volumes of website traffic, customers and orders. The Group's in-house team performs load testing on its platforms monthly, with additional testing performed before peak sales periods.

Data Security

The Group's data security systems and protocols are divided into three pillars with the aim of ensuring that the Group systems and operations remain safe, secure and compliant with all applicable laws and regulations. These three pillars are:

- *Security operations and incident response*: This pillar focuses on developing and improving the Group's systems and processes to detect and address data security vulnerabilities and breaches;
- *Technology risk and compliance*: This pillar focuses on how the Group manages data security risks and its compliance with applicable laws and regulations; and
- *Product security*: This pillar focuses on the data security of the Group's in-house applications, products and platforms and security testing of the same.

The Group seeks to use customer data responsibly and has established clear guidelines in connection with data collection, storage and processing. Data is stored securely in line with the legal frameworks of the relevant jurisdiction, with appropriate controls and regular audits. The Group is transparent about its use of data in its privacy policy and other notifications that it provides to customers as necessary. The Group has established processes in place for ensuring that any collection of new data, or the use of data for a new purpose, is done lawfully and in line with customers' expectations.

The Group conducts regular in-house security testing to ensure that its IT systems remain secure and functioning. This includes both front- and back-end web, mobile and penetration tests, as well as an annual third-party penetration testing of these systems.

Intellectual Property

The Group owns trademarks, copyrights, and other intellectual property that are important to its business. The Group has registered a number of key trademarks through word marks and logos of the word to protect its brands, with broad geographic coverage in the Group's core geographic markets, including in the UK, the EU, the United States and Australia. The Group's key registered intellectual property includes the "Moonpig", and "Greetz" trademarks, word marks and logos.

The Group's intellectual property portfolio also includes numerous domain names for websites that it uses in its business.

In addition, the Group has copyrights, proprietary trade secrets (such as customer lists), technology, know-how processes and other intellectual property rights that are not registered. The Group's business and IT systems, including a number of aspects of its platforms, and other key proprietary intellectual property generally, are not protected by patents or registered design rights. The Group relies on a combination of trademark law, copyright law, trade secrets, non-disclosure and confidentiality agreements and provisions in agreements and other measures to establish and protect its proprietary rights to its platforms, products, processes and intellectual property.

The Group carefully monitors the use of its intellectual property, particularly its key brand terms, and follows a policy of protecting and enforcing its rights with respect to its intellectual property.

The Group also uses intellectual property owned or controlled by others, primarily through licensing products across its cards and personalised products range to expand its product selection. For example, the Group has a licence for its use of the iconic Moonpig jingle. In addition, the Group licenses card designs created by established and new independent freelance designers and publishers that are part of the Global Design Platform. The Group's licences for card designs typically carry a royalty fee of 5 to 10% of the price of the card to customers. Licences connected to the Global Design Platform are typically valid for one year and are renewed automatically unless the owner of the design terminates the licence. The term for other licences for card designs held by the Group vary by contract.

Property

The following table lists the material properties of the Group as of the date of this document.

Name and Location	Type of Facility	Tenure	Lease Expiry	Approximate floor area (square feet)
Group Head Office, Herbal House, London, UK ⁽¹⁾	Office	Leased	November 2027	38,000
Greetz Head Office, production and fulfilment site, Amsterdam, the Netherlands ⁽²⁾	Office/production/fulfilment	Leased	January 2022	14,600
Guernsey Production Facility, Charwell House, Braye Road Industrial Estate, Guernsey	Production/fulfilment	Owned	N/A	36,000

- (1) Group's head office premises in Farringdon, London are shared with Photobox. A formal sublease was put in place effective from 1 May 2020 for the remainder of the term of the superior lease under which Photobox Limited is the subtenant of Moonpig.com Limited. The Group receives 44.78% of the overall floor area and is responsible for that portion of the costs under the lease.
- (2) The term for the Greetz facilities will end on 31 January 2022 unless the Group is able to agree to an extension of the term of the leases with the landlord. The Group is currently in negotiations with the landlord to extend the terms of the leases into the year ending 30 April 2023. The Group will be required to find new premises as early as 31 January 2022 and will incur associated capital expenditures outside of the ordinary course ahead of moving to new premises.

Insurance

The principal risks covered by the Group's insurance policies relate to property damage, business interruption, employers, product and public liability, cyber security, directors and officers liability and certain other claims consistent with customary practice for the type of businesses the Group operates. The Directors believe that its insurance coverage, including the excesses set, maximum coverage amounts and terms and conditions of the policies, are standard for the Group's industry and are appropriate. However, the Group has had claims in the past and could have claims in the future which are below the excess, of which it must cover the costs, and there are no guarantees that the Group will not incur any losses or be subject to claims that exceed the maximum coverage amount or otherwise will not fall within the terms and conditions of the policies.

Regulatory Environment

The Group is subject to laws and regulations in the jurisdictions in which it operates that affect companies conducting business online, in particular supplying alcohol, food products, and other gifts, including regulations related to consumer protection, unfair and deceptive practices laws, distance selling, privacy, data protection, intellectual property, distribution, electronic contracts and other communications, product liability, health and safety, competition, protection of minors, manufacturing, advertising, taxation, economic and other trade prohibitions or sanctions, and online payment services.

The Group's activities involving the use of customer data are subject to consumer protection and data protection laws and regulations and, in many of the jurisdictions in which it operates, such consumer protection and data protection laws and regulations have increased in recent years. For example, the GDPR and the UK Data Protection Act 2018 significantly changed the data protection landscape in the EU and the UK, strengthening the rights of individuals, imposing stricter controls over the processing of personal data, by both controllers and processors of personal data, and imposing stricter sanctions with substantial administrative fines and potential claims for damages from individuals for breach of their rights. GDPR also offers individuals the option to allow privacy organisations to litigate on their behalf, including collecting potential damages, which may result in a substantial increase in claims being brought. Should a serious data breach occur, the GDPR provides for increased obligations to notify regulators and individuals whose personal data has been compromised, and this may result in the imposition of significant sanctions and penalties, which require heightened escalation and notification processes with associated response plans.

Some of the Group's products carry labels that are part of special certification programmes, such as organic, vegetarian, or vegan, and must comply with the strict standards of national and third-party certifying organisations. Products that do not meet regulatory or third-party standards may be considered adulterated or misbranded and subject to withdrawal or recall.

The Group is subject to environmental and health and safety laws and regulations in the jurisdictions in which it operates, relating to, among other matters, safe working conditions, product stewardship and environmental protection, including those relating to emissions in the air, generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste materials, and the registration and evaluation of chemicals. The Group maintains policies and procedures to monitor and control environmental, health and safety risks, and to monitor compliance with applicable environmental, health and safety requirements.

Alcoholic beverages are included among the range of gift products that the Group offers and the Group must comply with the relevant laws and regulations relating to the sale of alcohol. In the UK, the licence is held by the distributor and the Group's third-party suppliers that fulfil and dispatch the alcohol orders hold the relevant licenses for the distribution of alcohol. Under Dutch law, as the seller of the alcohol, Greetz is required to hold a license, rather than the third-party distributor or fulfilment partner. In the Netherlands, the relevant regulations require that customer ID be checked upon delivery of alcohol and failure to comply with these regulations is a criminal offence. Whilst this check is undertaken by the delivery company, the liability for any infractions would fall on Greetz.

Employees

The average monthly number of employees (including directors) during the year by segment are presented below.

	Year ended			Six months ended	
	30 April 2018	30 April 2019	30 April 2020	31 October 2019	31 October 2020
Moonpig employees.....	187	182	217	207	248
Greetz employees.....	120	145	165	163	155
Other.....	9	7	3	3	—
Group Total	316	334	385	373	403

In the six months to 31 October 2020, the Group's average monthly number of employees (including directors) was 403, with approximately 60% of these employees employed in the UK, including those located in Guernsey, and approximately 40% employed in the Netherlands. The Group focuses on attracting and developing talent to support its growth, and faces intense labour market competition across all disciplines. The Group opened an office in Manchester, UK in November 2018 to recruit engineering and tech talent, including for the purpose of aiding the Group in its technological investments in the Group's platforms. The Group employed 141 data scientists, analysts, product developers and software engineers as of 31 October 2020. Operating from three hubs in London, Amsterdam and Manchester has provided the Group with access to a broader pool of talent.

Corporate Responsibility and Sustainability

The Group considers its approach to corporate responsibility through three stakeholder perspectives: people, communities, and the environment. The overarching respect for customers, focus on the wellbeing of society and the service the Group provides is embedded throughout its approach.

People

The Group's employees are *the* vital connection between its products and customers. The Group has a dynamic and entrepreneurial team. Employee engagement is at an all-time high, with Moonpig's internal engagement survey from September 2020 reporting 87% of employees would recommend Moonpig as a great place to work, and according to Glassdoor, Inc. reviews, 93% of Moonpig employees approve of the CEO as at 2 December 2020.

During the Covid-19 pandemic, the Group's caring, high performance culture has proudly manifested. The Group pivoted quickly and kept delivering to its customers by supporting its employees in Covid-safe

environments or to work comfortably at home, reporting zero job impacts and through 1 December 2020 onboarding approximately 50 people to the team while working remotely.

The Group is a diverse organisation, deliberately to be representative of the customer base, which creates a deep sense of belonging for employees and helps threads diversity of thought throughout. However, the Group considers it a priority to redress the balance between genders at senior levels and improve the representation of Black, Asian and Minority Ethnic employees throughout the workforce.

To attract and retain employees the Group provides robust training through the Moonpig University, which drives the high performing culture, and ensures programmes are in place to support the fun and caring values held dear – from whole company days off to yoga and meditation sessions to boost mental health.

Communities

It is through collaboration with and contribution to its communities that the Group is able to deliver its goals. Its communities are: third-party partners and suppliers, local charities, local community organisations and the technology sector.

The Group encourages collaborative working with its suppliers to foster a likeminded approach. This is particularly evident in the choice of Moonpig's flower provider, Arena Flowers, which is rated as the UK's most ethical flower producer. The Group plans to include clauses related to Modern Slavery in a number of contracts with its third-party suppliers and the Group also intends to adopt a Code of Conduct for all suppliers in the near term.

To support charities, the Group provides donations to those causes closely connected to the business. In 2020, the Group's Christmas campaign supported Mind, a mental health charity in England and Wales, and it contributed more than £200,000 to various charities. Going forward, the Group looks to create more strategic partnerships to tackle loneliness and its associated challenges.

The Moonpig Group Foundation is in the process of being established through the Charities Aid Foundation with the vision of creating a charitable fund that will enable the Group to provide support that will spark moments of joy for the Group's customers, people and communities and help them be more resilient. 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. In light of this vision and the Group's aim, the Group expects the Moonpig Group Foundation to fund organisations that support the following causes:

- wellbeing;
- the environment;
- the development of technical talent;
- other causes closely aligned to the Group's aim.

Initial funding for the Moonpig Group Foundation will come through a £0.25 million donation from the Chair, Kate Swann, in connection with the cash consideration award for her services in relation to preparing and bringing the Company to Admission.

As a fast-growing part of the technology industry, the Group will continue to develop its strategy to support the tech industry, including by extending its apprenticeship programme and by continuing to recruit diverse candidates to participate in coding bootcamps.

Environment

Like most companies, the business impacts on the environment in a variety of ways. It uses raw materials such as paper and ink to make cards, ship cards, manufacture and deliver gifts, and relies on the use of technology to do so. Over the next couple of years, the Group will seek to develop its understanding of its carbon footprint and set reduction targets aligned with the Paris Agreement.

The Group is committed to continuous improvement in the sustainability of its raw materials and has to date made tangible progress. For the year ending 30 April 2021, management has focused on removing single-use plastics from its own packaging; its areas of focus for the 2021 calendar year is to reduce the plastic within its own goods and ensure that the sustainability of paper supply is accredited. There is currently recycling in place at each of the Group's offices and the Group is investigating ways to offset emissions for flights between Guernsey and the UK in connection with its production operations (which flights are in any case the return leg of a journey scheduled by Guernsey Post for other purposes). The Group has committed to ensuring that all paper products are certified as sustainably sourced and fully recyclable by the end of 2021 and expects to enter into a partnership with Woodland Trust that will replace natural resources used in its operations.

Works Council

A works council is a body, regulated by applicable laws and regulations, comprising employee representatives, whose members have been elected by the employees. The Company's Dutch subsidiary, Greetz B.V. has established a joint works council within the meaning of Article 3 of the Dutch Works Council Act representing the employees for both Greetz B.V. and Full Colour B.V. as it is mandatory to do so in the Netherlands in a situation where two or more undertakings are centrally managed and together employ 50 employees or more.

In relation to the Dutch works council, Dutch law and agreements between the works council and the relevant subsidiary of the Group as well as the works council regulations as concluded by the works council pursuant to Dutch law arranges the scope, functions and term of office of such works council. A works council typically has the right to advise on, among other things: (i) a transfer of control of the undertaking or any division thereof; (ii) the taking up of significant credit on behalf of the undertaking; (iii) the granting of significant credit and provision of security for major liabilities of another company, unless this is done within the normal conduct of activities of the undertaking; and (iv) the restructuring of the company through such actions as termination of one of its activities, a substantial reduction of the workforce, or expansion or other change in its activities. The advice must be requested at such time that it can still substantially influence the decision to be made. The company should provide reasons for the contemplated decision, set out anticipated consequences of the contemplated decision for the employees and explain the measures which the company intends to take to mitigate such consequences. The contemplated decision should be the subject of discussion in at least one consultation meeting. The works council must be given a reasonable period to render its advice. If Greetz B.V.'s and/or Full Colour B.V.'s decision deviates from the works council's advice, the works council has the right to lodge an appeal before the court. In addition, a works council generally has the statutory right of prior consent in relation to any contemplated decision concerning the adoption, amendment or withdrawal of schemes and policies relating to certain collective employee terms and conditions, such as a bonus scheme, a scheme pertaining to the processing personal data or a sickness absence scheme.

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The principal duties of the Board are to provide the Company's strategic leadership, to determine the fundamental management policies of the Company and to oversee the performance of the Company's business. The Board is the principal decision-making body for all matters that are significant to the Company, whether in terms of their strategic, financial or reputational implications. The Board has final authority to decide on all issues save for those which are specifically reserved to the general meeting of shareholders by law or by the Company's Articles of Association.

The key responsibilities of the Board include:

- determining the Company's strategy, budget and structure;
- approving the fundamental policies of the Company;
- implementing and overseeing appropriate financial reporting procedures, risk management policies and other internal and financial controls;
- proposing the issuance of new ordinary shares and any restructuring of the Company;
- appointing executive management;
- determining the remuneration policies of the Company and ensuring the independence of Directors and that potential conflicts of interest are managed; and
- calling shareholder meetings and ensuring appropriate communication with shareholders.

Members of the Board are appointed by the shareholders for three-year terms, subject to annual re-election in accordance with the Governance Code. Board members may serve any number of consecutive terms.

The Company expects that the Board will consist of the seven members listed below from the date of Admission.

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Position</u>	<u>Date of Appointment to Board</u>
Kate Swann.....	56	British	Chair	10 January 2021
Nickyl Raithatha	38	British	Chief Executive Officer	23 December 2020
Andy MacKinnon	46	British	Chief Financial Officer	23 December 2020
David Keens	67	British	Senior Independent Non-Executive Director	10 January 2021
Niall Wass.....	51	British	Independent Non-Executive Director	10 January 2021
Susan Hooper.....	60	British	Independent Non-Executive Director	10 January 2021
Simon Davidson	45	British	Non-Executive Director	10 January 2021

The business address of each of the members of the Board is 10 Back Hill, London EC1R 5EN, United Kingdom.

The management expertise and experience of each of the Directors is set out below:

Kate Swann (*Independent Non-Executive Director and Chair*)

Kate is Chair of the Group, having held the role since August 2019. Kate has more than 30 years of experience in top management positions, including considerable experience in chairing boards. She currently serves as Chair of IVC Evidensia, a large European veterinary care provider, Secret Escapes, an online members-only luxury travel club, and Parques Reunidos, a leisure park operator that owns and operates more than 60 parks internationally. Kate has extensive UK plc experience, having previously served as the Chief Executive Officer and Executive Director of SSP Group plc from 2013 to 2019 (including at the point of its listing on the London Stock Exchange in 2014), 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.

Nickyl Raithatha (*Chief Executive Officer*)

Nickyl is the Chief Executive Officer of the Group, having held the role since June 2018. Nickyl has extensive 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 also 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.

Andy MacKinnon (*Chief Financial Officer*)

Andy is the Chief Financial Officer of the Group, having held the role since January 2019. Andy has extensive operational and financial leadership experience in e-commerce, having previously held roles as Chief Financial Officer of Wowcher, a consumer e-commerce 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 with KPMG in 1999.

David Keens (*Senior Independent Non-Executive Director*)

David has extensive experience in the retail sector and knowledge of consumer-facing businesses, together with core skills in finance. David currently serves as an Independent Non-Executive Director and Chair of the Audit Committee of J Sainsbury plc and as Senior Independent Director and Chair of the Audit Committee of Auto Trader Group plc. David was formerly Group Finance Director of NEXT plc from 1991 to 2015 and their Group Treasurer from 1986 to 1991. David's 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.

Niall Wass (*Independent Non-Executive Director*)

Niall has extensive experience in the online consumer business space. He currently serves as Chair and Independent Non-Executive Director of Glovo, an on-demand delivery marketplace for food, groceries and other lifestyle products, and the Chair and Independent Non-Executive Director of Trouva, an online marketplace for independent retail boutiques. Niall 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, and through this role, is a board member for Koru Kids, Habito, OnTruck, Ree Technology and Jobandtalent. 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, as SVP leading the international business into 50 countries.

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

Susan Hooper (*Independent Non-Executive Director*)

Susan has extensive experience within large consumer-facing businesses in both executive and non-executive roles. Susan is a Non-Executive Director of Uber UK, The Rank Group plc and Affinity Water Limited (where she is also Chair of the Remuneration Committee). Susan is also the Chair of Caresourcer.com, the United Kingdom's first comparison and matching site for care and is a founding director of ChapterZero.org.uk an organisation dedicated to helping board directors and chairs get the knowledge and insight on climate change for use in board discussions. Until June 2020, Susan was a Non-Executive Director of Wizz Air plc, and, until March 2020, she was a Non-Executive Director for the Department for Exiting the European Union. Susan has previously held roles as managing director of British Gas Residential Services and as chief executive of Acromas Group's travel division (including the brands Saga and the AA). 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 Johns Hopkins University and the John Hopkins University's School of Advanced International Studies (SAIS).

Simon Davidson (*Non-Executive Director*)

Simon Davidson is a Senior Partner at Exponent Private Equity, where he invests in the consumer sector. In addition to leading Exponent's investment into Moonpig in 2016, his other investments at Exponent have included the Ambassador Theatre Group, Quorn Foods, Photobox, Wowcher, Evergreen Garden Care and Vibrant Foods. Prior to joining Exponent in 2008, Simon worked at Apax Partners and OC&C Strategy Consultants.

Simon holds a MBA from the Wharton School and a bachelors degree in Politics, Philosophy and Economics from Oriel College, Oxford.

SENIOR MANAGEMENT

The day-to-day management of the Company's operations is conducted by its senior management team, consisting of Nickyl Raithatha and Andy MacKinnon. For detail of the management expertise and experience of each of the senior management team refer to "*—Board of Directors*".

CORPORATE GOVERNANCE

The Board is firmly committed to the high standards of corporate governance. At Admission, the Company will comply with the provisions of the UK Corporate Governance Code issued in July 2018 by the Financial Reporting Council, as amended from time to time (the "**Governance Code**"). Thereafter the Company intends to continue to comply with the relevant principles and provisions of the Governance Code on an ongoing basis.

As envisaged by the Governance Code, the Board has established an audit committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

The Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairperson, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement ("**Independent Non-Executive Directors**"). As at the date of this Prospectus, the Board consists of the non-executive chair (the "**Chair**"), three independent non-executive Directors (the "**Independent Non-Executive Directors**"), the chief executive officer (the "**Chief Executive Officer**"), the chief financial officer (the "**Chief Financial Officer**") and one non-executive Director (a "**Non-Executive Director**"). The Company regards all of the Independent Non-Executive Directors as "independent" within the meaning of the Governance Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The Governance Code also recommends that the chairperson, on appointment, should meet such independence conditions. Notwithstanding her 0.7% shareholding in the Company immediately following Admission, her shareholding in Photobox (both as described in section 10 of "*Additional Information—Directors' and Senior Management's interests in the Company*") and the £1 million cash consideration in connection with her services in relation to preparing and bringing the Company to Admission (described in "*Operating and Financial Review—Key factors affecting the Group's results of operations—Costs Associated with the Horizon Group Separation, the Pre-IPO Reorganisation and the Global Offering and Public Company Expenses*" and see "*Business Description—Corporate Responsibility and Sustainability*" for additional information), the Board considers that Kate Swann was independent on appointment as chair of Moonpig when assessed against these conditions.

The Governance Code recommends that the Board should appoint one of its Independent Non-Executive Directors to be the senior independent director ("**SID**") to provide a sounding board for the Chair and to serve as an intermediary for the other Directors when necessary. The SID should be available to Shareholders if they have concerns that the normal channels of Chair, Chief Executive Officer or other executive directors have failed to resolve, or for which such channel of communication is inappropriate. The Company's SID is David Keens.

The UK Corporate Governance Code further recommends that directors should be subject to annual re-election. The Company intends to comply with this recommendation.

Audit Committee

The Audit Committee assists the Company's Board in discharging its responsibilities with regard to financial reporting, external audits and internal controls, including reviewing and monitoring the integrity of the Company's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Company's relationship with external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board.

The Disclosure Guidance and Transparency Rules require that a majority of members of the audit committee be independent and that at least one member has competence in accounting and/or auditing. In addition, the Governance Code recommends that the audit committee should comprise at least three Independent Non-Executive Directors and that at least one member has recent and relevant financial experience. The Board considers that the Company complies with the requirements of the Disclosure Guidance and Transparency Rules and the recommendations of the Governance Code in those respects. The current members of the Audit Committee are David Keens, Niall Wass and Susan Hooper. The Audit Committee is required to meet at least four times a year.

The Audit Committee has taken appropriate steps to ensure that the Company's auditors are independent of the Company as required by the Governance Rules and has obtained written confirmation from the Company's auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

The terms of reference of the Audit Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Audit Committee to carry out its duties.

Nomination Committee

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board and, in particular, for monitoring the independent status of the Independent Non-Executive Directors. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise.

The current members of the Nomination Committee are Kate Swann, David Keens, Niall Wass and Susan Hooper. The Nomination Committee is required to meet at least two times a year. The Governance Code recommends that a majority of the nomination committee should comprise Independent Non-Executive Directors. The Board considers that the Company complies with the recommendations of the Governance Code in this respect.

The terms of reference of the Nomination Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Nomination Committee to carry out its duties.

Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration and workforce engagement, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of the Company's remuneration policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors, senior management and, if the role is occupied by an individual, the Company Secretary.

The current members of the Remuneration Committee are Susan Hooper, Kate Swann, David Keens and Niall Wass. The Governance Code recommends that the Remuneration Committee should comprise at least three members who are Independent Non-Executive Directors, one of whom may be the Chair (but who may not chair the Remuneration Committee), and that before appointment as chair of the Remuneration Committee, the appointee should have served on a remuneration committee for at least 12 months. The Board considers that the Group complies with the recommendations of the Governance Code in this respect. The Remuneration Committee is required to meet at least two times a year.

The terms of reference of the Remuneration Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Remuneration Committee to carry out its duties.

Share Dealing Code

The Company has adopted, with effect from Admission, a code of securities dealing in relation to the Ordinary Shares and a policy with respect to the entry into transactions with persons related to the Company which is based on the rules of the Market Abuse Regulation as such legislation forms of retained EU law ("MAR"). The code adopted will apply to the Directors and other relevant employees of the Group. The policy is based on the mandatory provisions of MAR and of the Listing Rules which apply to the Company and persons related to the Company.

Orderly Market Agreement

The Principal Selling Shareholders intend to enter into an agreement with respect to the sale of Ordinary Shares by them following Admission and expiry of the applicable lock-up period, such that sales of Ordinary Shares by the Principal Selling Shareholders may be coordinated and conducted in an orderly manner.

SELECTED FINANCIAL INFORMATION

Selected Combined and Consolidated Income Statement

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
		£'000 (audited)		£'000 (unaudited)	£'000 (audited)
Revenue	87,857	120,141	173,119	66,302	155,898
Cost of sales	(39,522)	(56,936)	(81,430)	(31,073)	(75,140)
Gross profit	48,335	63,205	91,689	35,229	80,758
Selling and administrative expenses	(32,827)	(49,234)	(58,581)	(25,488)	(47,773)
Other income	—	—	—	—	738
Operating profit	15,508	13,971	33,108	9,741	33,723
Finance income	399	847	942	826	356
Finance expense	—	(898)	(2,275)	(1,189)	(1,089)
Profit before taxation	15,907	13,920	31,775	9,378	32,990
Income tax	(50)	(325)	(1,077)	(580)	(5,150)
Profit for the period	15,857	13,595	30,698	8,798	27,840

Selected Combined and Consolidated Statement of Comprehensive Income

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
		£'000 (audited)		£'000 (unaudited)	£'000 (audited)
Profit for the year	15,857	13,595	30,698	8,798	27,840
<i>Other comprehensive income and expenses</i>					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	—	(16)	23	271	(253)
Other comprehensive income	—	(16)	23	271	(253)
Total comprehensive income for the year	15,857	13,579	30,721	9,069	27,587

Selected Consolidated Balance Sheet

	As at 30 April			As at 31 October 2020
	2018	2019	2020	
	£'000 (audited)			
ASSETS				
Non-current assets				
Intangible assets	3,912	35,594	35,851	37,161
Property, plant and equipment	7,868	8,657	18,848	18,069
Other non-current assets.....	—	166	200	208
Deferred tax assets	63	—	—	—
Total non-current assets.....	11,843	44,417	54,899	55,438
Current assets				
Inventories	1,636	2,709	2,897	6,190
Trade and other receivables	6,899	27,346	38,163	46,131
Corporation tax receivable	1,658	1,155	—	1,551
Cash and cash equivalents	2,035	2,146	12,079	7,296
Total current assets	12,228	33,356	53,139	61,168
TOTAL ASSETS.....	24,071	77,773	108,038	116,606
LIABILITIES				
Current liabilities				
Trade and other payables	9,816	18,481	34,967	30,569
Contract liabilities	2,813	2,822	6,044	3,333
Current tax liabilities.....	—	—	98	—
Borrowings	—	25,096	28,946	27,879
Provisions for other liabilities and charges....	438	268	3,303	904
Total current liabilities.....	13,067	46,667	73,358	62,685
Non-current liabilities				
Deferred tax liabilities.....	—	2,666	2,867	3,133
Shareholder loan notes	—	146	—	—
Lease liabilities.....	—	—	11,482	10,341
Other payables.....	686	6,254	—	—
Provisions for other liabilities and charges....	816	816	816	906
Total non-current liabilities.....	1,502	9,882	15,165	14,380
TOTAL LIABILITIES.....	14,569	56,549	88,523	77,065
Invested capital.....	9,502	21,224	—	—
Ordinary share capital	—	—	—	—
Share premium	—	—	251,362	251,362
Merger reserve.....	—	—	(229,814)	(229,814)
Retained earnings	—	—	(2,040)	18,239
Foreign currency translation reserve.....	—	—	7	(246)
TOTAL EQUITY.....	9,502	21,224	19,515	39,541
TOTAL EQUITY AND LIABILITIES	24,071	77,773	108,038	116,606

Selected Consolidated Cash Flow Statement

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
		£'000 (audited)		£'000 (unaudited)	£'000 (audited)
Cash flow from operating activities					
Profit before taxation	15,907	13,920	31,775	9,378	32,990
<i>Adjustments for:</i>					
Depreciation, amortisation & impairment ...	2,061	6,036	10,394	4,917	5,717
Gain on disposal of non-current assets	–	–	(4)	–	–
Net finance expense/(income).....	(399)	51	1,333	363	733
R&D tax credit	(431)	(415)	(296)	(220)	(168)
<i>Changes in working capital:</i>					
(Increase)/decrease in inventories	(734)	(163)	(183)	(919)	(3,248)
Decrease/(increase) in trade and other receivables.....	1,942	86	(1,131)	(191)	522
Increase/(decrease) in trade and other payables.....	921	3,743	15,602	1,359	(7,893)
Increase/(decrease) in trade and other receivables and payables with other Horizon group entities.....	(424)	2,831	3,502	105	(2,579)
Cash generated from operating activities ..	18,843	26,089	60,992	14,792	26,074
Interest received/(paid).....	–	3	(14)	4	(18)
Income tax (paid)/received.....	(945)	600	658	(122)	(6,469)
Net cash generated from operating activities	17,898	26,692	61,636	14,674	19,587
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment	–	–	174	–	–
Purchase of intangible assets	(3,117)	(4,118)	(6,420)	(3,124)	(4,016)
Purchase of property, plant and equipment..	(4,091)	(1,804)	(1,236)	(877)	(1,016)
Acquisition of subsidiary, net of cash acquired.....	–	(24,224)	–	–	–
Net cash used in investing activities	(7,208)	(30,146)	(7,482)	(4,001)	(5,032)
Cash flow from financing activities					
Proceeds from borrowings	–	24,216	88	4	196
Payments to other Horizon group entities....	(12,410)	(20,707)	(41,585)	(9,730)	(15,318)
Repayment of borrowings	–	–	–	–	(3,055)
Transaction costs relating to the issue of debt..	–	–	–	–	–
Lease liabilities paid.....	–	–	(1,621)	(564)	(1,109)
Interest paid on leases	–	–	(880)	(455)	(397)
Proceeds from/(repayment of) shareholder loans.....	–	151	(155)	(155)	–
Net cash (used in)/generated from financing activities	(12,410)	3,660	(44,153)	(10,900)	(19,683)
Net (decrease)/increase in cash and cash equivalents	(1,720)	206	10,001	(227)	(5,128)
Opening cash and cash equivalents	3,755	2,035	2,146	2,146	12,079
Effect of exchange rate changes on cash and cash equivalents.....	–	(95)	(68)	7	345
Closing cash and cash equivalents.....	2,035	2,146	12,079	1,926	7,296

Non-IFRS Financial and Operating Data

The following measures are used by the Group's management to monitor and manage financial and operational performance. Certain of these measures are Non-IFRS Measures that are not calculated in accordance with IFRS. For more information regarding the Non-IFRS Measures, see “*Presentation of Financial and Other Information—Non-IFRS Information*”.

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
				<i>Unaudited</i>	
Total orders (m) ⁽¹⁾⁽⁸⁾	13.5	17.3	24.3	9.5	21.9
Average order value (£) ⁽²⁾⁽⁸⁾	6.5	6.9	7.1	6.9	7.1
Group revenue (£'000)	87,857	120,141	173,119	66,302	155,898
Moonpig revenue (£'000)	87,510	96,639	126,536	47,104	120,841
Greetz revenue (£'000)	—	23,502	46,583	19,198	35,057
Group attached gifting revenue (%) ⁽³⁾⁽⁸⁾	29%	33%	35%	34%	38%
Group gross margin (%) ⁽⁴⁾	55%	53%	53%	53%	52%
Moonpig gross margin (%) ⁽⁴⁾	55%	55%	56%	58%	54%
Greetz gross margin (%) ⁽⁴⁾	—	42%	44%	42%	45%
Group underlying EBITDA (£'000) ⁽⁵⁾	18,977	22,741	44,403	15,046	41,213
Moonpig underlying EBITDA (£'000) ⁽⁵⁾ ..	18,977	22,380	39,919	14,583	36,131
Greetz underlying EBITDA (£'000) ⁽⁵⁾	—	361	4,484	463	5,082
Group underlying EBITDA margin (%) ⁽⁶⁾ ...	22%	19%	26%	23%	26%
Moonpig underlying EBITDA margin (%) ⁽⁶⁾	22%	23%	32%	31%	30%
Greetz underlying EBITDA margin (%) ⁽⁶⁾	—	2%	10%	2%	14%
Operating cash conversion (%) ⁽⁷⁾⁽⁸⁾	73%	90%	115%	75%	62%

(1) The Group defines total orders as the number of total orders placed by all customers in the period.

(2) The Group defines average order value as revenue for the period divided by total orders for that period.

(3) The Group defines attached gifting revenue as revenue where a product is (or products are) purchased in addition to a card, including the shipping fee that is charged to the customer but excluding revenue relating to the card.

(4) The Group defines gross margin as the ratio of gross profit to revenue, expressed as a percentage.

(5) The Group defines underlying EBITDA as the profit or loss for the period before finance income, finance expense, taxation charge, foreign exchange gain/loss, depreciation and amortisation and before adjusted non-recurring items. Adjusted non-recurring items are significant items of income or expense not considered by the Directors to represent underlying operational performance because of their size, nature or incidence. The Directors believe underlying EBITDA aids comparability between periods and removes items which could distort the understanding of the performance for the year. Examples of adjusting items include costs associated with acquisitions, office relocation costs, restructuring costs, IT infrastructure migration costs and brand transformation costs. For further details refer to Note 4 of Section B of “*Historical Financial Information*”.

The following table provides a reconciliation from underlying EBITDA at the Group level to profit for the year for each of the periods presented:

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Underlying EBITDA	18,977	22,741	44,403	15,046	41,213
Depreciation and amortisation	(2,060)	(5,500)	(9,868)	(4,917)	(5,717)
Non-recurring items	(1,409)	(3,270)	(1,427)	(388)	(1,773)
Group Operating profit/(loss)	15,508	13,971	33,108	9,741	33,723
Finance income	399	847	942	826	356
Finance expense	—	(898)	(2,275)	(1,189)	(1,089)
Profit/(loss) before taxation	15,907	13,920	31,775	9,378	32,990
Taxation (charge)	(50)	(325)	(1,077)	(580)	(5,150)
Profit for the year	15,857	13,595	30,698	8,798	27,840

The following table provides a reconciliation from segmental underlying EBITDA to underlying EBITDA at the Group level for each of the periods presented:

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Underlying EBITDA					
Moonpig	18,977	22,380	39,919	14,583	36,131
Greetz	—	361	4,484	463	5,082
Group underlying EBITDA	18,977	22,741	44,403	15,046	41,213
Depreciation & amortisation					
Moonpig	2,060	3,034	5,405	2,632	3,466
Greetz ^(a)	—	2,466	4,463	2,285	2,251
Group depreciation & amortisation	2,060	5,500	9,868	4,917	5,717

(a) Includes amortisation arising on Group consolidation on intangibles forming part of the Greetz cash generating unit.

- (6) The Group defines underlying EBITDA margin as the ratio of underlying EBITDA to revenue, expressed as a percentage. The Directors view underlying EBITDA margin as a useful measure because it assists in evaluating the Group's operating performance.

The following table shows the calculation of underlying EBITDA margin at the segmental level and Group level for each of the periods presented:

	Year ended 30 April			Six months ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000 <i>(audited)</i>	£'000	£'000 <i>(unaudited)</i>	£'000 <i>(audited)</i>
Moonpig revenue (£m)	87,510	96,639	126,536	47,104	120,841
Moonpig underlying EBITDA (£m)	18,977	22,380	39,919	14,583	36,131
Moonpig underlying EBITDA margin (%)	22%	23%	32%	31%	30%
Greetz revenue (£m)	—	23,502	46,583	19,198	35,057
Greetz underlying EBITDA (£m)	—	361	4,484	463	5,082
Greetz underlying EBITDA margin (%)	—	2%	10%	2%	14%
Group revenue	87,857	120,141	173,119	66,302	155,898
Group underlying EBITDA	18,977	22,741	44,403	15,046	41,213
Group underlying EBITDA (margin)(%)	22%	19%	26%	22%	26%

- (7) The Group defines operating cash conversion as underlying EBITDA less capital expenditure less change in net working capital as a percentage of underlying EBITDA. The following table provides a reconciliation from operating cash conversion to underlying EBITDA at the Group level for each of the periods presented:

	Year ended 30 April			Six months ended 31 October	
	2018	2019	2020	2019	2020
		£'000 (audited)		£'000 (unaudited)	£'000 (audited)
Cash generated from operating activities.....	18,843	26,089	60,992	14,792	26,074
Add back: Gain on disposal of non-current assets	—	—	4	—	—
Add back: Increase/(decrease) in debtors and creditors with Horizon	424	(2,831)	(3,502)	(105)	2,579
Add back: Non-recurring items	1,409	3,270	1,427	388	1,773
Add back: R&D tax credit.....	431	415	296	220	168
Add back: Depreciation & Amortisation per P&L ^(a)	2,060	5,500	9,868	4,917	5,717
Less: Depreciation & Amortisation per CF ^(a)	(2,061)	(6,036)	(10,394)	(4,917)	(5,717)
Less: Capital expenditure (intangible assets)	(3,117)	(4,118)	(6,420)	(3,124)	(4,016)
Less: Capital expenditure (property, plant & equipment)	(4,091)	(1,804)	(1,236)	(877)	(1,016)
Operating cash flow	13,898	20,485	51,035	11,294	25,562
Less: (Increase)/decrease in inventories	734	163	183	919	3,248
Less: Decrease/(increase) in trade and other receivables	(1,942)	(86)	1,131	191	(522)
Less: Increase/(decrease) in trade and other payables	(921)	(3,743)	(15,602)	(1,359)	7,893
Add back: Capital expenditure (intangible assets)	3,117	4,118	6,420	3,124	4,016
Add back: Capital expenditure (property, plant & equipment)	4,091	1,804	1,236	877	1,016
Underlying EBITDA.....	18,977	22,741	44,403	15,046	41,213
Operating cash conversion⁽⁸⁾.....	73%	90%	115%	75%	62%

- (a) Depreciation and amortisation as charged in the Combined and Consolidated Income statement after recharges to other Horizon Group entities. Following the entering of a sublease over space at the Group's head office premises (with Photobox Limited as undertenant) effective 1 May 2020, these recharges have ceased.

- (8) These figures are unaudited.

OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of the Group's financial condition and results of operations and should be read in conjunction with the combined and consolidated historical financial information, the accompanying notes, as well as the accountants' report, included within "Historical Financial Information", as well as the description of the Group's business included elsewhere in this document.

This discussion of the Group's financial condition and results of operations contains forward-looking statements which, although based on assumptions that the Group considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties facing the Group as a result of various factors, see *"Presentation of Financial and Other Information—Information Regarding Forward-Looking Statements"* and *"Risk Factors"*. In addition, certain industry issues also impact the Group's financial condition and results of operations, as described in *"Industry Overview"*.

Overview

The Group is a leading online greeting card and gifting platform, comprising the Moonpig brand in the UK and the Greetz brand in the Netherlands. In both markets, the Group is the clear online market leader in cards, holding a 60% market share in the UK among online card specialists in 2019 and a 65% market share in the Netherlands among the top three online card players in 2019, according to OC&C estimates.

The Group's leading customer proposition includes an extensive range of over 20,000 cards, a curated range of gifts, personalisation features and next day delivery offering. This has enabled the Group to build a large and loyal customer base efficiently and profitably, demonstrated by its 12.2 million active customers as at 31 October 2020 and strong customer retention, with 78% of the Group's revenue in the year ended 30 April 2020 derived from previously acquired customers.

The Group offers its products through its proprietary technology platforms and apps, which utilise unique data science capabilities designed by the Group to optimise and personalise the customer experience and provide scalability. The Group's platforms provide a seamless customer experience with an intuitive and user-friendly online interface which offers customers a wide product assortment and gift marketplace, enhanced order tracking and market leading cut-off times for next day delivery. The Group benefits from its dataset of approximately 160 million cumulative historical transactions, which have enabled it to capture and leverage the purchase intent of its customers and provide a unique user experience with approximately 45 million cumulative personalised reminders set by customers for important occasions and events as of 31 October 2020.

The Group's operational excellence is underpinned by an asset light and inventory light business model, which combines lean, process designed automation with an efficient supply chain strategy consisting of a mix of in-house and outsourced functions. For example, the Group has flexible capacity arrangements with its third-party suppliers, allowing it to economically flex and scale its operations up to three times its normal dispatch volumes during peak periods. This strength was particularly evidenced during the Covid-19 lockdown period implemented in the spring of 2020, when the Group was not only able to maintain but also increase output to successfully meet heightened demand from customer as the Group has seen an acceleration of the shift to online purchasing of cards and gifts.

For the year ended 30 April 2020, the Group's revenue was £173.1 million, with £126.5 million contributed by the Moonpig segment and £46.6 million contributed by the Greetz segment. During this same period, the Group's underlying EBITDA was £44.4 million, representing an underlying EBITDA Margin of 26%. For the six months ended 31 October 2020, the Group's revenue was £155.9 million, with £120.8 million contributed by the Moonpig segment and £35.1 million contributed by the Greetz segment. The Group's business is also highly cash generative, due to its high margins, an attractive negative working capital profile and relatively low capital expenditure requirements.

Segments

The Group has two reportable and operating segments: Moonpig and Greetz. See Note 2 of Section B of *"Historical Financial Information"* for additional information.

Outlook

The Group's business plan sets out certain ambitions in respect of revenue growth and the Group's underlying EBITDA margin, which are driven by the Group's assumptions around customer behaviour. The Group's business plan is based on assumptions that the Directors believe are reasonable, but which may turn out to be incorrect or different than expected, and the Group's ability to achieve them will depend on a number of factors, many of which are outside the Group's control, including significant business and economic uncertainties and risks, including those described in "*Risk Factors*". As a result, the Group's actual results may vary from the targets and ambitions set out below and those variations may be material.

Financial year ending 30 April 2021

The Group expects revenue growth of approximately 30% to 35% in the six months ending 30 April 2021 compared to the six months ended 30 April 2020. The Directors believe that there will be a moderation in the six months ending 30 April 2021 of the extraordinary new customer acquisition and increased order frequency trends experienced during the last part of the year ended 30 April 2020 and the six months ended 31 October 2020 due to the accelerated customer activity as a result of the impact of Covid-19 and the related lockdowns implemented.

The Group expects its effective tax rate to be approximately 15% to approximately 16% for the year ending 30 April 2021.

The Group expects total ordinary course capital expenditure for the year ending 30 April 2021 to be approximately £10 million to approximately £11 million, with total ordinary course capital expenditure growing thereafter in line with the Group's target medium term revenue growth rate. The Group's total ordinary course capital expenditure target excludes any capital expenditure outside the ordinary course, such as that for the fit out of new facilities ahead of moving to new premises for Greetz in connection with the termination of its existing leases.

The Group estimates that it will incur approximately £1 million in public company costs in the six months ending 30 April 2021. These costs are incremental to the Group's future cost of sales and other operating costs. See "*Key factors affecting the Group's results of operations—Costs Associated with the Horizon Group Separation, the Pre-IPO Reorganisation and the Global Offering and Public Company Expenses*" for costs associated with entry into the Senior Facilities Agreement and those related to the Pre-IPO Reorganisation and Global Offering for additional costs expected for the year ending 30 April 2021 and the Group's net debt ratio target.

Financial year ending 30 April 2022

The Group expects revenue growth in the year ending 30 April 2022 to be approximately 34% to 38% compared to the year ended 30 April 2020, reflecting continued double-digit underlying revenue growth against a strong comparative year. This is expected to represent a decline in revenue compared to the year ending 30 April 2021 as the higher levels of purchase frequency seen in the year ending 30 April 2021 are expected to moderate, as well as due to the expected customary decrease in overall spending from the prior year's customer cohort (which was extraordinarily large in the year ending 30 April 2021), assuming that the historical cohort spending patterns are observed in the customer cohort acquired in the year ending 30 April 2021.

The Group expects depreciation and amortisation expense (including amortisation of acquired intangible assets) of approximately 5% to approximately 7% of revenue for the year ending 30 April 2022 and in subsequent years.

Medium-Term Targets

With respect to the Group's medium term targets, the Group is targeting revenue growth (as a percentage of revenue) to be in the mid-teens and it is targeting underlying EBITDA margin of approximately 24% to approximately 25% in the medium term.

The Group's medium term EBITDA margin target excludes the impact of cash and share based award payments to be provided to certain employees in connection with the Global Offering related to the

Legacy Items (defined below) and through the All-Employee IPO Awards (defined below), but includes the impact of cash and share based awards such as the LTIP, SAYE and DSBP as described in “*Additional Information – Share Incentive Plans – Overview of the new Discretionary Plans*”.

The Group expects its effective tax rate to be approximately 19% to 21% for the medium term.

Other Guidance

The Group expects its total finance costs to be approximately 4% to approximately 5% of gross borrowings.

The Group estimates that it will incur ongoing public company costs of approximately £4 million on an annual basis. These costs are incremental to the Group’s future cost of sales and other operating costs.

Key Performance Indicators

The following measures are used by the Group's management to monitor and manage financial and operational performance. Certain of these measures are Non-IFRS Measures that are not calculated in accordance with IFRS. For more information regarding the Non-IFRS Measures, see “*Presentation of Financial and Other Information—Non-IFRS Information*”.

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
				Unaudited	
Total orders (m) ⁽¹⁾⁽⁸⁾	13.5	17.3	24.3	9.5	21.9
Average order value (£) ⁽²⁾⁽⁸⁾	6.5	6.9	7.1	6.9	7.1
Group revenue (£'000)	87,857	120,141	173,119	66,302	155,898
Moonpig revenue (£'000)	87,510	96,639	126,536	47,104	120,841
Greetz revenue (£'000)	–	23,502	46,583	19,198	35,057
Group attached gifting revenue (%) ⁽³⁾⁽⁸⁾ ..	29%	33%	35%	34%	38%
Group gross margin (%) ⁽⁴⁾	55%	53%	53%	53%	52%
Moonpig gross margin (%) ⁽⁴⁾	55%	55%	56%	58%	54%
Greetz gross margin (%) ⁽⁴⁾	–	42%	44%	42%	45%
Group underlying EBITDA (£'000) ⁽⁵⁾	18,977	22,741	44,403	15,046	41,213
Moonpig underlying EBITDA (£'000) ⁽⁵⁾	18,977	22,380	39,919	14,583	36,131
Greetz underlying EBITDA (£'000) ⁽⁵⁾	–	361	4,484	463	5,082
Group underlying EBITDA margin (%) ⁽⁶⁾	22%	19%	26%	23%	26%
Moonpig underlying EBITDA margin (%) ⁽⁶⁾ ..	22%	23%	32%	31%	30%
Greetz underlying EBITDA margin (%) ⁽⁶⁾ ..	–	2%	10%	2%	14%
Operating cash conversion (%) ⁽⁷⁾⁽⁸⁾	73%	90%	115%	75%	62%

(1) The Group defines total orders as the number of total orders placed by all customers in the period.

(2) The Group defines average order value as revenue for the period divided by total orders for that period.

(3) The Group defines attached gifting revenue as revenue where a product is (or products are) purchased in addition to a card, including the shipping fee that is charged to the customer but excluding revenue relating to the card.

(4) The Group defines gross margin as the ratio of gross profit to revenue, expressed as a percentage.

(5) For the definition of underlying EBITDA and its reconciliation from profit for the year to underlying EBITDA for each of the periods presented, see “*Selected Financial Information—Non-IFRS Financial and Operating Data*”.

(6) For the definition of underlying EBITDA margin and its reconciliation for each of the periods presented, see “*Selected Financial Information—Non-IFRS Financial and Operating Data*”.

(7) For the definition of cash flow conversion and its reconciliation for each of the periods presented, see “*Selected Financial Information—Non-IFRS Financial and Operating Data*”.

(8) These figures are unaudited.

Key factors affecting the Group's results of operations

The factors discussed below have impacted the Group's results of operations for the periods presented in this document or are likely to impact the Group's results of operations in the future.

Revenue and Pricing

The Group's revenue is primarily driven by the number of orders and the average order value.

Number of orders

The number of orders is driven by the number of active customers and by average purchase frequency. Throughout the period under review, the Group has consistently increased the number of orders reflecting growth driven by the continued acquisition of new customers and retention of existing customers, together with the impact from the acquisition of Greetz in August 2018.

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Total orders (m).....	13.5	17.3	24.3	9.5	21.9
Moonpig (m)	13.5	14.3	18.2	7.1	17.4
Greetz (m)	—	3.0	6.1	2.4	4.5

During the period under review the Group has sought to capitalise on the increasing trend of customers to purchase online through enhancing the customer proposition, including the range of cards and gifts, investing in the Group's ecommerce platform, and driving customers to the Group's mobile apps.

Customer retention

The retention of customers is core to the Group's business model with 78% of revenue earned from previously acquired customers in the year ended 30 April 2020. This profile is broadly consistent across the Group's brands, with previously acquired customers accounting for 79% of Moonpig revenue and 77% of Greetz revenue in that period. The Directors believe that the Group's track-record of success in the retention of customers lessens the amount the Group is required to spend on new customer acquisition compared to many competitors.

A key aspect of the Group's financial model is its ability to generate revenue from customer cohorts over an extended period. In the Moonpig segment, throughout the period from 30 April 2013 onwards, between 50% and 52% of the revenue from each annual customer cohort has consistently been retained between the year of customer acquisition and the second year. For each of these customer cohorts, annual revenue from their second year onwards has been relatively stable until mid-March 2020, after which revenue from each cohort has been uplifted by the impact of Covid-19 and lockdown. The historical patterns of customer cohort behaviour have in the past provided the Group with stable, relatively predictable revenue.

The Group engages in customer relationship marketing activities to drive engagement with its existing customers, including through retargeting new customers to encourage a second purchase in the first sixty days to drive retention, as well as by offering discounts and incentives to customers that have set reminders.

The compounding effect of customer retention across twenty years of cohort accumulation has enabled the Group to develop a large and loyal customer base. Across the Group, the number of customers that placed at least one order in the preceding 12 months ("**active customers**") increased from 5.5 million as at 30 April 2018 to 7.4 million as at 30 April 2019, reflecting continued growth in the Moonpig customer base and the acquisition of Greetz. Total active customers then increased further to 9.3 million as at 30 April 2020 and 12.2 million as at 31 October 2020 reflecting continued customer acquisition and retention, both of which were amplified by Covid-19 and lockdown.

New customer acquisition

The Group has a clear cards-first customer acquisition strategy, underpinned by its category defining brands and sophisticated in-house performance marketing capabilities focused on customer acquisition. The Group also attracts new customers as the recipients of its gifting business become new customers. Together, these result in:

- *Unpaid customer acquisition:* A high proportion of unpaid traffic, with 65% of traffic to the Group's platforms being driven by the brand (including organic search results referrals, e-mail marketing referrals, direct-to-website and app traffic and customers that might be driven by TV advertising) as opposed to 35% driven by other paid marketing for the last twelve months ended 31 October 2020, with an 11% increase in users coming directly to the Group's website and apps during the same period.
- *Profitable paid customer acquisitions:* From the year ended 30 April 2018 to the year ended 30 April 2020, the Group's cost per acquisition of new customers (which represents the total acquisition marketing costs (including brand-driven marketing costs) divided by the total number of new customers) decreased by 29% whereas the Group's volume of total orders increased by 80% and new customers increased by 74%. For the last twelve months ended February 2020, the Group had a new customer payback period (defined as the time it takes the Group to recoup the funds expended to acquire the customer, which is calculated by dividing the cost per acquisition of new customers by the profit per customer (measured by revenue less the cost of goods sold, merchant expenses and hosting expenses)) of approximately six months. The Directors believe the last twelve months ended February 2020 are more reflective of a representative customer payback period than the periods which have subsequently been impacted by Covid-19.

These customer acquisition capabilities have enabled growth in revenue from new customers, which for the years ended 30 April 2018, 2019 and 2020 was £18 million, £24 million and £37 million, respectively. The Group has then delivered a threefold increase in revenue from new customers from £11 million in the six months ended 31 October 2019 to £33 million in the six months ended 31 October 2020, which reflects:

- Significant growth in new customer acquisition through unpaid channels, as strength of the Group's brands enabled it to capture a higher proportion of Covid-19 related growth in online demand than its largest competitors. For example, Google Trends index data shows that searches for the term "Moonpig" increased by 57% between October 2019 and October 2020, compared to a 33% increase in searches for the names of Moonpig's two largest online competitors. In this same period, the number of searches in which Moonpig appeared in the top four results in organic searches increased by 32%. Google Trends index data shows that searches for the term "Greetz" increased by 112% between October 2019 and October 2020, compared to a 63% increase in searches for the names of Greetz's two largest online competitors.
- Covid-19 has presented opportunities for management, who increased the Group's investments in marketing by £13 million to accelerate new customer acquisitions in the six months ended 31 October 2020.

While the Directors do not believe that these levels of new customer revenue will continue, the Directors believe that higher new customer acquisition during the lockdown will continue to benefit the Group since initial indicators of cohort behaviour from the customers acquired for the year ended 30 April 2020 and the very early indicators of the cohort acquired during the six months ended 31 October 2020 suggest that such customers' retention and spending patterns appear similar to historical cohorts.

During the period under review, the Group has benefitted from the increasing penetration of online shopping in the Group's markets. The Directors believe that as the leading online operator in both the UK and Netherlands cards markets, the Group has played a key role in driving that growth in online penetration. The Group expects that future new customer acquisition will continue to be enabled in part by the shift in the Group's addressable markets from offline to online spending.

Purchase frequency

Purchase frequency represents the average number of orders made per active customer in the period. The Group seeks to drive purchase frequency through a number of measures including its use of data analytics to enhance the customer experience. In doing this, the Group leverages its 20 years of online data, which encompasses approximately 160 million cumulative historical transactions and 45 million cumulative reminders as at 31 October 2020.

In recent periods the Group has developed a strategic focus on migrating customers to the Group's mobile apps, which demonstrate a higher purchase frequency per customer than the Group's other platforms. The Group is also focused on encouraging customers to set reminders, which encourage future purchases for the same event the following year, and on campaigns that retarget customers in the first 60 days after their initial purchase to engage and retain these customers.

Purchase frequency was constant at 2.4 for the years ended 30 April 2018 and 2019, rising to 2.6 orders per active customer per year for the year ended 30 April 2020, reflecting both the impact of Management actions and the effect of Covid-19 restrictions upon consumer behaviour. The highest purchase frequency rates arose when government lockdown restrictions were in place in the markets in which the Group operates. Average orders per active customer increased from 1.3 per active customer in the six months ended 31 October 2019 to 1.8 in the six months ended 31 October 2020, reflecting a 44% increase in frequency.

The Directors believe that there will be an ongoing customer purchase frequency uplift of approximately 5% compared to the year ended 30 April 2019 as a result of the behavioural changes seen during the Covid-19 lockdown periods. The Directors believe that the current higher Covid-19 customer purchase frequency levels will taper down to this new approximately 5% uplift level over the course of the year ending 30 April 2022, resulting in an average customer purchase frequency uplift of approximately 7% for the year ending 30 April 2022 and approximately 5% for the year ending 30 April 2023 and beyond.

Average Order Value

Average order value represents revenue for the period divided by total orders for that period. Average order value is primarily driven by growth in the proportion of orders with attached gifting (adding gifts to card purchases) as well as by increasing upsell to products with a higher unit revenue value (such as larger-sized card formats, flower bouquets with extra stems, other add-ons or other premium options selected in connection with purchases).

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Average order value (£).....	6.5	6.9	7.1	6.9	7.1
Moonpig (£)	6.5	6.8	6.9	6.6	6.9
Greetz (£)	—	7.7	7.7	7.9	7.8

The Group's average order value has increased during the period under review, driven by both growth in attached gifting and growth in upsell. From the year ended 30 April 2018 to the year ended 30 April 2020, the Group experienced growth in its attach rate and the Moonpig segment had a 17.9% increase in its attach rate and an 8.1% increase in the volume of upsells. During the period under review, Greetz had a higher attach rate since it historically had a gifts-first customer acquisition model.

The rate of average order value growth slowed from March 2020 onwards, impacting both the year ended 30 April 2020 and the six months ended 31 October 2020. This was a consequence of decisions taken to prioritise serving as many customers as possible during a period of significantly higher demand (for instance, the Group temporarily narrowed its range of card size formats to maximise factory throughput, which allowed it to despatch more cards per day but restricted opportunities for upsell) together with the use of promotional activity to accelerate the delivery of strategic objectives during the Covid-19 trading period (for instance using price promotions to incentivise Moonpig customer migration to the app). The Directors believe that the rate of growth in average order value will strengthen in future periods.

Average order value is higher at Greetz, reflecting the fact that gifts, which typically have a higher unit price than cards, account for a higher proportion of total segment revenue at Greetz compared to Moonpig.

The Group's strategy for growth in gifting is based on driving growth in gift attachment, leveraging the powerful self-learning algorithms that underpin the Moonpig cross-sell recommendation engine. Total attached gifting revenue has consistently grown throughout the period under review, and was £26 million, £40 million, £61 million and £98 million for the years ended 30 April 2018, 2019 and 2020 and the twelve months ended 31 October 2020 respectively, representing a rate as a percentage of revenue of 29%, 33%, 35% and 37% in these periods.

The Group's cards-first customer acquisition strategy and focus on delivering growth in gifting revenue through cross-sell means that there are zero incremental marketing costs associated with most gifting orders. This is one reason why, although growth in the proportion of revenue that relates to gifting might result in lower total gross margin rate (because gross margin rate is higher for cards than it is for gifts), the Group is targeting consistent year-on-year EBITDA margin rates in the medium term.

Growth in standalone gifting is not a current strategic priority, and in general the Group does not engage at scale in marketing activity targeting customer acquisition that is specific to gifting product categories (typical exceptions being where management perceives there to be tactical opportunities to acquire customers at acceptable unit economics). However, where customers are introduced to the Group's gifting proposition through cross-sell, this may lead those customers placing future standalone gifting orders. Standalone gifting revenue has steadily grown and was £7 million, £9 million, £11 million and £16 million for the years ended 30 April 2018, 2019 and 2020 and the twelve months ended 31 October 2020 respectively. These increases in standalone gifting contribute to growth in average order value.

The Group has not historically considered increases in the average sales price of cards, representing card sales divided by total card orders, to be a primary driver of growth in average order value. There have been relatively few card price rises during the period under review, with average sales prices increasing between the years ended 30 April 2019 and 30 April 2020 by 4% at Moonpig and 11% at Greetz. The Group's card pricing ranges from £0.99 for e-cards to greater than £10 for its giant cards.

The Group uses its data analytics to test customer price elasticity, its pricing structure with respect to attaching gifting and the impact of prices upon customer conversion rates. The Group also uses promotions offering a discount to incentivise customers to set reminders. The Group carries products at a variety of price points and sees opportunity to increase revenue in future periods by increasing its stock at the premium end. The table below reflect each of the Moonpig and Greetz's segments percent of sales volumes by price point for the last twelve months ended 31 October 2020.

	Sales Volume by Price (% of total orders)	
	Moonpig	Greetz
	<i>Unaudited</i>	
£0.00 to £20.00 (Greetz: €0.00 to €20.00)	58%	75%
£20.01 to £30.00 (Greetz: €20.01 to €30.00)	33%	22%
Over £30.00 (Greetz: over €30.00).....	9%	3%

Impact of Covid-19

During the last part of the year ended 30 April 2020 and the six months ended 31 October 2020, the Group experienced increased rates of new customer acquisition and customer order frequency due to changes in customer behaviour as a result of the impact of Covid-19 and related lockdowns. The extent of this activity was accentuated by intentional management actions including a significant increase in marketing expenditure to acquire additional new customers. The Directors believe based on Management estimates that the foregoing contributed to an increase of approximately £24 million in revenue for the year ended 30 April 2020 and approximately £75 million in revenue for the six months ended 31 October 2020.

As set out in the “*Outlook*” section of this document, the Directors anticipate a moderation in the Group’s revenue growth rate, such that they expect there to be revenue growth of approximately 30% to 35% in the six months ending 30 April 2021 compared to the six months ended 30 April 2020. They also expect revenue growth in the year ending 30 April 2022 to be approximately 34% to 38% compared to the year ended 30 April 2020, reflecting continued double-digit underlying revenue growth against a strong comparative year. This is expected to represent a decline in revenue compared to the year ending 30 April 2021 as the higher levels of purchase frequency seen in the year ending 30 April 2021 are expected to moderate, as well as due to the expected decrease in overall spending from the customer cohort acquired in the year ending April 2021, assuming that the historical cohort spending patterns are observed in this new cohort.

The Directors believe that the Group will emerge from the Covid-19 period as a larger and more profitable business, in particular reflecting:

- A larger customer base, with active customers increasing from 7.4 million as at 30 April 2019 to 12.2 million as at 31 October 2020. Initial indicators of cohort behaviour from the customers acquired for the year ended 30 April 2020 and the very early indicators of the cohort acquired during the six months ended 31 October 2020 suggest that such customers’ retention and spending patterns appear similar to historical cohorts. Given the size of the uplift in the number of new customers acquired in the last part of the year ended 30 April 2020 and the six months ended 31 October 2020, the Directors expect that this will have a positive impact on the Group’s revenue in future periods, assuming the historical retention levels of cohorts continue for these recently acquired cohorts.
- Higher frequency of purchasing by existing customers, as the Group is targeting an increase in customer purchase frequency compared to the year ended 30 April 2019 of approximately 7% and approximately 5% for the years ending 30 April 2022 and 2023, respectively.
- Increased profit margins, as the Group is targeting underlying EBITDA margin of approximately 24% to approximately 25% in the medium term. This compares to actual EBITDA margin of 19% in the year ended 30 April 2019.

Inventory Light Operating Model

The Group has an inventory light model that minimises inventory write-offs and contributes to the Group’s negative net working capital position:

- Raw materials are purchased for the production of cards and fabricated gifts. The cost of these raw materials (primarily paper for the cards it produces) is low and the paper purchased is only used for a printed card once a customer places a card order.
- Certain gifting products, such as flowers sold by the Group and personalised cakes sold by the Greetz business, are procured through third-party suppliers in the Group’s production and fulfilment network only after customers select and order the product, which are referred to as dropship suppliers, meaning the Group carries no inventory risk ahead of the purchase by a customer for these gift items. One exception to this approach for such gifts is during the Valentine’s Day and Mother’s Day peak periods when the Group contractually commits to certain volumes of flowers with its third-party suppliers to ensure it has sufficient supply. Flower products accounted for an average of approximately one sixth of the Group’s total revenue during the period under review. The Group is exploring additional opportunities to broaden its product range and may add further dropship suppliers in the future.
- For off-the-shelf gifting products such as alcohol, food or toys, the group maintains inventory at third party fulfilment sites in the UK, and at Greetz’s Amsterdam facilities in the Netherlands. The Group maintains a tightly curated range of such gifts, which minimises its inventory requirement. Where an inventory item is slow-moving, the Group can in general act to increase sell-through by giving that item greater prominence in the cross-sell page on its online platform.
- Where the Group offers gift experience vouchers and retail gift cards for redemption by consumers at third party businesses, it acts as undisclosed agent and earns commission on each sale. As such, the inventory holding requirement for these sales is nil. Revenue from these products is currently minimal, however the Group is exploring opportunities to broaden its range of gift experience vouchers and retail gift cards.

All of the foregoing contribute to the Group's low inventory model compared to a number of other online retailers. The Group's inventory model minimises inventory risk related to customer demand. The Group had minimal provision for write-down of inventory during the period under review, which were and nil as at each of 30 April 2018 and 30 April 2019, £0.1 million as at 30 April 2020 and £0.2 million as at 31 October 2020.

Flexible and Asset Light Production and Fulfilment Network

The Group has an asset light production and fulfilment model that allows it to flex its operations for peak periods whilst maintaining discipline over its costs. Costs associated with production and fulfilment are recognised as part of cost of goods sold.

There is a fixed cost element at some sites in the Group's production and fulfilment network, which means that the Group benefits from operational leverage at higher sales volumes. This is the case for in-house cards production across the Group, for in-house gifts fulfilment at Greetz, and for the Group's primary UK gift fulfilment provider with whom the Group has an open book invoicing arrangement, where the Group is charged for actual costs incurred plus a percentage management fee. The Group's variable costs that are proportional with sales volumes include primarily payment service provider fees (for merchant card processing), customer service costs (which are limited because the group does not take sales orders through its customer service providers, only via its websites and apps, and because the business has a very low refund rate), and certain of the Group's cloud hosting costs.

In its other supply agreements, the Group historically paid a fixed unit cost per item to its production and fulfilment network third party partners. Exceptions to this are: (1) for the third-party suppliers where the Group supplies the card printing equipment, raw materials and consumables, the Group is charged for direct labour only; and (2) with the Group's third party flower supplier in the UK, the Group paid a peak surcharge per item to cover the additional cost of peak warehouses required to meet the Group's demand during peak periods (which in a typical year lasts from Valentine's Day through to Mother Day in the UK).

Following the UK lockdown in late March 2020, the Group coordinated with one of its third party gift suppliers to extend the additional warehouse space required until April 2021 to enable the Group to manage the increased volume experienced as a result of the lockdown, and such third-party supplier has since extended the term of the lease until at least April 2024. The lockdown introduced by the States of Guernsey on 23 January 2021 has resulted in limitations on the number of employees being able to work at the Group's Guernsey production facility at any time, which has reduced card production capacity. The Group has flexed its card production capacity and has utilised additional resource available at its third-party suppliers to print cards for its UK operations, which the Directors believe should be sufficient to satisfy anticipated demand during non-peak periods. The Group is also actively pursuing additional opportunities with third-party suppliers to provide additional card production capacity to cover peak trading period demands in the event the Group is unable to fully reopen its Guernsey production facility in the coming weeks. The Group expects a small increase in per card production costs as a result of shifting more of the UK production of cards to third-party suppliers while such lockdown restrictions remain in place.

The Group has also benefitted from increased labour productivity from the year ended 30 April 2018 through the six months ended 31 October 2020, increasing 71% and 51%, respectively, during this period at the Group's production facilities in Guernsey and Amsterdam. Productivity has trended upwards since the year ended 30 April 2020, with an additional increase from 30 April 2020 in line with increases in trading volumes in connection with Covid-19. The Group follows continuous improvement methodologies to incrementally improve productivity over time by reducing inefficient work, and maximising capacity utilisation. Measures taken by the Group to reduce inefficient work include optimising both physical and digital processes, investments in automation, and the discontinuation of unprofitable product lines; measures taken by the Group to improve capacity utilisation include engaging new third-party suppliers to supplement peak capacity and working with existing partners to optimise their capacity.

Operational Leverage

The Group's operating expenses (representing costs between gross profit and underlying EBITDA) comprise marketing expenditure, variable overheads (a relatively small proportion of the total, comprising mainly

outsourced customer service costs, fees payable to the third party services that accept payments from consumers on behalf of the Group and cloud hosting services) and indirect overheads (comprising employee benefit costs and indirect supplier costs including for facilities and technology services).

During the period under review, the Group's cost discipline and ability to leverage its operating model enabled it to reduce indirect costs as a percentage of revenue. From the years ended 30 April 2018, 2019 and 2020, the Group's indirect costs as a percentage of revenue were 33%, 34% and 27%, respectively, and indirect costs as a percentage of revenue for the six months ended 31 October 2019 and 2020 were 30% and 25%, respectively.

Investments in the Group's Platforms

The Directors consider the Group to be a technology and data led business, and as such the Group is focused on continuing to develop its platforms and features to address customer needs and differentiate the Group and its product offering from its competitors. In 2018, the Group began a significant investment in technological improvements and innovations to its e-commerce and fulfilment platforms.

The Directors believe that investments in the Group's platforms have driven and will continue to generate incremental revenue growth through increased customer retention, higher average order value and improved efficiency of the Group's customer acquisition activity.

During the period under review, most the Group's investments in technological improvements and innovations to its platforms are investments in internally generated assets which are capitalised as a result of meeting the recognition criteria of *IAS 38 Intangible Assets*:

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
			£'000		
Purchase of intangible assets	3,117	4,118	6,420	3,124	4,016

The Group is in the process of aligning the Greetz segment with the operational drivers proven effective at Moonpig including, in particular, its card first customer acquisition strategy. Over the next two years, the Group will focus on migrating Greetz to the Group's technology platform, which the Directors believe will enable the introduction of new iOS and Android apps for Greetz and the enhancement of Greetz's website functionality and ability to leverage data insight to drive attached gifting and upsell, which should contribute to revenue growth. The Directors also believe that technology platform migration will improve operating leverage at Greetz and will thereby have a positive impact upon its underlying EBITDA margin.

During the year ended 30 April 2019, the Group had non-recurring expenses of £1.0 million relating to the Group's IT infrastructure costs relating to the migration of physical servers to the cloud, which costs included project management and dual running costs during the transition period, which were among the items included as adjustments within underlying EBITDA.

Seasonality

Historically, the Group's revenue has exhibited strong seasonal trends, with four calendar event related peaks for Valentine's Day, Mother's Day (which date varies by geographic market), Father's Day and Christmas generating significantly higher revenue than other periods which are driven by occasion-based or everyday events like birthday and anniversaries that generate revenue throughout the year.

As three of the four peak periods fall within the second half of the year, the Group typically experiences higher revenue in the second half of its financial year compared to the first half of its financial year. However, due to the Covid-19 impact in the first six months ended 31 October 2020, including the impact of the lockdowns implemented in the spring of 2020, together with the expected moderation of new customer acquisition and purchase frequency in the six months ending 30 April 2021, the Directors expect these seasonality trends will be masked over these two periods.

Impact of Greetz Acquisition

The Group acquired Greetz in August 2018, approximately one third of the way through the Group's year ended 30 April 2019. As a result, the Group's combined and consolidated historical financial information included in this document, including in "*Selected Financial Information*", "*Historical Financial Information*" and in this "*Operating and Financial Review*", does not include the financial information for Greetz for the period from 1 May 2017 through 27 August 2018, which affects the comparability of the Group's results.

Non-recurring items related to the acquisition of Greetz are among the items included as adjustments within underlying EBITDA. These non-recurring items include:

- A contingent consideration reduction of £2.3 million in the year ended 30 April 2020, which was due to a change in the expected value of contingent consideration on the acquisition of Greetz by the Group as a result of the damages estimated from the dispute with the Retail Pension Fund, which was settled in December 2020, as described in "*Risk Factors— Greetz is in a dispute relating to a retail pension fund in the Netherlands and a post-acquisition dispute regarding pension indemnity*". A liability of £1.5 million was recognised as at 31 October 2020, of which £1.3 million was paid in December 2020 as part of this settlement.
- Pension provision costs relating to the dispute regarding the historical contributions to the Retail Pension Fund, which amounted to £2.8 million as at 30 April 2020 which have been offset by a release of £2.1 million as at 31 October 2020. With ordinary charges recognised during the six months ended 31 October 2020 there is a residual pension provision of £0.9 million that has been recognised as at 31 October 2020.
- Cash paid in relation to recurring and non-recurring items related to the acquisition costs paid by the Group for Greetz.
- Other M&A activity-related items relate to completed transaction costs and include advisory, legal, accounting, valuation and other professional or consulting services as well as acquisition-related remuneration and directly attributable integration costs associated with the acquisition of Greetz.

Costs Associated with the Horizon Group Separation, the Pre-IPO Reorganisation and the Global Offering and Public Company Expenses

The Horizon Group Separation, which was completed on 8 January 2021, has resulted in several changes which have had or are expected to have an impact on the financial performance and financial position of the Group:

- In June 2019, Horizon Group announced it would create autonomous operating businesses, Photobox Group and the Group. The Horizon Group Separation commenced in the year ended 30 April 2019 with the separation of certain shared infrastructure such as real estate, production, technology and back office functions (finance, HR, senior management, compliance).
 - Whilst the Group has by now entered into standalone legal arrangements with all third-party suppliers, there are a small number of the Group's contracts that have enabled the Group to benefit from lower pricing while the Group and the Photobox Group remained under common control by the Horizon Group. With the completion of the Horizon Group Separation, the Group expects that there will be certain increase in pricing related to volume in some of its contracts due to the Group no longer being able to aggregate its volumes with the Photobox Group.
 - The Group also expects increased costs as it has hired and will need to hire up to six staff in total for roles that had previously been shared costs and positions between the Group and the Photobox Group. These increased costs will be mitigated in part by the fact that the Group will no longer be recharged for a proportion of the shared Horizon Group employee costs in accordance with approved transfer pricing policies.

- The Group entered into a sublease with Photobox Limited for its portion of the space used at the Group’s head offices at Herbal House. This sublease is effective from 1 May 2020, from which date the Group will recognise lease rentals receivable as other income. The Group had previously recharged part of the cost of occupation of Herbal House to the rest of Horizon Group in accordance with approved transfer pricing policies.
- While part of the Horizon Group, the Group was able to utilise tax losses elsewhere in the Horizon Group for tax relief purposes. From 1 August 2011 until 31 July 2020 the Company and/or Moonpig.com Limited were part of the Photobox VAT group and the departure from the Photobox VAT Group will impact the extent to which the Group is able to utilise tax losses with the Horizon Group from October 2020. As a result, the Group expects its income taxes in the year ending 30 April 2021 to be higher as a result of not having such tax losses to offset. See Note 7 of Section B of “*Historical Financial Information*” for additional information. The Group expects to be able to continue to utilise certain tax losses associated with Greetz for the year ending 30 April 2021 after the Horizon Group Separation for its operations in the Netherlands.
- Titan Bidco Limited, one of the new intermediate holding companies of the Group, entered into the Senior Facilities Agreement on 7 January 2021. The Facility B of £175,000,000 was utilised in full on 8 January 2021 and the amount of £167,500,000 drawn net of fees was paid to the Horizon Group and used to refinance or otherwise discharge existing debt within the Horizon Group. Further steps in the Horizon Group Separation above the Group level result in no receivable due from the Horizon Group. Prior to the entry into the Senior Facilities Agreement, Moonpig Group had been a guarantor of the Existing Facilities but not a borrower, meaning that the Group’s historical financial statements record no third party/external debt, aside from the IFRS 16 liability introduced in the year ended 30 April 2020. The historical borrowings in the period under review primarily relate to related party loans reflected as intra-group balances with the Horizon entities. The interest payable, per the balance sheet, on the Group’s related party loans from other Horizon Group entities was £2.9 million as at 31 October 2020, £2.3 million as at 30 April 2020 and £0.9 million as at 30 April 2019, with nil interest payable as at 30 April 2018. From 7 January 2021, the date of entry into the Senior Facilities Agreement, the Group will have its own direct borrowings and will be subject to the interest terms in the Senior Facilities Agreement. Following Admission, Cards HoldCo will replace Titan Bidco Limited as the borrower under the Senior Facilities Agreement as part of the Pre-IPO Reorganisation. The Group expects its total finance costs to be approximately 4% to 5% of gross borrowings. The Group is targeting less than 2.0x net debt to underlying EBITDA as at 30 April 2021. See “*Additional Information—Material Contracts—Senior Facilities*”.
- The Group incurred non-recurring items of approximately £7.5 million in January 2021, in connection with the entry into the Senior Facilities Agreement. These are to be capitalised as costs of financing and amortised over the term of the Senior Facilities Agreement.

The Pre-IPO Reorganisation and the Global Offering is expected to result in a number of expenses and changes to the financial performance and financial position of the Group, which are set out as follows:

- For the six months ended 31 October 2020, the Group incurred non-recurring items of £2.3 million of Admission related transactions costs, which reflect expenses incurred by the Group to prepare for Admission, including expenses related to the Horizon Group Separation and the Pre-IPO Reorganisation. The Group expects to incur non-recurring items of up to approximately £9.0 million for Admission related transactions costs in the six months ending 30 April 2021, including those for underwriting commissions and other estimated fees and expenses incurred in connection with the Global Offering. These costs are expected to be treated as non-recurring items and therefore excluded from underlying EBITDA for the year ending 30 April 2021.
- In connection with the Global Offering, the Group expects to incur certain additional costs associated with share and cash based awards in relation to legacy Horizon Group compensation agreements for certain employees, senior management and Directors with most vesting upon IPO, while a certain portion will remain subject to time vesting conditions post-IPO (the “**Legacy Share Plans**” and the

“**Legacy Cash Plans**”), one-off awards to certain Group employees made pre-IPO (the “**Pre-IPO Awards**”) as well as through an all-employee IPO award (the “**All-Employee IPO Awards**”).

- Collectively, the Legacy Share Plans, Legacy Cash Plans and Pre-IPO Awards represent the “**Legacy Items**”.
- The maximum anticipated costs associated with the Legacy Items and the All-Employee IPO Awards for certain employees, senior management and Directors that would be reflected in the Group’s income statement if the Pre-IPO Awards were to vest in full (assuming all conditions and targets are achieved) and other awards are not reduced by participants leaving before vesting are illustrated in the table below, which excludes any employers’ National Insurance contributions and non-UK equivalents. This is based on the IFRS 2 valuation of the shares as at the time of the respective Legacy Items and the All-Employee IPO Awards.
- The Legacy Items and the All-Employee IPO Awards are expected to be one-off expenses, but they are not currently expected to be classified as exceptional items in the Group’s income statement. These one-off costs from the Legacy Items and the All-Employee IPO Awards relate to:
 - *Legacy Share Plans and Legacy Cash Plans:* Historically, certain individuals received equity awards over shares in Horizon Holdco Limited. In connection with the Horizon Group Separation, such shares have converted into separate awards over shares in Moonpig and Photobox. Additionally, the Chair and senior managers will receive cash payments in the event of Admission.
 - *The Pre-IPO Awards:* These awards comprise an aggregate pool of £18.5m (which excludes the costs of employers’ National Insurance Contribution or non-UK equivalents) with 50% of the awards to be settled in cash and 50% in shares awarded as nil cost options over shares using the Offer Price.
 - *All-Employee IPO Awards:* The All-Employee IPO Awards will grant free share awards to substantially all employees employed by the Moonpig Group on Admission, based on their length of service on Admission. The free share awards granted to UK based staff will be granted under the SIP and subject to a minimum three year holding period. The awards made to employees in Guernsey and the Netherlands will not be subject to a holding period.
 - For further information see “*Additional Information—Pre-IPO and All-Employee IPO Awards*”.
- The costs for the Legacy Items and the All-Employee IPO Awards in each financial year would be as follows:

Year ending 30 April	Charges for Cash Element of Legacy Items ⁽¹⁾	Charges for Legacy Share Plans ⁽²⁾⁽⁵⁾	Charges for Share Based Payments of the Pre-IPO Awards and All-Employee IPO Awards ⁽¹⁾⁽³⁾
2021	£4 million ⁽⁴⁾	£26 million	£1 million
2022	£4 million	£3 million	£5 million
2023	£3 million	£2 million	£4 million
2024	£1 million	Nil	Nil

(1) The charges and total estimated costs for the Legacy Items and the All-Employee IPO Awards exclude the amounts payable by the Group for employers’ National Insurance contributions or their equivalent outside the UK where applicable.

(2) The charges for the Legacy Share Plans are non-cash adjustments on the income statement.

(3) These awards will result in future share issuances.

(4) Includes a £1 million cash consideration to the Chair in connection with her services in relation to preparing and bringing the Company to Admission and approximately £2 million of such charges are anticipated as a result of amendments to cash based incentive schemes under the Legacy Cash Plans. In connection with the cash consideration to the Chair, Kate

Swann has pledged to donate £0.25 million to the Moonpig Group Foundation which is being established through the Charities Aid Foundation. See “*Business Description—Corporate Responsibility and Sustainability*” for additional information.

- (5) These awards resulted in share issuances prior to Admission.
- It is envisaged that the All-Employee IPO Award will result in the issue of new shares in the future as will the share based element of the Pre-IPO Award. Shares in relation to the other share based elements within the Legacy Items have already been issued. Neither the Legacy Share Plans nor any All-Employee IPO Awards to UK based employees are expected to attract employers’ National Insurance Contributions or their non-UK equivalent if held for the statutory periods, but the Pre-IPO Awards, the cash elements of the Legacy Items and any All-Employee IPO Awards granted to employees outside the UK are expected to do so.
 - Following the Global Offering, the Group expects to incur certain additional costs of operating as a public company with its headquarters in the UK and also to bear the accounting cost of stock based compensation expected to be authorised and provided to a significant proportion of the Group’s employees going forward under its Public Company Plans (see “*Additional Information—Share Incentive Plans—Overview of the new Discretionary Plans*”), thereby further improving the Group’s ability to compete for the best talent in the UK and the Netherlands. The Group estimates that it will incur approximately £1 million in public company costs in the six months ending 30 April 2021, with ongoing public company costs estimated at approximately £4 million per fiscal year, which estimates include the Group’s anticipated costs under its Public Company Plans.
 - The awards under the Public Company Plans to be adopted post-IPO are likely to prove recurring and are excluded from the table above, except for the All-Employee IPO Awards which are made under the SIP post-IPO plan and is reflected in the table above since it is a one-off award in connection with Admission and is expected to be non-recurring since no all-employee future gift of free shares is envisaged. The estimated costs anticipated from the Public Company Plans and associated with the Group’s operation as a public company are included in the Group’s estimated public company costs described above.
 - In connection with the Horizon Group Separation and the Pre-IPO Reorganisation, there has been and there will be a number of transactions which expose the Group to potential stamp duty. While the Directors believe the Company meets the criteria for stamp duty relief in relation to each of these transactions and that such relief is very likely to be granted by HMRC, in the event any such relief is not granted, the Group would need to pay the applicable stamp duty. The Company has applied to HMRC for stamp duty relief for the share for share exchanges undertaken as part of the Horizon Group Separation and such applications are pending. In the event the Group’s application for stamp duty relief in relation to the second share for share exchange undertaken as part of the Horizon Group Separation is not granted, the stamp duty applicable in relation to this step of the Horizon Group Separation is expected to be approximately £5 million. In connection with the Pre-IPO Reorganisation, prior to Admission the Company will acquire the entire issued share capital of Titan Holdco Limited from the shareholders of Titan Holdco Limited in exchange for shares issued by the Company to the shareholders of Titan Holdco Limited, thereby making the Company the holding company of the Group. Once this exchange takes place, the Company may apply to HMRC for stamp duty relief under Section 77 of Finance Act 1986 and the Company intends to make such application. In the event such relief is not granted, the stamp duty applicable in relation to this step in the Pre-IPO Reorganisation is expected to be approximately £3.8 million.

Results of operations

The tables below set forth certain financial data of the Group for the years ended 30 April 2018, 2019 and 2020, and for the six months ended 31 October 2019 and 2020.

The information in the tables below should be read together with the Historical Financial Information, including the notes thereto, included elsewhere in this document.

Information from the years ended 30 April 2018, 2019 and 2020 are not directly comparable due to the Group's acquisition of Greetz in August 2018, which was partially through the year ended 30 April 2019.

Combined and Consolidated Income Statement data

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
		£'000 (audited)		£'000 (unaudited)	£'000 (audited)
Revenue	87,857	120,141	173,119	66,302	155,898
Cost of sales	(39,522)	(56,936)	(81,430)	(31,073)	(75,140)
Gross profit	48,335	63,205	91,689	35,229	80,758
Selling and administrative expenses	(32,827)	(49,234)	(58,581)	(25,488)	(47,773)
Other income	—	—	—	—	738
Operating profit	15,508	13,971	33,108	9,741	33,723
Finance income	399	847	942	826	356
Finance expense	—	(898)	(2,275)	(1,189)	(1,089)
Profit before taxation	15,907	13,920	31,775	9,378	32,990
Income tax	(50)	(325)	(1,077)	(580)	(5,150)
Profit for the period	15,857	13,595	30,698	8,798	27,840

Explanation of Combined and Consolidated Income Statement line items

Revenue

Revenue consists primarily of sales of the Group's cards and gifts to customers. Revenue from the sale of goods, as well as the related shipping and handling expenses billed to customers, is recognised on delivery, in line with the satisfaction of the performance obligation, as required by IFRS 15. Revenue is shown net of local sales tax and is reduced by provisions for and actual customer returns and re-makes based on the history of such matters. Where the Group earns ancillary revenue, which relates primarily to prepaid accounts or prepaid vouchers offered by the Group, this is recognised upon satisfaction of the related performance obligations.

Cost of Sales

Cost of sales consists of the direct costs associated with the delivery of a product and includes direct and indirect production costs (relating to the Group's costs associating with in-house production and fulfilment services and operations), outsourcing costs (relating to costs to third parties in the Group's distribution and fulfilment network), royalties (relating to licence fees to third parties for licensed products such as card designs) and shipping (reflecting the costs incurred to deliver products to customers).

Selling and administrative expenses

Selling and administrative expenses includes, selling expenses, which primarily relates to customer acquisition costs (including search engine marketing, social media and other marketing expenses), wages and associated costs for commercial and marketing activity. It also includes, administrative expenses, which primarily relates to wages and associated costs for finance, human resources, technology and corporate teams, in addition to third-party expenses for customer service, other personnel, legal expenses, audit expenses, other head office expenses as well as hosting expenses for the Group's platforms and other technology expenses, depreciation and amortisation.

Net finance income/expense

Net finance income/expense primarily relates to the interest payable to other Horizon Group entities and the implicit interest charges on lease liabilities. Historically, for the three years ended 30 April 2020 and the six months ended 31 October 2020, net finance income/expense primarily related to interest receivable from

other Horizon Group entities through the cash pooling arrangements or interest payable to other Horizon Group entities, associated with borrowings. From the date of entry into the Senior Facilities on 7 January 2021, net finance expense will be primarily related directly to the Group's obligations under the Senior Facilities rather than related party borrowings with the Horizon Group entities which were financed through the Existing Facilities Agreement.

Income tax

Income tax relates to the taxation that is chargeable on the Group's profits for the period, together with deferred taxation.

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.

Results of Operations

Six months ended 31 October 2020 compared to the six months ended 31 October 2019

Combined and Consolidated Income Statement data

	For the six months ended 31 October		% Change
	2019 £'000 (unaudited)	2020 £'000 (audited)	
Revenue	66,302	155,898	135.1
Cost of sales	(31,073)	(75,140)	(141.8)
Gross profit	35,229	80,758	129.2
Selling and administrative expenses	(25,488)	(47,773)	(87.4)
Other income	—	738	n.m.
Operating profit	9,741	33,723	246.2
Finance income	826	356	56.9
Finance expense	(1,189)	(1,089)	(8.4)
Profit before taxation	9,378	32,990	251.8
Income tax	(580)	(5,150)	(787.9)
Profit for the period	8,798	27,840	216.4

The following is a discussion of the Group's results of operations for the six-month periods ended 31 October 2019 and 31 October 2020.

Revenue

Revenue increased by £89.6 million, or 135.1%, from £66.3 million for the six months ended 31 October 2019, to £155.9 million for the six months ended 31 October 2020. This reflected an increase of £73.7 million and £15.9 million of revenue from Moonpig and Greetz, respectively, for the reasons stated below.

Revenue by segment

The following table sets forth the revenue by segment for the periods indicated.

	For the six months ended 31 October		% Change
	2019 £'000 (unaudited)	2020 £'000 (audited)	
Moonpig	47,104	120,841	156.5%
Greetz	19,198	35,057	82.6%
Total Revenue	66,302	155,898	135.1%

Revenue for the Moonpig segment increased by £73.7 million, or 156.5%, from £47.1 million for the six months ended 31 October 2019, to £120.8 million for the six months ended 31 October 2020. This increase was driven by an increase in the volume of new customer sales and existing customer sales in the six-months ended 31 October 2020 and in connection with a further lockdown period from Covid-19 in the UK, as well as organic revenue growth.

Revenue for the Greetz segment increased by £15.9 million, or 82.6%, from £19.2 million for the six months ended 31 October 2019, to £35.1 million for the six months ended 31 October 2020. This increase in sales further benefited from a lockdown period from Covid-19 in the Netherlands.

In both segments the increase in revenue also benefited from greater product upsells and attachment rates.

Cost of sales

Cost of sales increased by £44.1 million, or 141.8%, from £31.1 million for the six months ended 31 October 2019, to £75.1 million for the six months ended 31 October 2020. £35.3 million of the increase was a result of continued revenue growth and the corresponding increase in the costs of sales for the products sold related to the Moonpig segment. The remaining increase was as a result the corresponding increase in cost of sales for the products sold related to the Greetz business.

Gross profit

For the reasons above, gross profit increased over the period under review. Gross profit increased by £45.5 million, or 129.2%, from £35.2 million for the six months ended 31 October 2019, to £80.8 million for the six months ended 31 October 2020.

Selling and administrative expenses

Selling and administrative expenses increased by £22.3 million, or 87.4%, from £25.5 million for the six months ended 31 October 2019, to £47.8 million for the six months ended 31 October 2020. This includes a £13.2 million increase in marketing spend in the six-month period to 31 October 2020 to support the growth in revenue. It also includes an increase of £0.6 million related to amortisation and depreciation and an increase in general & administration and technology & development expenditure due to growth of the Group's operations. The increase was also attributable to an increase in non-recurring and exceptional expenditure of £1.4 million for the six-month period 31 October 2020 compared to the six-month period 31 October 2019.

Operating profit

For the reasons above, operating profit increased by £24.0 million, or 246.2%, from £9.7 million for the six months ended 31 October 2019, to £33.7 million for the six months ended 31 October 2020.

Finance income

Finance income decreased by £0.5 million, or 56.9%, from £0.8 million for the six months ended 31 October 2019, to £0.4 million for the six months ended 31 October 2020.

Finance expense

Finance expense decreased by £0.1 million, or 8.4%, from £1.2 million for the six months ended 31 October 2019, to £1.1 million for the six months ended 31 October 2020.

Income tax

Income tax increased by £4.6 million, or 787.9%, from £0.6 million for the six months ended 31 October 2019, to £5.2 million for the six months ended 31 October 2020. This increase was driven by the increased profit before tax for the six-months ended 31 October 2020, partially offset by tax losses from Group relief from other Horizon Group entities.

Profit for the period

For the reasons stated above, profit for the period increased by £19.0 million, or 216.4%, from £8.8 million for the six months ended 31 October 2019, to £27.8 million for the six months ended 31 October 2020.

Year ended 30 April 2020 compared to the year ended 30 April 2019

Combined and Consolidated Income Statement data

	For the year ended 30 April		% Change
	2019	2020	
	£'000 (audited)		
Revenue	120,141	173,119	44.1
Cost of sales	(56,936)	(81,430)	(43.0)
Gross profit	63,205	91,689	45.1
Selling and administrative expenses	(49,234)	(58,581)	(19.0)
Operating profit	13,971	33,108	137.0
Finance income	847	942	11.2
Finance expense	(898)	(2,275)	(153.3)
Profit before taxation	13,920	31,775	128.3
Income tax	(325)	(1,077)	(231.4)
Profit for the period	13,595	30,698	125.8

The following is a discussion of the Group's results of operations for the years ended 30 April 2019 and 30 April 2020.

Revenue

Revenue increased by £53.0 million, or 44.1%, from £120.1 million for the year ended 30 April 2019, to £173.1 million for the year ended 30 April 2020. This reflected an increase of £29.9 million and £23.1 million of revenue from Moonpig and Greetz, respectively, for the reasons stated below.

Revenue by segment

The following table sets forth the revenue by segment for the periods indicated.

	For the year ended 30 April		% Change
	2019	2020	
	£'000 (audited)		
Moonpig	96,639	126,536	30.9
Greetz	23,502	46,583	98.2
Total Revenue	120,141	173,119	44.1

Revenue for the Moonpig segment increased by £29.9 million, or 30.9%, from £96.6 million for the year ended 30 April 2019, to £126.5 million for the year ended 30 April 2020. This increase was partially driven by an increase in the volume of new customer sales and existing customer sales in the year ended 30 April 2020, with nearly half of such sales increases occurring during March and April 2020 in connection with a lockdown period from Covid-19 in the UK, as well as organic revenue growth.

Revenue for the Greetz segment almost doubled by £23.1 million, or 98.2%, from £23.5 million for the year ended 30 April 2019, to £46.6 million for the year ended 30 April 2020. This increase reflects organic revenue growth within the Greetz segment as well as the full-year effect of the acquisition of Greetz in August 2018 and the increased sales experienced in connection with a lockdown period from Covid-19 in the Netherlands.

In both segments the increase in revenue also benefited from greater product upsells, attachment rates, and the full year effect of price increases implemented in the year ended 30 April 2019.

Cost of sales

Cost of sales increased by £24.5 million, or 43.0%, from £56.9 million for the year ended 30 April 2019, to £81.4 million for the year ended 30 April 2020. £12.1 million of the increase was a result of continued revenue growth and the corresponding increase in the costs of sales for the products sold related to the Moonpig segment. The remaining increase was principally a result of the full year impact of Greetz trading and the corresponding increase in cost of sales for the products sold related to the Greetz business.

Gross profit

For the reasons above, gross profit increased by £28.5 million, or 45.1%, from £63.2 million for the year ended 30 April 2019, to £91.7 million for the year ended 30 April 2020.

Selling and administrative expenses

Selling and administrative expenses increased by £9.3 million, or 19.0%, from £49.2 million for the year ended 30 April 2019, to £58.6 million for the year ended 30 April 2020. This includes an increase in marketing spend in the year ended 30 April 2020 to support the growth in revenue, as well as the full year impact of Greetz marketing expenses. It also includes an increase of £3.5 million related to amortisation and depreciation, of which £2.1 million related to amortisation of intangible assets in line with increased capitalisation and 12 months of amortisation as a result of increased intangibles acquired as part of the Greetz acquisition in 2019, and £1.4 million related to depreciation expense driven by the depreciation charge on the right-of-use (IFRS 16) lease assets and 12 months depreciation expense related to the plant and machinery and computer equipment acquired as part of the Greetz acquisition in 2019. The increase was also attributable to an increase in general & administration and technology & development expenditure due to growth of the Group's operations, as well as from the full year impact of Greetz trading. The above increases were partially offset by a reduction in non-recurring and exceptional expenditure of £1.8 million for the year ended 30 April 2020 compared to the year ended 30 April 2019.

Operating profit

For the reasons above, operating profit increased by £19.1 million, or 137%, from £14.0 million for the year ended 30 April 2019, to £33.1 million for the year ended 30 April 2020.

Finance income

Finance income increased by £0.1 million, or 11.2%, from £0.8 million for the year ended 30 April 2019, to £0.9 million for the year ended 30 April 2020. This was driven by the interest earned on the increased amount owed to the Group by other Horizon Group entities.

Finance expense

Finance expense increased by £1.4 million, or 153.3%, from £0.9 million for the year ended 30 April 2019, to £2.3 million for the year ended 30 April 2020. This was primarily the result of the full year of finance expense on the borrowings drawn in connection with the acquisition of Greetz in the year ended 30 April 2019 and implicit interest expense in connection with lease liabilities, due to the application of IFRS 16 in the year ended 30 April 2020.

Income tax

Income tax increased by £0.8 million, or 231.4%, from £0.3 million for the year ended 30 April 2019, to £1.1 million for the year ended 30 April 2020. This increase was driven by the increased profit before tax for the year ended 30 April 2020, partially offset by tax losses from Group relief from other Horizon Group entities.

Profit for the period

For the reasons stated above, profit for the period increased by £17.1 million, or 125.8%, from £13.6 million for the year ended 30 April 2019, to £30.7 million for the year ended 30 April 2020.

Year ended 30 April 2019 compared to the year ended 30 April 2018

Combined and Consolidated Income Statement data

	For the year ended 30 April		% Change
	2018	2019	
	£'000 (audited)		
Revenue	87,857	120,141	36.7
Cost of sales	(39,522)	(56,936)	(44.1)
Gross profit	48,335	63,205	30.8
Selling and administrative expenses	(32,827)	(49,234)	(50.0)
Operating profit.....	15,508	13,971	(9.9)
Finance income	399	847	112.3
Finance expense	—	(898)	n.m
Profit before taxation	15,907	13,920	(12.5)
Income tax	(50)	(325)	(550.0)
Profit for the period	15,857	13,595	(14.3)

Revenue

Revenue increased by £32.3 million, or 36.7%, from £87.9 million for the year ended 30 April 2018, to £120.1 million for the year ended 30 April 2019. This primarily reflected an increase of £9.1 million and £23.5 million of revenue from Moonpig and Greetz, respectively, for the reasons stated below.

Revenue by segment

The following table sets forth the revenue by segment for the periods indicated.

	For the year ended 30 April		% Change
	2018	2019	
	£'000 (audited)		
Moonpig	87,510	96,639	10.4
Greetz	—	23,502	n.m
Other	347	0	n.m
Total Revenue.....	87,857	120,141	36.7

Revenue for the Moonpig segment increased by £9.1 million, or 10.4%, from £87.5 million for the year ended 30 April 2018, to £96.6 million for the year ended 30 April 2019. This increase was principally due to an increase in the volume of sales. The increase in the volume of card orders largely came from sales on the Group's iOS and Android apps.

Revenue for the Greetz segment was £23.5 million, reflecting the Group's acquisition of Greetz in August 2018.

In both segments the increase in revenue also benefited from greater product upsells (including from the introduction of giant cards at Moonpig in November 2018), attachment rates and the price increases implemented during the year ended 30 April 2019.

Revenue for the other segment for the year ended 30 April 2018 includes revenue from Sticky9, an online photographic products business that was discontinued and ceased trading during the year ended 30 April 2018.

Cost of sales

Cost of sales increased by £17.4 million, or 44.1%, from £39.5 million for the year ended 30 April 2018, to £56.9 million for the year ended 30 April 2019. The increase was primarily driven by £13.8 million of expenditure due to the costs associated with the trading activity of the Greetz business, acquired during the year ended 30 April 2019. The remaining £3.6 million increase was principally a result of continued revenue growth and the corresponding increase in the costs of sales for the products sold within the Moonpig business.

Gross profit

For the reasons stated above, gross profit increased by £14.9 million, or 30.8%, from £48.3 million for the year ended 30 April 2018, to £63.2 million for the year ended 30 April 2019.

Selling and administrative expenses

Selling and administrative expenses increased by £16.4 million, or 50.0%, from £32.8 million for the year ended 30 April 2018, to £49.2 million for the year ended 30 April 2019. This includes an increase in marketing expense in the year ended 30 April 2019 to support the growth in revenue, as well as the incorporation of eight months of Greetz marketing expenses. It also reflects an increase of £3.3 million related to amortisation and depreciation, of which £3.0 million related to amortisation of intangible assets in line with increased capitalisation and eight months of amortisation as a result of increased intangibles acquired as part of the Greetz acquisition in 2019, and £0.3 million related to depreciation driven by the increased plant and machinery and computer equipment acquired as part of the Greetz acquisition in 2019. There was a further increase in general & administration and technology & development expenditure due to growth of the Group's operations. There was also an increase of £1.9 million in non-recurring and exceptional expenditure in the year ended 30 April 2019.

Operating profit

For the reasons above, operating profit decreased by £1.5 million, or 9.9%, from £15.5 million for the year ended 30 April 2018, to £14.0 million for the year ended 30 April 2019.

Finance income

Finance income increased by £0.4 million, or 112.3%, from £0.4 million for the year ended 30 April 2018, to £0.8 million for the year ended 30 April 2019. This was driven by the interest earned on the increased amount owed to the Group by other Horizon Group entities, which was as a result of the Group's increasing cash contributions to the Horizon Group entities through the cash pooling arrangements as a result of the Group's profitability.

Finance expense

Finance expense was £0.9 million for the year ended 30 April 2019, compared to none for the year ended 30 April 2018. This increase was primarily due to the finance expense incurred on the borrowings drawn down in connection with the acquisition of Greetz in the year ended 30 April 2019.

Income tax

Income tax increased by £0.3 million, or 550%, from £50,000 for the year ended 30 April 2018, to £0.3 million for the year ended 30 April 2019. This increase was driven primarily by the increased profit before tax for the year ended 30 April 2019, partially offset by tax losses from Group relief from other Horizon Group entities.

Profit for the period

For the reasons stated above, profit for the period decreased by £2.3 million, or 14.3%, from £15.9 million for the year ended 30 April 2018, to £13.6 million for the year ended 30 April 2019.

Underlying EBITDA

The Group has presented underlying EBITDA, a Non-IFRS Measure, below because it considers it an important supplemental measure of its underlying performance. The Group believes that it is useful in understanding the Group's Historical Financial Information and the underlying business performance, which is before the impact of non-recurring items and which are reconciled from profit from operations. For a reconciliation of underlying EBITDA, see "*Selected Financial Information—Non-IFRS Financial and Operating Data*".

The following table sets forth the underlying EBITDA and underlying EBITDA margin for the periods indicated.

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
		£'000 (audited)		£'000 (unaudited)	£'000 (audited)
Underlying EBITDA (£'000)	18,977	22,741	44,403	15,046	41,213
Underlying EBITDA (margin)(%)	21.6%	18.9%	25.6%	22.7%	26.4%

Underlying EBITDA increased by £26.2 million, or 173.9%, from £15.0 million for the six months ended 31 October 2019, to £41.2 million for the six months ended 31 October 2020, driven by the Group's strong performance described above in "*—Results of Operations*".

Underlying EBITDA increased by £21.7 million, or 95.3%, from £22.7 million for the year ended 30 April 2019, to £44.4 million for the year ended 30 April 2020, driven by the Group's strong performance described above in "*—Results of Operations*".

Underlying EBITDA increased by £3.8 million, or 19.8%, from £19.0 million for the year ended 30 April 2018, to £22.7 million for the year ended 30 April 2019, which increase is attributable to the Group's performance described above in "*—Results of Operations*".

See Note 4 of Section B of "*Historical Financial Information*" for further information about the adjustments to underlying EBITDA as a result of the non-recurring items.

Liquidity and capital resources

Overview

The Group's primary sources of liquidity during the period under review were the cash flows generated from its operations, along with the Existing Facilities (defined below) held by Horizon Bidco. The primary use of this liquidity was to fund the Group's operations and expenditure on capitalised intangible assets (primarily technology development). The Existing Facilities were repaid in connection with the entry into the Senior Facilities Agreement (defined below).

Historical cash flow data

The following table sets out financial information extracted from the cash flow statements for the six months ended 31 October 2019 and 2020 and the years ended 30 April 2018, 2019 and 2020.

	For the year ended 30 April			For the six months ended 31 October	
	2018	2019	2020	2019	2020
		£'000 (audited)		£'000 (unaudited)	£'000 (audited)
Net cash generated from operating activities	17,898	26,692	61,636	14,674	19,587
Net cash used in investing activities	(7,208)	(30,146)	(7,482)	(4,001)	(5,032)
Net cash (used in)/generated from financing activities	(12,410)	3,660	(44,153)	(10,900)	(19,683)

Net cash generated from operating activities

Net cash generated from operating activities increased by £4.9 million, or 33%, from an inflow of £14.7 million for the six months ended 31 October 2019, to £19.6 million for the six months ended 31 October 2020. The increase in net cash generated from operating activities from the six-months ended 31 October 2019 to six-months ended 31 October 2020 was mainly attributable to the increase in profit before taxation by £23.6 million, or 251.8%, from £9.4 million to £33.0 million. The increase in net cash generated from operating activities from the six-months ended 31 October 2019 to six-months ended 31 October 2020 was impacted by net working capital outflow attributable to the increase in inventories and decrease in trade and other payables for the six-months ended 31 October 2020 during the period under review. The increase in inventories for the six-months ended 31 October 2020 compared to the six-months ended 31 October 2019 related to increased stock requirements driven by Covid-19 trading.

Net cash generated from operating activities increased by £34.9 million, or 130.9%, from an inflow of £26.7 million for the year ended 30 April 2019, to an inflow of £61.6 million for the year ended 30 April 2020. The increase in net cash generated from operating activities from the year ended 30 April 2019 to the year ended 30 April 2020 was mainly attributable to the increase in profit before taxation by £17.9 million, or 128.3%, from £13.9 million to £31.8 million. The increase in net cash generated from operating activities from the year ended 30 April 2019 to the year ended 30 April 2020 was also partly attributable to the higher increase in trade and other payables for the year ended 30 April 2020 during the period under review. The increase in trade and other payables for the year ended 30 April 2020 compared to the year ended 30 April 2019 related to increased accruals and deferred revenue driven by Covid-19 trading.

Net cash generated from operating activities increased by £8.8 million, or 49.1%, from an inflow of £17.9 million for the year ended 30 April 2018, to an inflow of £26.7 million for the year ended 30 April 2019. The increase in net cash generated from operating activities from the year ended 30 April 2018 to the year ended 30 April 2019 was mainly attributable to the change to increase of £2.8 million in trade and other receivables and payables with other Horizon Group entities for the year ended 30 April 2019, compared to decrease of £0.4 million in trade and other receivables and payables with other Horizon Group entities for the year ended 30 April 2018. The increase in net cash generated from operating activities from the year ended 30 April 2018 to the year ended 30 April 2019 was also partly attributable to the higher increase in trade and other payables primarily driven by the recognition of contingent consideration payable in relation to the Greetz acquisition, a smaller increase in inventories, and a tax credit, offset by a smaller decrease in trade receivables for the year ended 30 April 2019.

Net cash used in investing activities

Net cash used in investing activities increased by £1.0 million, or 25.8%, from an outflow of £4.0 million for the six months ended 31 October 2019, to an outflow of £5.0 million for the six months ended 31 October 2020. Expenditure on purchase of intangible assets increased by £0.9 million, or 28.6% from an outflow of £3.1 million for the six-months ended 31 October 2019, to an outflow of £4.0 million for the six-months ended 31 October 2020. This was predominantly driven by increased investment in the Moonpig.com platform and enhancements to the Moonpig iOS and Android apps.

Net cash used in investing activities decreased by £22.7 million, or 75.2%, from an outflow of £30.1 million for the year ended 30 April 2019, to an outflow of £7.5 million for the year ended 30 April 2020. The decrease in net cash used in investing activities from the year ended 30 April 2019 to the year ended 30 April 2020 was mainly attributable to the decrease in acquisition of subsidiary, net of cash acquired by £24.2 million, in connection with the Group's acquisition of Greetz in the year ended 30 April 2019, with no acquisitions occurring for the year ended 30 April 2020. Expenditure on purchase of intangible assets increased by £2.3 million, or 56% from an outflow of £4.1 million for the year ended 30 April 2019, to an outflow of £6.4 million for the year ended 30 April 2020. This was predominantly driven by increased investment in the Moonpig.com platform and enhancements to the Moonpig iOS and Android apps.

Net cash used in investing activities increased by £22.9 million, or 318.2%, from an outflow of £7.2 million in the year ended 30 April 2018, to an outflow of £30.1 million for the year ended 30 April 2019, primarily in connection with the Group's acquisition of Greetz in the year ended 30 April 2019. Expenditure on purchase of intangible assets increased by £1.0 million, or 32.1% from an outflow of £3.1 million for the year ended 30 April 2018, to an outflow of £4.1 million for the year ended 30 April 2019. This was predominantly driven by increased investment in the Moonpig.com platform and the acquisition of technology.

Net cash used in financing activities

Net cash used in financing activities increased by £8.8 million, or 80.6%, from an outflow of £10.9 million for the six months ended 31 October 2019, to £19.7 million for the six months ended 31 October 2020. The change in net cash used in financing activities from the six months ended 31 October 2019 to the six months ended 31 October 2020 was partly attributable to the increase in payments to other Horizon group entities by £5.6 million, or 57.4%, from an outflow of £9.7 million to an outflow of £15.3 million from the six months ended 31 October 2019 to the six months ended 31 October 2020, respectively, due to the cash pooling arrangements with Horizon Bidco entities, with the increasing payments by the Group driven by the Group's increasing cash generation. There was a further £3.1 million outflow related to the repayment of borrowings owed to other Horizon group entities.

Net cash used in financing activities was an outflow of £44.2 million for the year ended 30 April 2020, compared to an inflow of £3.7 million for the year ended 30 April 2019. The change in net cash used in financing activities from the year ended 30 April 2019 to the year ended 30 April 2020 was mainly attributable to the decrease in proceeds from borrowings by £24.1 million, or 99.6%, from £24.2 million to £88,000. For the year ended 30 April 2019, the £24.2 million cash inflow from proceeds from borrowings represented the Group's drawdown of additional borrowings from Horizon Bidco's Existing Facilities in connection with funding the acquisition of Greetz. The change in net cash used in financing activities from the year ended 30 April 2019 to the year ended 30 April 2020 was also partly attributable to the increase in payments to other Horizon group entities by £20.9 million, or 100.8%, from an outflow of £20.7 million to an outflow of £41.6 million from the year ended 30 April 2019 to the year ended 30 April 2020, respectively, due to the cash pooling arrangements with Horizon Bidco entities, with the increasing payments by the Group driven by the Group's increasing cash generation. The above further includes £2.5 million of cash outflows in connection with the Group's lease liabilities split between lease liabilities paid and interest paid on leases recognised in financing activities in the year ended 30 April 2020 due to the application of IFRS 16.

Net cash used in financing activities was an inflow of £3.7 million for the year ended 30 April 2019, compared to an outflow of £12.4 million for the year ended 30 April 2018. The change in net cash used in financing activities from the year ended 30 April 2018 to the year ended 30 April 2019 was mainly attributable to the increase in proceeds from borrowings by £24.2 million for the Greetz acquisition in the year ended 30 April 2019, from none in the year ended 30 April 2018. The increase in proceeds from borrowings was partly offset by the increase in payments to other Horizon group entities by £8.3 million, or 66.9%, from an outflow of £12.4 million to an outflow of £20.7 million from the year ended 30 April 2018 to the year ended 30 April 2019, respectively, due to the Group's cash pooling arrangements with Horizon Bidco entities, with the increasing payments by the Group driven by the Group's increasing cash generation.

Capital expenditure

The following table presents the Group's expenditure on capitalised intangible assets and capital expenditures for each of the periods indicated.

	For the year ended 30 April			For the six months ended 31 October	For the six months ended 31 October
	2018	2019	2020	2019	2020
		£'000 (audited)		£'000 (unaudited)	£'000 (audited)
Expenditure on capitalised intangible assets ⁽¹⁾	3,117	4,118	6,420	3,124	4,016
Capital expenditure ⁽²⁾	4,091	1,804	1,236	877	1,016
Total	7,208⁽³⁾	5,922⁽⁴⁾	7,656	4,001	5,032

(1) Represents the Group's expenditure on internally generated assets related to the Group's platforms which are capitalised as a result of meeting the recognition criteria of IAS 38 Intangible Assets.

(2) Represents the costs related to card printers and other equipment, such as automated envelope insertion equipment, for the Group's in-house and third-party suppliers provided with equipment fixtures and fittings as well as office and employee equipment.

(3) Includes capital expenditure for the head office fit out of £4.1 million.

(4) Includes capital expenditure for the head office fit out of £0.7 million.

During the years ended 30 April 2018, 2019 and 2020, the Group's total capital expenditure as a percentage of revenue was 8.2%, 4.9% and 4.4%, respectively, and 3.6%, 4.3% and 4.4%, respectively, when excluding capital expenditure costs related to the fit out of the head office. The Group expects total capital expenditure for the year ending 30 April 2021 to be approximately £10 million to approximately £11 million, with total ordinary course capital expenditure growing thereafter in line with the Group's target medium term revenue growth rate. The Group's total ordinary course capital expenditure target excludes any capital expenditure outside the ordinary course, such as that for the fit out of new facilities ahead of moving to new premises for Greetz in connection with the termination of its existing leases.

Contractual Commitments

The Group had the following contractual commitments as at 31 October 2020:

	Total	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
				£'000 (audited)			
Borrowings ⁽¹⁾	25,548	25,548	—	—	—	—	—
Lease liabilities ⁽²⁾ ...	15,075	3,013	2,495	2,024	1,926	1,926	3,691
Total	40,623	28,561	2,495	2,024	1,926	1,926	3,691

(1) Borrowings for the Group relate to related party loan payables from other Horizon Group entities related to the Existing Facilities Agreement which was replaced with the Group's own borrowings under the Senior Facilities on 8 January 2021.

(2) Lease liabilities shown above are undiscounted, accounting for the net present value results in a discount of £2.4 million and a total lease liability as at 31 October 2020 of £12.7 million.

Indebtedness

	For the year ended 30 April			For the six months ended 31 October
	2018	2019	2020	2020
		£'000 (audited)		
Current				
Lease liabilities.....	—	—	2,224	2,331
Related party loan payables from other Horizon Group entities	—	25,096	26,722	25,548
Non-current				
Lease liabilities.....	—	—	11,482	10,341
Shareholder loan notes	—	146	—	—
Total borrowings	—	25,242	40,428	38,220

During the periods under review, the Group's sources of borrowing for funding and liquidity purposes come from a range of committed facilities with Horizon Group entities. Borrowings for the Group during the period under review were typically related party transactions with the Horizon Group entities which were financed through the Existing Facilities Agreement (defined below). The Existing Facilities Agreement was entered into on 9 December 2015, with Horizon Midco Limited (the "**Parent**") as parent and as original guarantor and Horizon Bidco Limited ("**Horizon Bidco**") as company, original borrower and original guarantor, with J.P. Morgan Limited as arranger, the financial institutions named therein as original lenders, J.P. Morgan Europe Limited as agent and U.S. Bank Trustees Limited as security agent (as amended and/or restated from time to time on or prior to the date of the Senior Facilities Agreement, the "**Existing Facilities Agreement**"). Pursuant to the Existing Facilities Agreement, the following facilities were available to Horizon Bidco:

- a term loan facility in an aggregate amount equal to £55 million to Horizon Bidco with a margin of 5.50% per/annum ("**Facility B1**");
- a term loan facility in an aggregate amount equal to €200 million to Horizon Bidco with a margin of 5.00% per/annum ("**Facility B2**");
- a second lien term loan facility in aggregate amount equal to € 40 million to Horizon Bidco with a margin of 8.00% per/annum ("**Second Lien**"); and
- a revolving facility in an initial aggregate amount equal to £25 million to Horizon Bidco and any additional borrowers with a margin of 4.75% p/a. (the "**Original Revolving Facility**" and, together with Facility B1, Facility B2 and the Second Lien, the "**Existing Facilities**"),

each subject to customary margin ratchet provisions.

Cards HoldCo Limited acceded to the Existing Facilities Agreement on 9 April 2020 and provided a guarantee in respect of the Existing Facilities after it became the sole shareholder of Moonpig.com Limited and was therefore considered a Material Company (under and as defined in the Existing Facilities Agreement). By virtue of its accession, it granted a guarantee and created security over its present and future assets (including, but not limited to, shares in moonpig.com Limited) under a debenture dated 25 January 2016. Cards Holdco Limited's guarantee and security under the Existing Facilities Agreement were released in connection with the entry into the Senior Facilities Agreement and the repayment of the Existing Facilities in connection with the Horizon Group Separation.

On 8 January 2021, Horizon Bidco refinanced the indebtedness outstanding under the Existing Facilities Agreement. See "*Additional Information—Material Contracts—Senior Facilities*" and Note 24 of Section B of "*Historical Financial Information*".

Off-balance sheet arrangements

The Group did not have any material off-balance sheet arrangements as at 31 October 2020.

Quantitative and Qualitative Disclosures about Market Risks

For a description of the Group's management of market, credit and liquidity risks, see Note 18 of Section B of "*Historical Financial Information*".

Critical accounting policies, estimates and judgements

For a description of the Group's critical accounting judgements and key sources of estimation uncertainty, see Note 1.2 and Note 1.3 of Section B of "*Historical Financial Information*".

CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated capitalisation as at 31 October 2020 and the unaudited indebtedness of the Group as at 30 November 2020.

You should read this table together with “*Operating and Financial Review*”.

Indebtedness	As at 30 November 2020 (£ million) (unaudited)
Total current debt	
Guaranteed.....	—
Secured ⁽¹⁾	2.4
Unguaranteed/unsecured.....	25.4
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed.....	—
Secured ⁽¹⁾	10.3
Unguaranteed/unsecured.....	—
Total	38.1

(1) Secured borrowings include lease obligations that are secured against the underlying leased assets.

The information as at 30 November 2020 is unaudited. The statement of indebtedness has been extracted without material adjustment from the management accounts, which have been prepared using policies that are consistent with those used in preparing the Historical Financial Information as disclosed in “*Historical Financial Information*”.

Shareholders’ equity	As at 31 October 2020 (£ million)
Share premium.....	251.4
Other reserves.....	(230.1)
Total	21.3

There has been no material change in Cards Holdco Group’s capitalisation since 31 October 2020. The Company was incorporated on 23 December 2020 with capitalisation of £50,000.

The following table details the net indebtedness of the Group as at 30 November 2020.

Net indebtedness	As at 30 November 2020 (£ million) (unaudited)
A. Cash.....	9.5
B. Cash equivalents.....	—
C. Liquidity (A) + (B)	9.5
D. Current Financial Receivable	—
E. Current bank debt.....	—
F. Current portion of non-current debt.....	—
G. Other current financial debt.....	27.8
H. Current Financial Debt (E) + (F) + (G)	27.8
I. Net Current Financial Indebtedness (H) – (D) – (C)	18.3
J. Non current bank loans.....	—
K. Other non-current liabilities.....	10.3
L. Non current Financial Indebtedness (J) + (K)	10.3
M. Net Indebtedness (I) + (L)	28.6

The information as at 30 November 2020 is unaudited. The statement of net indebtedness has been extracted without material adjustment from the management accounts, which have been prepared using policies that are consistent with those used in preparing the Historical Financial Information as disclosed in “*Historical Financial Information*”.

The Group has given a guarantee in respect of the bank borrowings of the Horizon Group which amounted to £270,633,000 as at 30 November 2020. This guarantee under the Existing Facilities Agreement was released in connection with the entry into the Senior Facilities Agreement and the repayment of the Existing Facilities in connection with the Horizon Group Separation.

On 7 January 2021 Titan Bidco Limited, one of the new intermediate holding companies of the Group, entered into the Senior Facilities Agreement and on 8 January 2021 its Facility B of £175.0 million was utilised in full, with fees of £7.5 million capitalised on the balance sheet. The amount of £167.5 million drawn net of fees was remitted to the Horizon Group in order for the Horizon Group to repay the Existing Facilities.

HISTORICAL FINANCIAL INFORMATION

Section A: Accountants' Report in Respect of the Historical Financial Information



The Directors
Moonpig Group plc
10 Back Hill
London
EC1R 5EN

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
Canary Wharf
London
E14 5LB

2 February 2021

Dear Ladies and Gentlemen

Moonpig Group plc

We report on the historical financial information for the three years ended 30 April 2020 and for the six months ended 31 October 2020 of Cards Holdco Limited set out in Section B of “Historical Financial Information” below (the “**Financial Information Table**”). The Financial Information Table has been prepared for inclusion in the prospectus dated 2 February 2021 (the “**Prospectus**”) of Moonpig Group plc (the “**Company**”, within this Section A only) on the basis of the accounting policies set out in Note 1.2 of the Financial Information Table. This report is required by item 18.3.1 of Annex 1 to the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

We have not audited or reviewed the financial information for the six months ended 31 October 2019 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information Table in accordance with both international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result

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of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the PR Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Financial Information Table gives, for the purposes of the Prospectus dated 2 February 2021, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with both international accounting standards in conformity with the requirements of the Companies Act 2006 and the International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of the Prospectus Regulation Rules 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and we declare that to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Section B: Historical Financial Information

COMBINED AND CONSOLIDATED INCOME STATEMENT

	Note	Year ended 30 April			Six month period ended 31 October	
		2018	2019	2020	2019	2020
		£'000	£'000	£'000	£'000	£'000
					<i>Unaudited</i>	
Revenue	2	87,857	120,141	173,119	66,302	155,898
Cost of sales		(39,522)	(56,936)	(81,430)	(31,073)	(75,140)
Gross profit		48,335	63,205	91,689	35,229	80,758
Selling and administrative expenses		(32,827)	(49,234)	(58,581)	(25,488)	(47,773)
Other income		–	–	–	–	738
Operating profit.....	3	15,508	13,971	33,108	9,741	33,723
Finance income	5	399	847	942	826	356
Finance expense	5	–	(898)	(2,275)	(1,189)	(1,089)
Profit before taxation		15,907	13,920	31,775	9,378	32,990
Income Tax	7	(50)	(325)	(1,077)	(580)	(5,150)
Profit for the year.....		15,857	13,595	30,698	8,798	27,840
Earnings per share attributable to the owners of the parent (pence)						
Basic	21			10,233		9,280

All activities relate to continuing operations. All the profit for the year is attributable to the equity holders of the parent. The accompanying notes are an integral part of the historical financial information.

COMBINED AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 April			Six month period ended 31 October	
		2018	2019	2020	2019	2020
		£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Profit for the year	3	15,857	13,595	30,698	8,798	27,840
<i>Other comprehensive income and expenses</i>						
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations		—	(16)	23	271	(253)
<i>Subtotal items that may be reclassified</i>						
Other comprehensive income		—	(16)	23	271	(253)
Total comprehensive income for the year		15,857	13,579	30,721	9,069	27,587

COMBINED AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 April			31 October
		2018	2019	2020	2020
		£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Intangible assets	8	3,912	35,594	35,851	37,161
Property, plant and equipment	9	7,868	8,657	18,848	18,069
Other non-current assets	11	–	166	200	208
Deferred tax assets	7	63	–	–	–
Total non-current assets		11,843	44,417	54,899	55,438
Current assets					
Inventories	10	1,636	2,709	2,897	6,190
Trade and other receivables	11	6,899	27,346	38,163	46,131
Corporation tax receivable	7	1,658	1,155	–	1,551
Cash and cash equivalents	12	2,035	2,146	12,079	7,296
Total current assets		12,228	33,356	53,139	61,168
TOTAL ASSETS		24,071	77,773	108,038	116,606
LIABILITIES					
Current liabilities					
Trade and other payables	15	9,816	18,481	34,967	30,569
Contract liabilities	17	2,813	2,822	6,044	3,333
Current tax liabilities	7	–	–	98	–
Borrowings	14	–	25,096	28,946	27,879
Provisions for other liabilities and charges	16	438	268	3,303	904
Total current liabilities		13,067	46,667	73,358	62,685
Non-current liabilities					
Deferred tax liabilities	7	–	2,666	2,867	3,133
Shareholder loan notes	14	–	146	–	–
Lease liabilities	14	–	–	11,482	10,341
Other payables	15	686	6,254	–	–
Provisions for other liabilities and charges	16	816	816	816	906
Total non-current liabilities		1,502	9,882	15,165	14,380
TOTAL LIABILITIES		14,569	56,549	88,523	77,065
Invested capital	13	9,502	21,224	–	–
Ordinary share capital		–	–	–	–
Share premium	13	–	–	251,362	251,362
Merger reserve	13	–	–	(229,814)	(229,814)
Retained earnings		–	–	(2,040)	18,239
Foreign currency translation reserve	13	–	–	7	(246)
TOTAL EQUITY		9,502	21,224	19,515	39,541
TOTAL EQUITY AND LIABILITIES		24,071	77,773	108,038	116,606

COMBINED AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary Share Capital	Share Premium	Merger Reserve	Invested Capital	Retained Earnings	Foreign currency translation reserve	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 May 2017		—	—	—	1,408	—	—	1,408
Profit for the year ...		—	—	—	15,857	—	—	15,857
Total comprehensive income		—	—	—	17,265	—	—	17,265
Settlement of Group relief		—	—	—	(7,763)	—	—	(7,763)
As at 30 April 2018		—	—	—	9,502	—	—	9,502
Profit for the year ...		—	—	—	13,595	—	—	13,595
Other comprehensive loss		—	—	—	(16)	—	—	(16)
Total comprehensive income		—	—	—	13,579	—	—	13,579
Settlement of Group relief.....		—	—	—	(1,857)	—	—	(1,857)
As at 30 April 2019		—	—	—	21,224	—	—	21,224
Dividends declared.....		—	—	—	(25,527)	—	—	(25,527)
Profit for the period to 9 April 2020....		—	—	—	25,835	—	—	25,835
Investment in Cards Holdco Limited...	13	—	251,362	(229,814)	(21,532)	—	(16)	—
Profit for the period to 30 April 2020..		—	—	—	—	4,863	—	4,863
Other comprehensive income		—	—	—	—	—	23	23
Total comprehensive income		—	—	—	—	4,863	23	4,886
Settlement of Group relief.....		—	—	—	—	(6,903)	—	(6,903)
As at 30 April 2020		—	251,362	(229,814)	—	(2,040)	7	19,515
Profit for the period		—	—	—	—	27,840	—	27,840
Other comprehensive loss		—	—	—	—	—	(253)	(253)
Total comprehensive income		—	—	—	—	27,840	(253)	27,587
Settlement of Group relief.....		—	—	—	—	(7,561)	—	(7,561)
As at 31 October 2020		—	251,362	(229,814)	—	18,239	(246)	39,541

COMBINED AND CONSOLIDATED CASH FLOW STATEMENT

Notes	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Cash flow from operating activities					
Profit before taxation	15,907	13,920	31,775	9,378	32,990
<i>Adjustments for:</i>					
Depreciation, amortisation & impairment	8, 9	2,061	6,036	4,917	5,717
Gain on disposal of non-current assets		—	(4)	—	—
Net finance expense/(income)	5	(399)	51	363	733
R&D tax credit		(431)	(415)	(220)	(168)
<i>Changes in working capital:</i>					
(Increase)/decrease in inventories		(734)	(163)	(919)	(3,248)
Decrease/(increase) in trade and other receivables		1,942	86	(191)	522
Increase/(decrease) in trade and other payables		921	3,743	1,359	(7,893)
Increase/(decrease) in trade and other receivables and payables with other Horizon group entities		(424)	2,831	105	(2,579)
Cash generated from operating activities		18,843	26,089	14,792	26,074
Interest received/(paid)		—	3	4	(18)
Income tax (paid)/received		(945)	600	(122)	(6,469)
Net cash generated from operating activities		17,898	26,692	14,674	19,587
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment		—	174	—	—
Purchase of intangible assets	8	(3,117)	(4,118)	(3,124)	(4,016)
Purchase of property, plant and equipment	9	(4,091)	(1,804)	(877)	(1,016)
Acquisition of subsidiary, net of cash acquired	19	—	(24,224)	—	—
Net cash used in investing activities		(7,208)	(30,146)	(4,001)	(5,032)

	Notes	Year ended 30 April			Six month period ended 31 October	
		2018	2019	2020	2019	2020
		£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Cash flow from financing activities						
Proceeds from borrowings	14	—	24,216	88	4	196
Payments to other Horizon group entities.....		(12,410)	(20,707)	(41,585)	(9,730)	(15,318)
Repayment of borrowings.....		—	—	—	—	(3,055)
Transaction costs relating to the issue of debt		—	—	—	—	—
Lease liabilities paid	14	—	—	(1,621)	(564)	(1,109)
Interest paid on leases.....	14	—	—	(880)	(455)	(397)
Proceeds from/(repayment of) shareholder loans	14	—	151	(155)	(155)	—
Net cash used in financing activities.....		(12,410)	3,660	(44,153)	(10,900)	(19,683)
Net (decrease)/ increase in cash and cash equivalents		(1,720)	206	10,001	(227)	(5,128)
Opening cash and cash equivalents		3,755	2,035	2,146	2,146	12,079
Effect of exchange rate changes on cash and cash equivalents		—	(95)	(68)	7	345
Closing cash and cash equivalents		2,035	2,146	12,079	1,926	7,296

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1.1 CORPORATE INFORMATION

The primary business of the Group is the retail of cards and gifting products. The Group comprises two e-commerce brands; Moonpig, which sells greeting cards and gifts to customers predominantly in the UK, and Greetz, a Netherlands based cards and gifts business acquired during the year ended 30 April 2019. Customer transactions are completed through a website and mobile app. The Group operates a production and logistics network comprising a combination of in-house and outsourced facilities, with factories in each of its core markets (UK and Netherlands) and a network of third party outsourcers.

1.2 BASIS OF PREPARATION

For the purposes of this historical financial information, the term “Group” refers to those entities that comprise Cards Holdco Limited “the Company” and its subsidiaries whilst they have formed part of Horizon Group.

On 9 April 2020, a group reorganisation was completed where Cards Holdco Limited became the holding company of the entities comprising the Group. This was accounted for using common control merger accounting. The entities form part of the group comprising Horizon Holdco Limited, a company incorporated and domiciled in England and Wales, and its subsidiaries (the “Horizon Group”). The members of the Cards Holdco Group are included in note “26 Related Undertakings”.

These entities include 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.

On 30 August 2018, Horizon Bidco B.V, a member of the Group, acquired 100% of the share capital of Venspro B.V and its subsidiaries (“Greetz”), a Dutch greeting card and personalised gift e-commerce retailer. The acquisition was accounted for as a business combination under IFRS 3 (Refer to note 19).

The combined and consolidated Historical Financial Information for the three years ended 30 April 2020 and the six months ended 31 October 2019 and 31 October 2020 (“HFI”) has been prepared specifically for the purposes of this document and in accordance with the UK Prospectus Regulation, the Listing Rules and in accordance with this basis of preparation.

The Historical Financial Information is presented in pounds sterling and all values are rounded to the nearest thousand (£000) except where otherwise indicated.

The Historical Financial Information does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

The basis of preparation describes how the financial information has been prepared in accordance with both international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards and IFRS Interpretations Committee (IFRS IC) and Standing Interpretations Committee interpretations as adopted by the European Union (“IFRS”), except as described below.

IFRS does not provide for the preparation of combined financial information and accordingly in preparing the Historical Financial Information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Standards for Investment Reporting applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board have been applied.

The Historical Financial Information has therefore been prepared on combined basis for the periods until 8 April 2020 and on a consolidated basis for the periods from 9 April 2020 to 31 October 2020.

The combined Historical Financial Information has been prepared on a basis that combines the results and assets and liabilities of each of the entities that constitutes the Group, derived from the accounting records of those entities, by applying the principles underlying the consolidation procedures of IFRS 10.

Earnings per share, as required by IAS 33 “Earnings per share” has only been disclosed for the year ended 30 April 2020 and for the six months ended 31 October 2020, given that the Historical Financial Information has not been prepared on a consolidated basis throughout the periods presented (as further explained in note 21).

The following summarises the key accounting and other principles applied in preparing the Historical Financial Information:

- The Group did not comprise a legal group of entities during the two years ended 30 April 2019 and period to 9 April 2020 and, therefore it is not meaningful to present share capital or an analysis of reserves. The excess of assets over liabilities of all combining entities in the Group as of 30 April 2018 and 30 April 2019 are representative of the cumulative investment of Horizon Holdco Limited in the Group, shown as “Invested Capital”.
- Historically, Horizon Group used a centralised approach to cash management and financing of its operations, and with several subsidiaries participating in a cash pooling arrangement with Horizon Group. None of Horizon Group’s cash and cash equivalents have been allocated to the Group in the combined balance sheets. Movements in related party balances associated with cash pooling and funding have been disclosed within cash flows from financing activities. Movements in related party balances from intercompany trading have been disclosed in cash flows from operating activities.
- The Group was historically recharged cost of goods sold, selling, general and administrative expenses from Horizon Group for certain shared services of £14,953,000, £19,211,000, £11,952,000, £6,688,000 and £4,103,000 for the years ended 30 April 2018, 30 April 2019, 30 April 2020 and six months ended 31 October 2019 and 31 October 2020 respectively. Historically, the centralised functions have included executive senior management, finance, shared services, information technology, tax, treasury and risk management, legal, compliance, human resources and payroll, procurement, share based payments for executives and corporate affairs. These expenses are not necessarily representative of the expenses that would have been reported had the Group been a standalone group for the periods presented, nor are they necessarily representative of the costs that may be incurred by the Group in the future. Actual costs that may have been incurred if the Group had been a standalone group would depend on a number of factors, including the chosen organisational structure, functions outsourced or performed by employees and strategic decisions made.
- Transactions and balances between the Group and the rest of Horizon Group represent third party transactions and balances from the perspective of the Group. They have been presented alongside all other third-party transactions and balances in the appropriate financial statement line items of the combined and consolidated historical financial information to which such transactions and balances relate and disclosed as related party transactions.
- The Group has historically been funded as part of the Horizon Group and the related party balances reported within assets and liabilities, as receivables (Note 11) and payables (Note 15) are not representative of the anticipated post-transaction financing position. None of these balances are considered to be capital in nature.
- The tax charges in the HFI have been determined based on the underlying tax position of the entities within the Group and the relevant consolidation adjustments. The tax charges recorded in the combined and consolidated statements of comprehensive income may have been affected by the taxation arrangements within Horizon Group, and are not necessarily representative of the tax charges and liabilities that may have been reported had the Group been a legal group for the periods presented nor are they necessarily representative of the tax charges of the Group that may arise in the future.
- Payments for group relief to the Horizon Group have been presented in the combined and consolidated statement of changes in equity. The Group entities obtained group relief (tax losses) from other entities within the Horizon Group to offset taxable profits in accordance with prevailing tax regulations; and paid the Horizon Group entities for the losses. The tax charge presented in the

combined and consolidated income statement has been reduced by £2,718k, £3,133k and £5,115k for the years ended 30 April 2018, 2019 and 2020 and by £1,577k and £1,270k for the six months ended 30 October 2019 and 2020, respectively as a result of Group relief from other Horizon Group entities.

- Dividends per share has not been disclosed because this was paid prior to the incorporation of the Cards Holdco Limited entity.
- Merger reserve relates to the merger reserve arising from the Group re-organisation accounted for under common control merger reserve accounting.

Going concern

This HFI of the Group has been prepared on a going concern basis. The going concern assessment considers whether it is appropriate to prepare the HFI on a going concern basis. The Directors have also considered the net current liability position at 31 October 2020 and the going concern status of the Group's material subsidiaries.

The Group has, at the date of approval of this Historical Financial Information, sufficient existing financing available for its estimated requirements for at least the next 12 months. The Directors have reviewed the liquidity forecasts for the Group, which incorporate the expected impact of the group restructuring and Senior Facilities Agreement which were finalised after the 31 October 2020. These new facilities replaced the related party funding the Group received through Horizon Group entities under their Existing Facilities. Prior to the entry into the Senior Facilities Agreement, Moonpig Group has been a guarantor of the Existing Facilities but not a borrower, meaning that the Group's historical financial statements record no third party/external debt, aside from the IFRS 16 liability. The historical borrowings in the period under review primarily relate to related party loans reflected as intra-group balances with the Horizon entities. This, together with the ability to generate cash from trading activities provides the Directors with the confidence that the Group is well placed to manage its business risks successfully in the context of current financial conditions and the general outlook in the global economy.

Critical accounting judgements

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, internal use software, 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 judgments and assumptions when assessing whether development meets these criteria, and on measuring the costs and the economic life attributed to such projects.

The economic lives of intangible assets are estimated at between three and ten years for internal projects. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Further details of the amounts of, and movements in, such assets are given in note 8.

Purchase price allocation of Venspro BV (Greetz Holdco)

Management has applied judgement in the purchase price allocation of the acquisition of Greetz. On acquisition, specific intangible assets are identified and recognised separately from goodwill and then amortised over their estimated useful lives. These include items such as trademarks and customer databases, to which value is first attributed at the time of acquisition. The capitalisation of these assets and the related amortisation charges are based on judgments about the value and economic life of such items.

The economic lives of intangible assets are estimated at between three and 12 years for acquired intangibles. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Further details of the amounts of, and movements in, such assets are given in note 8.

Non-recurring items

Management applies judgement in assessing whether items are non-recurring by virtue of either their size or their nature. These items can include, but are not restricted to, the costs of significant restructuring exercises, fees associated with business combinations and costs incurred in integrating acquired companies. These are separately disclosed as memorandum information, and explained below (See subsection “(q) Non-recurring Items”) and in note 4.

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, amendments and interpretations

The Group has adopted all relevant amendments to existing standards and interpretations issued by the IASB that are effective from 1 May 2019 with no material impact on its combined and consolidated results or financial position (except as described below with regards to IFRS 16).

IFRS 16 Leases

IFRS 16 “Leases” is effective for the year ended 30 April 2020 and has a material impact on the combined and consolidated historical financial information. The Group has adopted IFRS 16 with effect from 1 May 2019 and uses the modified retrospective approach to transition utilising certain practical expedients outlined in the standard, notably the exclusion of low value and short-term leases (less than 12 months). Data has been collated on all the Group’s leases for which IFRS 16 is applicable, and these are principally warehouses, offices, factory equipment and vehicles. See subsection “(k) Leased Assets” below for more detail.

New standards, amendments and interpretations not yet adopted

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting years and on foreseeable future transactions.

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 currency of Cards Holdco Limited is sterling and this is also the presentation currency of the Group. The income and cash flow statements of the Group undertakings 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.

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*

Under IFRS 15, 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.

The Group is principally engaged in the sale of goods to customers. This represents a single performance obligation which is satisfied upon delivery of the relevant goods and the transfer of control to that customer. At which point, this performance obligation is satisfied. Revenue from the sale of goods, as well as the related shipping and handling expenses billed to customers, are recognised in line with the satisfaction of the performance obligation noted above. Revenue is shown net of local sales tax and is reduced for provisions of customer returns and re-makes based on the history of such matters. Revenue is not recognised if there is significant uncertainty regarding recovery of the consideration due.

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.

Where the Group acquires 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.

The trading companies in the Group offer pre-paid accounts and/or pre-paid vouchers 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 balance on pre-paid 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 fair value, 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 obligations.

The Group operates a secondary income scheme with a third party provider where the Group earns revenue for successful customer referrals that utilise the third party service offering, where the enrolment by a Group customer with the third party service provider is 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 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 3-14 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 amount 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. For the six months to 31 October 2019 and 2020, the income tax charge has been derived using the Estimated Tax Rate (ETR) that is expected for corresponding full year.

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*

The acquisition of third-party subsidiaries is 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.

In these combined consolidated financial statements, the Group has applied the predecessor accounting approach in accordance with the rules on accounting for business combinations under common control in combined financial statements. This means that the assets and liabilities of the recently acquired and to be acquired businesses included in these combined consolidated financial statements correspond to the historical amounts in the individual financial statements of the combined entities (predecessor values). Businesses in accordance with IFRS 3 that were acquired or will be acquired or contributed to Cards Holdco Ltd are included in the combined consolidated financial statements for all periods presented adjusted so as to achieve uniformity of accounting policies. Accordingly, any consideration given or received in relation to those common control transactions is recognized directly in equity within merger reserve. Balances from intercompany transactions were 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 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.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

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 cost.

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, which do not exceed 12 years.

Intangible assets with an indefinite useful life that are acquired separately are carried at cost less accumulated impairment losses.

(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. These assets are amortised on a straight-line basis over periods not exceeding 3 years.

The estimated useful lives are as follows:	Useful lives	Straight-line amortisation period
Trademark	Finite	10 years
Development costs	Finite	3 years
Technology	Finite	3 to 5 years
Software	Finite	3 to 5 years
Customer database	Finite	12 years
Non-compete agreements	Finite	2 to 3 years
Other intangibles	Finite	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 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*

With effect from 1 May 2018, loss allowances for expected credit losses on financial assets which are held at amortised cost are recognised on initial recognition of the underlying asset. 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.

Prior to 1 May 2018, financial assets were reviewed for impairment at each balance sheet date, or whenever events indicated that the carrying amount might not be recoverable.

(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:	Useful lives	Straight-line amortisation period
Freehold property	Finite	3% - 4%
Plant & machinery	Finite	20% - 25%
Fixtures & fittings	Finite	20% - 25%
Leasehold property and improvements	Finite	Over the unexpired term of lease
Computer equipment	Finite	20% - 33%

(j) *Leased assets*

Group as lessee

With effect from 1 May 2019, the Group has 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 assets included as part of property, plant and equipment in note 9 and the liabilities included as part of borrowings in note 14.

In adopting IFRS 16, the Group has applied the modified retrospective approach with no restatement of prior periods, as permitted by the Standard.

The Group has taken advantage of certain practical expedients available under the Standard, including

- Not applying the requirements of IFRS 16 to leases of intangible assets,
- Applying the portfolio approach where appropriate to do so, and;
- Not applying the recognition and measurement requirements of IFRS 16 to short-term leases (leases of less than 12 months maximum duration) and to leases of low-value assets.

Non-lease components have not been separated from lease components.

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 May 2019 was 5.7%. The right of use assets were measured at the amount of lease liability (adjusted by the amount of any previously recognised prepaid or accrued lease payments relating to that lease).

Following adoption, 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 lease 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. Arrangements where the Group had substantially all the risks and rewards of ownership of the leased asset were classified as finance leases and were included as part of property, plant and equipment. Finance lease assets were initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, then depreciated over the shorter of the lease term and their estimated useful lives. Lease payments due were shown as a liability within borrowings. Lease payments were shown within financing activities in the cash flow statement and consisted of capital and finance charge elements, with the finance element charged to the income statement. Under IAS 17, leases which were not classified as finance leases were classified as operating leases and such arrangements were not capitalised. Rental payments under operating leases were charged to operating profit on a straight-line basis over the lease term.

Group as lessor

The Group has entered into a lease agreement as a lessor with respect to one of its properties with a related party and 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, 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. All other cash and cash equivalents are measured at amortised cost.

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 and investments 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 at the Horizon Group level; 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 twelve months after the balance sheet date.

With effect from 1 May 2018, the Group adopted IFRS 9 *Financial Instruments* with no revision of prior periods, as permitted by the Standard.

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.

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 sales of materials, manufactured goods, 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) *Non-recurring Items*

Non-recurring 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 non-recurring items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as adjusting. 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 Group Historical Financial Information in helping them to understand the underlying business performance and are used to derive the Group's

principal non-GAAP measures of underlying EBITDA, which is before the impact of non-recurring items and which are reconciled from profit from operations.

(r) *Equity*

The merger reserve relates to the merger reserve arising from the Group re-organisation accounted for under common control merger reserve accounting.

Invested capital represents the total equity of the Group.

Share premium represents £251,362,000 paid in excess of par value of the ordinary shares.

(s) *Principles of consolidation*

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer section “d) Business combinations” above).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SEGMENTAL ANALYSIS

The CODM, reviews external revenues and underlying EBITDA to evaluate segment performance and allocate resources to the overall business.

“Underlying 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 4 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 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 the retail of cards, gifts and flowers to the general public.

Finance income and expense are not allocated to the reportable segments, as this activity is managed centrally by the Horizon Group, together with the overall net debt position of the Group.

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.

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Moonpig	87,510	96,639	126,536	47,104	120,841
Greetz	—	23,502	46,583	19,198	35,057
Other*	347	—	—	—	—
External Revenue	87,857	120,141	173,119	66,302	155,898

* Other revenue includes revenue from Sticky9, an online gifting business that was discontinued and ceased trading in the year ended 30 April 2018.

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

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
UK	84,814	93,452	123,106	45,605	118,605
Netherlands	—	23,125	45,944	19,031	35,057
Rest of the World*	3,043	3,564	4,069	1,666	2,236
External Revenue	87,857	120,141	173,119	66,302	155,898

* Rest of the World revenue includes USA, Australia & Belgium.

The following table shows the information regards assets by segment that reconciles to the consolidated Group.

	Year ended 30 April			Six month period ended 31 October
	2018	2019	2020	2020
	£'000	£'000	£'000	£'000
Moonpig				
Non-current assets ¹	11,780	13,683	25,255	25,817
Capital expenditure	(4,091)	(1,610)	(739)	(268)
Intangibles expenditure	(3,117)	(4,118)	(6,420)	(3,758)
Depreciation & amortisation	(2,061)	(3,570)	(5,931)	(3,466)
Greetz				
Non-current assets ¹	—	30,568	29,444	29,413
Capital expenditure	—	(194)	(497)	(748)
Intangibles expenditure	—	—	—	(258)
Depreciation & amortisation ²	—	(2,466)	(4,463)	(2,251)
Group				
Non-current assets¹	11,780	44,251	54,699	55,230
Capital expenditure	(4,091)	(1,804)	(1,236)	(1,016)
Intangibles expenditure	(3,117)	(4,118)	(6,420)	(4,016)
Depreciation & amortisation²	(2,061)	(6,036)	(10,394)	(5,717)

1 Comprises goodwill, other intangible assets and property, plant and equipment (including Right-of-Use assets).

2 See footnote (2) below.

The Group's measure of segment profit, underlying EBITDA, excludes depreciation, amortisation and non-recurring items.

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000	£'000
				<i>Unaudited</i>	
Underlying EBITDA					
Moonpig	18,977	22,380	39,919	14,583	36,131
Greetz	–	361	4,484	463	5,082
Group Underlying EBITDA.....	18,977	22,741	44,403	15,046	41,213
Depreciation & amortisation					
Moonpig	2,060	3,034	5,405	2,632	3,466
Greetz ¹	–	2,466	4,463	2,285	2,251
Group depreciation & amortisation².....	2,060	5,500	9,868	4,917	5,717

1 Includes amortisation arising on Group consolidation on intangibles forming part of the Greetz CGU.

2 Depreciation and amortisation as charged in the Combined and Consolidated Income Statement for April 2020 and April 2019 of £9,868,000 and £5,500,000 (respectively) is stated after recharges to other Horizon Group entities. Total depreciation and amortisation per the Combined and Consolidated Cashflow Statement for April 2020 and April 2019 is £10,394,000 and £6,036,000 (see preceding table and notes 8 and 9). Following the entering of a sublease over space at the Group's head office premises (with another Horizon Group entity as undertenant) effective 1 May 2020, these recharges have ceased.

The following table shows Underlying EBITDA that reconciles to the consolidated results of the Group.

	Note	Year ended 30 April			Six month period ended 31 October	
		2018	2019	2020	2019	2020
		£'000	£'000	£'000	£'000	£'000
					<i>Unaudited</i>	
Underlying EBITDA.....		18,977	22,741	44,403	15,046	41,213
Depreciation and amortisation.....		(2,060)	(5,500)	(9,868)	(4,917)	(5,717)
Non-recurring items	4	(1,409)	(3,270)	(1,427)	(388)	(1,773)
Group Operating profit/(loss).....		15,508	13,971	33,108	9,741	33,723
Finance income	5	399	847	942	826	356
Finance expense	5	–	(898)	(2,275)	(1,189)	(1,089)
Profit/(loss) before taxation.....		15,907	13,920	31,775	9,378	32,990
Taxation (charge)	7	(50)	(325)	(1,077)	(580)	(5,150)
Profit for the year.....		15,857	13,595	30,698	8,798	27,840

3. OPERATING PROFIT

Nature of expenses charged/(credited) to operating profit from continuing operations:

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Depreciation and amounts written off property, plant and equipment:					
– owned assets*	752	1,199	1,384	731	925
– leased assets	–	–	2,123	1,066	1,067
Amortisation of intangible fixed assets*	1,308	4,301	6,361	3,120	3,725
Foreign exchange loss/(gain)	62	56	35	55	(91)
Gain on disposal of property, plant and equipment and intangible assets	–	–	(4)	–	–
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	–	64	163	64	14
Auditors' remuneration:					
Total expense for audit services pursuant to legislation:					
– fees to Auditors for the Group audit	–	–	–	–	–
– fees to Auditors firms and associates for local statutory and Group reporting audits	58	108	170	–	–
Total audit fees expense	58	108	170	–	–
Fees to PwC LLP firms and associates for other services:					
– Audit related assurance services	–	–	–	–	–
– Tax advisory services	–	4	18	11	14
– Tax compliance	13	15	14	10	1
– Other assurance services**	–	–	–	–	900
– Other non-audit services***	–	5	18	3	259
	13	24	50	24	1,174

* Depreciation and amortisation as charged in the income statement after recharges to other Horizon Group entities.

** Other assurance services includes admission related transaction costs.

*** Other non-audit services for the period to October 2020 relate to services provided in connection with the securing of external financing.

The total auditors' remuneration to PwC firms and associates included above are £1,174,000 (2020: £220,000; 2019: £132,000; 2018: £71,000).

4. NON-RECURRING ITEMS

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
M&A activity-related items					
Recognition and remeasurement of pension indemnity	–	–	2,303	–	(1,537)
Other M&A activity-related items	–	(1,582)	–	–	–
Other items					
Office relocation costs	(452)	(197)	–	–	–
Brand transformation	(484)	–	–	–	–
IT infrastructure cloud migration	–	(978)	–	–	–
Restructuring costs	(383)	(513)	(903)	(373)	–
Pension provision	–	–	(2,800)	–	2,086
Admission related transaction costs	–	–	–	–	(2,322)
Other	(90)	–	(27)	(15)	–
Total adjustments made to operating profit	(1,409)	(3,270)	(1,427)	(388)	(1,773)

Non-recurring items

Other M&A activity-related items relate to completed transaction costs and include advisory, legal, accounting, valuation and other professional or consulting services as well as acquisition-related remuneration and directly attributable integration costs associated with the acquisition of Greetz.

Office relocation costs relate to costs incurred during the move to the Group's new headquarters and the cost of dual running two headquarters for part of the year.

Restructuring costs in 2018 relate to costs arising from the restructure of parts of the senior leadership team. Restructuring costs in 2019 and 2020 relate to the reorganisation of the Group's operating model. This is one programme that has bridged two financial years therefore the Group has continued to present these costs as non-recurring.

IT infrastructure costs relate to the migration of physical servers to the Cloud. This included the project management and dual running costs during the transition.

Brand transformation costs in 2018 relate to a work performed to modify the Moonpig brand. This included a new logo, font and colour scheme.

Pension provision costs relate to a potential exposure in the Netherlands requiring one of the Group's subsidiaries (Greetz B.V.) to bear a liability for historical contributions to an industry pension scheme. £2,800,000 of such costs were recognised as non-recurring in the year ended 30 April 2020. When the business was acquired, the Sale and Purchase Agreement included indemnification for costs associated with pensions capped at €3,000,000 and so an indemnification asset was recognised up to this cap in the year ended 30 April 2020, partially offsetting the provision charge. In December 2020, Greetz and the Retail 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. This represents an adjusting subsequent event and so £2,086,000 of the provision was released in the period ended 31 October 2020. The indemnification asset was correspondingly reduced by £1,537,000. Only charges related to periods before Greetz was acquired by the Group have been treated as non-recurring.

Admission related transaction costs relate to securing the Senior Facilities Agreement and various admission related activities, including professional fees associated with the corporate reorganisation.

Cash paid in relation to non-recurring items in the year of £930,000 (2019: £3,270,000, 2018: £1,409,000) relates to M&A activity-related items and restructuring costs.

5. FINANCE INCOME AND COSTS

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Bank interest receivable	–	3	6	–	–
Interest receivable from other Horizon					
Group entities	399	844	936	826	356
Total finance income	399	847	942	826	356
	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Interest payable on leases (see note 14).....	–	–	880	455	397
Bank interest payable	–	12	21	13	19
Interest payable to other Horizon					
Group entities	–	886	1,374	721	673
Total finance costs	–	898	2,275	1,189	1,089
Net finance income/(costs)	399	(51)	(1,333)	(363)	(733)

6. EMPLOYEE BENEFIT COSTS

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Wages and salaries	10,194	13,836	17,357	8,847	10,499
Social security costs	1,084	2,058	3,044	1,340	1,676
Other pension costs*	174	481	4,258	335	(2,410)
Total Employee Benefit costs.....	11,452	16,375	24,659	10,522	9,765

* Includes provision for potential pension liabilities. See Note 4 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 combined and consolidated income statement.

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Directors' emoluments					
Aggregate emoluments in respect of					
qualifying services*	205	123	1,288	495	779
Pension costs	3	3	21	10	11
Health care costs	1	1	2	1	3
	209	127	1,311	506	793
The number of directors to whom retirement benefits are accruing under money purchase pension schemes was:	2	2	3	3	3

* Prior to 1 September 2020, Directors' emoluments comprised recharges from Horizon Bidco Limited (which is not part of the Group). These will not be representative of future Directors costs.

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
The amounts in respect of the highest paid director are as follows:					
Aggregate emoluments in respect of					
qualifying services	127	83	926	349	564
Pension costs	2	2	14	7	7
Health care costs	—	—	1	—	2
	129	85	941	356	573

7. TAXATION

(a) *Tax on gain on ordinary activities*

	Year ended 30 April			Six months ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000	£'000
				<i>Unaudited</i>	
The tax charge is made up as follows:					
Current tax:					
UK corporation tax on profit					
for the year	—	—	1,017	320	4,825
Foreign tax charge	214	212	5	4	161
Adjustment in respect of prior					
years.....	—	—	(132)	—	—
Total current tax.....	214	212	890	324	4,986
Deferred tax:					
Origination and reversal of temporary					
differences	(179)	113	(298)	(211)	164
Impact of changes in tax law and					
rates.....	15	—	485	467	—
Total deferred tax	(164)	113	187	256	164
Total tax charge for year	50	325	1,077	580	5,150
The tax charge in the income statement					
is disclosed as follows:					
Tax charge on continuing					
operations	50	325	1,077	580	5,150
Total tax charge for year	50	325	1,077	580	5,150

- (b) The tax assessed for the year differs from the standard UK rate of corporation tax applicable of 19.00% (2019: 19.00%). The differences are explained below:

	Year ended 30 April			Six months ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Profit before taxation.....	15,907	13,920	31,775	9,378	32,990
Profit on ordinary activities multiplied by the UK tax rate.....	3,022	2,645	6,037	1,782	6,268
Effects of:					
Expenses not deductible for tax purposes.....	29	697	177	73	167
Non-taxable income	(480)	(401)	(274)	(99)	(300)
Group relief from other Horizon Group entities	(2,718)	(3,133)	(5,115)	(1,577)	(1,270)
Effect of higher tax rates in overseas territories.....	215	186	45	(66)	105
Tax under/(over) provided in previous years.....	(33)	349	(271)	—	—
Change in UK deferred tax rate	15	—	18	—	—
Change in overseas deferred tax rate	—	—	467	467	—
Other permanent differences	—	(18)	(7)	—	180
Total tax charge for year	50	325	1,077	580	5,150

Taxation for other jurisdictions is calculated at the rates prevailing in each jurisdiction.

- (c) **Deferred tax**

	Combined and consolidated statement of financial position				31 October 2020 Amounts to be settled	
	30 April			31 October		
	2018	2019	2020	2020	Within 12 months	More than 12 months
	£'000	£'000	£'000	£'000	£'000	£'000
Deferred tax relates to following:						
Decelerated/(Accelerated) capital allowances.....	57	(297)	(388)	(439)	—	(439)
Amortisation of intangible assets	—	(4,036)	(3,741)	(3,704)	(525)	(3,179)
Tax losses carried forward.....	—	1,657	1,233	981	981	—
Other timing differences.....	6	10	29	29	—	29
Net deferred tax liability	63	(2,666)	(2,867)	(3,133)	456	(3,589)

Combined and consolidated statement of profit and loss

	Year ended 30 April			Six months ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 <i>Unaudited</i>	£'000
Deferred tax relates to following:					
Decelerated/(Accelerated)					
capital allowances.....	(158)	360	90	55	50
Amortisation of intangible assets	–	(360)	(295)	(206)	(192)
Tax losses carried forward.....	–	(9)	409	411	306
Other timing differences.....	(6)	122	(17)	(4)	–
Deferred tax (expense)/benefit	(164)	113	187	256	164

The Finance Act 2015 reduces the UK corporation tax rate to 19% with effect from 1 April 2018. The Finance Act 2017 received Royal Assent on 15 September 2017 and, this reduces the UK corporation tax rate to 17% with effect from 1 April 2020. However, this change in rate was revoked by Finance Act 2020, and the 19% rate remained in place from 1 April 2020. Deferred tax has been measured using the rates substantively enacted at 30 April 2020, taking account of when the temporary difference is expected to reverse.

The Group is also subject to Dutch Corporate Income Tax (CIT) at a rate of 25%. In November 2019, it was announced that the main rate of Dutch CIT was to reduce to 21.7% from 2021. However, in September 2020 the planned reduction of the CIT to 21.7% was cancelled due to the COVID 19 pandemic, and it was announced that CIT would remain at 25%. Deferred tax has been measured using the rates substantively enacted at the reporting dates, taking account of when the temporary difference is expected to reverse.

(d) **Reconciliation of deferred tax**

Deferred tax liabilities	Amortisation of intangible assets	Other	Total
	£'000s	£'000s	£'000s
At 1 May 2017.....	–	(101)	(101)
Credited/(charged) to the income statement.....	–	164	164
At 30 April 2018	–	63	63
Credited/(charged) to the income statement.....	360	(360)	–
Acquisition	(4,540)	–	(4,540)
Other	144	–	144
At 30 April 2019	(4,036)	(297)	(4,333)
Credited/(charged) to the income statement.....	295	(90)	205
Other	–	(2)	(2)
At 30 April 2020	(3,741)	(389)	(4,130)
Credited/(charged) to the income statement.....	192	(50)	142
Other	(155)	–	(155)
At 31 October 2020	(3,704)	(439)	(4,143)

Deferred tax assets	Tax losses carried forward	Other	Total
	£'000s	£'000s	£'000s
At 1 May 2017.....	—	—	—
Credited/(charged) to the income statement.....	—	—	—
At 30 April 2018	—	—	—
Credited/(charged) to the income statement.....	9	(122)	(113)
Acquisition.....	1,648	—	1,648
R&D tax asset.....	—	132	132
At 30 April 2019	1,657	10	1667
Credited/(charged) to the income statement.....	(409)	17	(392)
Other	(15)	2	(13)
At 30 April 2020	1,233	29	1,262
Credited/(charged) to the income statement.....	(306)	—	(306)
Other	54	—	54
At 31 October 2020	981	29	1,010

8. INTANGIBLE ASSETS

	Goodwill	Trademark	Technology and capitalised development costs	Customer database	Software	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
1 May 2017	3,771	205	5,156	260	1,001	—	10,393
Additions	—	—	2,847	—	270	—	3,117
Disposals	(3,771)	(205)	(2,400)	(260)	(647)	—	(7,283)
30 April 2018	—	—	5,603	—	624	—	6,227
Accumulated amortisation and impairment							
1 May 2017	3,771	205	3,282	260	769	—	8,287
Charge for the year.....	—	—	1,168	—	142	—	1,310
Disposals	(3,771)	(205)	(2,399)	(260)	(647)	—	(7,282)
30 April 2018	—	—	2,051	—	264	—	2,315
Net book value							
30 April 2018	—	—	3,552	—	360	—	3,912
Cost							
1 May 2018	—	—	5,603	—	624	—	6,227
Acquisitions.....	6,636	8,933	127	15,672	48	1,617	33,033
Additions	—	—	4,104	—	14	—	4,118
Foreign exchange	(225)	(303)	—	(549)	(10)	(56)	(1,143)
30 April 2019	6,411	8,630	9,834	15,123	676	1,561	42,235
Accumulated amortisation and impairment							
1 May 2018	—	—	2,051	—	264	—	2,315
Charge for the year.....	—	575	2,057	1,050	155	520	4,357
Foreign exchange	—	—	—	(24)	(7)	—	(31)
30 April 2019	—	575	4,108	1,026	412	520	6,641
Net book value							
30 April 2019	6,411	8,055	5,726	14,097	264	1,041	35,594

	Goodwill	Trademark	Technology and capitalised development costs	Customer database	Software	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'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	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
Charge for the year	–	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	–	1,449	5,994	2,609	238	1,311	11,601
Net book value							
30 April 2020	6,459	7,250	8,933	12,632	315	262	35,851
Cost							
1 May 2020	6,459	8,699	14,927	15,241	553	1,573	47,452
Additions	–	105	3,790	–	121	–	4,016
Foreign exchange	246	331	7	599	10	60	1,253
31 October 2020	6,705	9,135	18,724	15,840	684	1,633	52,721
Accumulated amortisation and impairment							
1 May 2020	–	1,449	5,994	2,609	238	1,311	11,601
Charge for the year	–	455	2,124	820	55	274	3,728
Foreign exchange	–	53	5	116	9	48	231
31 October 2020	–	1,957	8,123	3,545	302	1,633	15,560
Net book value							
31 October 2020	6,705	7,178	10,601	12,295	382	–	37,161

(a) **Goodwill**

Goodwill of £6,459,000 (2019: £6,411,000) is included in intangible assets in the balance sheet relate to the acquisition of Greetz in 2019, recognised within the Greetz CGU.

(b) **Trademarks with finite lives**

Included in the net book value of trademarks are trademarks relating to the acquisition of Greetz with finite lives amounting to £8,933,000 on acquisition. The remaining UEL at 31 October 2020 on the trademark is 7 years 10 months.

(c) **Technology and capitalised development costs**

Included in Technology and capitalised development costs are internally developed assets with a carrying value of £10,601,000 (30 April 2020: £8,933,000, 2019: £5,726,000, 2018: £3,552,000). 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.

(d) **Customer database**

Customer database relates to the valuation of existing customer relationships held by Greetz on acquisition. The net book value included above is £12,295,000 (30 April 2020: £12,632,000; 30 April 2019: £14,097,000; 30 April 2018: £nil). The remaining UEL at 31 October 2020 on the customer database is 9 years 10 months.

(e) **Software**

Software intangible assets include accounting and marketing software purchased by the Group.

(f) **Other**

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

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 performs its annual test for impairment as at 31 January. At 31 October 2020, there were no indicators of impairment identified therefore no impairment test has been conducted. The cash flow projections used in determining value in use of each cash generating unit ('CGU') are based on the annual budget and the approved Group plan for the three years following the current financial year, with an extension of 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. The long-term growth rate is used purely for the impairment testing of goodwill under IAS 36 Impairment of Assets and does not reflect long-term planning assumptions used by the Group for investment proposals or for any other assessments.

Value in use assumptions

The table below shows key assumptions used in the value in use calculations.

	30 April 2018	30 April 2019	30 April 2020
Moonpig CGU			
Approximate pre-tax discount rate	19.2%	15.1%	17.4%
Average medium-term revenue growth rate	9.4%	10.1%	13.7%
Long-term growth rate	2.0%	2.0%	2.0%
Greetz CGU			
Approximate pre-tax discount rate.....		19.6%	17.4%
Average medium-term revenue growth rate		23.8%	13.7%
Long-term growth rate		2.0%	2.0%

Discount rate

The Group uses a CGU specific discount rate based on a local Weighted Average Cost of Capital ("WACC") for each CGU, applying local government bond yields and tax rates to each CGU on a geographical basis. The discount rate applied to a CGU represents an approximate pre-tax rate that

reflects the market assessment of the time value of money as at 31 January 2020 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 lived intangible assets

At each reporting period date, the Group reviews the carrying amounts of other finite lived 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.

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold property	Plant and machinery	Fixtures and fittings	Leasehold improvements	Computer equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
1 May 2017	3,988	2,620	195	548	2,257	–	9,608
Additions	–	644	57	–	122	4,084	4,907
Disposals	–	(348)	(134)	(164)	(1,266)	–	(1,912)
30 April 2018.....	3,988	2,916	118	384	1,113	4,084	12,603
Accumulated depreciation and impairment							
1 May 2017	1,304	2,207	171	523	1,691	–	5,896
Charge for the year.....	155	248	16	20	312	–	751
Disposals	–	(348)	(134)	(164)	(1,266)	–	(1,912)
30 April 2018.....	1,459	2,107	53	379	737	–	4,735
Net book value							
30 April 2018.....	2,529	809	65	5	376	4,084	7,868
Cost							
1 May 2018	3,988	2,916	118	384	1,113	4,084	12,603
Acquisitions.....	–	1,143	38	304	875	–	2,360
Additions	–	715	614	88	387	–	1,804
Transfers.....	11	–	250	3,580	243	(4,084)	–
Foreign exchange	–	(41)	(1)	(19)	(32)	–	(93)
30 April 2019.....	3,999	4,733	1,019	4,337	2,586	–	16,674
Accumulated depreciation and impairment							
1 May 2018	1,459	2,107	53	379	737	–	4,735
Acquisitions.....	–	763	28	297	574	–	1,662
Charge for the year.....	156	458	212	413	440	–	1,679
Foreign exchange	–	(27)	–	(11)	(21)	–	(59)
30 April 2019.....	1,615	3,301	293	1,078	1,730	–	8,017
Net book value							
30 April 2019.....	2,384	1,432	726	3,259	856	–	8,657

	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
Cost							
30 April 2019	3,999	4,733	1,019	4,337	2,586	–	16,674
Accounting policy change*	–	1,205	–	11,680	–	–	12,885
1 May 2019	3,999	5,938	1,019	16,017	2,586	–	29,559
Additions – separately acquired	–	884	(9)	93	268	–	1,236
Additions – Right-of-Use.....	–	20	–	175	–	–	195
Disposals	–	(243)	(40)	(288)	(737)	–	(1,308)
Foreign exchange	–	12	–	8	6	–	26
30 April 2020	3,999	6,611	970	16,005	2,123	–	29,708
Accumulated depreciation and impairment							
1 May 2019	1,615	3,301	293	1,078	1,730	–	8,017
Charge for the year.....	157	554	236	484	420	–	1,851
Charge for the year – Right-of-Use.....	–	382	–	1,741	–	–	2,123
Disposals	–	(74)	(40)	(288)	(736)	–	(1,138)
Foreign exchange	–	4	–	–	3	–	7
30 April 2020	1,772	4,167	489	3,015	1,417	–	10,860
Net book value							
30 April 2020	2,227	2,444	481	12,990	706	–	18,848

* Relates to the IFRS 16 transition adjustment (note 24)

	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
Cost							
1 May 2020	3,999	6,611	970	16,005	2,123	–	29,708
Additions – separately acquired	–	758	53	3	202	–	1,016
Additions – Right-of-Use.....	–	–	–	90	–	–	90
Disposals	–	(7)	(1)	–	(43)	–	(51)
Foreign exchange	–	97	1	82	40	–	220
31 October 2020	3,999	7,459	1,023	16,180	2,322	–	30,983
Accumulated depreciation and impairment							
1 May 2020	1,772	4,167	489	3,015	1,417	–	10,860
Charge for the year.....	80	297	118	228	199	–	922
Charge for the year – Right-of-Use.....	–	160	–	907	–	–	1,067
Disposals	–	(7)	(1)	–	(43)	–	(51)
Foreign exchange	–	47	1	40	28	–	116
31 October 2020	1,852	4,664	607	4,190	1,601	–	12,914
Net book value							
31 October 2020	2,147	2,795	416	11,990	721	–	18,069

10. INVENTORIES

	30 April			31 October 2020
	2018	2019	2020	
	£'000	£'000	£'000	£'000
Raw materials and consumables	660	1,868	2,089	2,526
Finished goods	976	841	953	3,847
Total inventory	1,636	2,709	3,042	6,373
<i>Less: Provision for write off of:</i>				
– raw materials and consumables	–	–	(92)	(177)
– finished goods	–	–	(53)	(6)
Net inventory	1,636	2,709	2,897	6,190

The cost of inventories recognised as an expense and included in cost of sales during the period amounted to £22,294,000 (30 April: 2020: £32,054,000, 2019: £22,956,000, 2018: £13,027,000).

11. TRADE AND OTHER RECEIVABLES

	30 April			31 October 2020
	2018	2019	2020	
	£'000	£'000	£'000	£'000
Current:				
Trade receivables.....	606	614	320	297
Related party trade receivables from other Horizon Group entities	329	820	463	340
Less: loss allowance.....	–	(66)	(109)	(46)
Trade receivables – net	935	1,368	674	591
Other receivables.....	512	595	978	252
Prepayments	406	651	1,692	1,867
Loan receivables from other Horizon Group entities.....	5,046	24,732	34,819	43,421
	6,899	27,346	38,163	46,131

Loan receivables from related parties relate to the cash pooling arrangement with Horizon Group. Loans are repayable on demand and interest is accrued at market rates. Expected credit loss has been assessed in line with the Group's policy and was not material and no expected credit loss on the loan receivables from other Horizon Group entities has been recognised.

Other current receivables include rebates that relate to various suppliers and certain deposits.

	30 April			31 October 2020
	2018	2019	2020	
	£'000	£'000	£'000	£'000
Non-current:				
Other receivables.....	–	166	200	208

Other non-current receivables relate to security deposits in connection with leased property. The majority of receivables are held in order to collect contractual cash flows, in accordance with the Group's business model for managing financial assets, and hence are measured at amortised cost.

The movements in the allowance account are as follows:

	30 April			31 October
	2018	2019	2020	2020
	£'000	£'000	£'000	£'000
At 1 May/1 November	—	—	66	109
Acquired.....	—	48	—	—
Charge for the year.....	—	23	68	—
Utilised	—	(6)	(1)	—
Released	—	—	(24)	(68)
Foreign exchange	—	1	—	5
At 30 April / 31 October	—	66	109	46

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 aging 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.

Prior to the adoption of IFRS 9 on 1 May 2018, loans and receivables were stated net of allowances for estimated irrecoverable amounts due to the identification of a loss event (the incurred loss method).

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 SEPA) executed over the internet, with the vast majority of receipts reaching the bank accounts in 1 to 2 days.

At 31 October 2020, the Group had net trade receivables of £591,000 (2020: £674,000; 2019: £1,368,000; 2018: £935,000). Trade receivables are reviewed regularly for any risk of impairment and provisions are booked where necessary. At 31 October 2020, the Group had nil (2020: nil; 2019: nil; 2018: nil) customers that owed the group more than £250,000.

The maximum exposure to credit risk is the trade receivable balance at the year end. The Group has assessed its exposure below:

Trade receivables aging

	30 April			31 October
	2018	2019	2020	2020
	£'000	£'000	£'000	£'000
Up to 30 days	606	427	193	129
Past due but not impaired:				
30 to 90 days	329	744	524	463
More than 90 days.....	—	263	66	45
Gross.....	935	1,434	783	637
Less: allowable for impairment	—	(66)	(109)	(46)
Net Trade Receivables	935	1,368	674	591

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 the short-term duration of the majority of trade and other receivables.

12. CASH AND CASH EQUIVALENTS

	30 April			31 October
	2018	2019	2020	2020
	£'000	£'000	£'000	£'000
Cash and bank balances	1,194	750	8,960	4,594
Cash equivalents	841	1,396	3,119	2,702
Total Cash and Cash equivalents.....	2,035	2,146	12,079	7,296

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 the functional currency of the subsidiary undertaking or other currencies as shown below:

	30 April			31 October
	2018	2019	2020	2020
	£'000	£'000	£'000	£'000
Functional currency.....	2,035	1,184	2,986	1,819
Euro	—	962	9,093	5,477
	2,035	2,146	12,079	7,296

13. 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 combined and 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.

Invested capital

Invested capital represents the total equity of the Group.

Ordinary share capital

Ordinary share capital represents three ordinary shares with par value of £1.

Share premium

Share premium represents £251,362,000 paid in excess of par value of the ordinary shares.

Merger reserve

Merger reserve brought forward relates to the merger reserve arising from the Group reorganisation accounted for under common control merger reserve accounting.

Translation reserve

The 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.

14. BORROWINGS

The Group's sources of borrowing for funding and liquidity purposes come from a range of committed facilities with Horizon Group entities. Liabilities arising from the Group's lease arrangements are also reported in borrowings.

	30 April			31 October
	2018	2019	2020	2020
	£'000	£'000	£'000	£'000
Current				
Lease liabilities.....	—	—	2,224	2,331
Related party loan payables to other				
Horizon Group entities.....	—	25,096	26,722	25,548
Non-current				
Lease liabilities.....	—	—	11,482	10,341
Shareholder loan notes	—	146	—	—
Total borrowings	—	25,242	40,428	38,220

Current borrowings of related party loans from other Horizon Group entities, per the balance sheet, include interest payable £2,933,000 (€3,316,000) at 31 October 2020, (£2,260,000 (€2,574,000) at 30 April 2020, £886,000 (€1,022,000) at 30 April 2019, £Nil at 30 April 2018).

The fair value of the Group's financial assets and financial liabilities held at amortised cost approximate their fair value due to the short-term duration of the current loan payables.

Shareholder loan notes totalling £155,000 (€169,000) were repaid in August 2019.

Borrowings are repayable as follows:

Per the balance sheet

	30 April			31 October
	2018	2019	2020	2020
	£'000	£'000	£'000	£'000
Within one year*	—	25,096	26,722	25,548
Within one and two years.....	—	146	—	—
Within two and three years	—	—	—	—
Within three and four years.....	—	—	—	—
Within four and five years	—	—	—	—
Beyond five years.....	—	—	—	—
Total borrowings	—	25,242	26,722	25,548

* This includes related party loans from other Horizon Group entities which are repayable on demand. Interest is accrued based on market rates pegged to the rates of Horizon Group's external borrowings. There is no material difference between the above amounts for related party loans and their fair value due to the short-term duration.

Lease liabilities are repayable as follows:

	30 April			31 October 2020
	2018	2019	2020	
	£'000	£'000	£'000	£'000
Within one year	—	—	2,974	3,013
Within one and two years.....	—	—	2,793	2,495
Within two and three years	—	—	2,225	2,024
Within three and four years.....	—	—	1,928	1,926
Within four and five years	—	—	1,926	1,926
Beyond five years.....	—	—	4,653	3,691
	—	—	16,499	15,075
Effect of discounting	—	—	(2,793)	(2,403)
Total lease liability.....	—	—	13,706	12,672

The Group defines net debt* as follows:

	30 April			31 October 2020
	2018	2019	2020	
	£'000	£'000	£'000	£'000
Borrowings	—	25,242	26,722	25,548
Lease liabilities.....	—	—	13,706	12,672
Cash and cash equivalents	(2,035)	(2,146)	(12,079)	(7,296)
Group net debt	(2,035)	23,096	28,349	30,924

* Non-GAAP reporting definition only.

The movements in net debt are presented below along with a reconciliation to the financing activities in the Group Cash Flow Statement:

	Borrowings	Lease liabilities	Cash and cash equivalents	Total
	£'000	£'000	£'000	£'000
Opening balance	—	—	(3,755)	(3,755)
Cash Flow.....	—	—	1,720	1,720
Foreign Exchange.....	—	—	—	—
Fair value and other	—	—	—	—
30 April 2018.....	—	—	(2,035)	(2,035)
Cash Flow.....	24,367	—	(206)	24,161
Foreign exchange	(11)	—	95	84
Interest ¹	886	—	—	886
30 April 2019.....	25,242	—	(2,146)	23,096
Accounting policy change	—	15,128	—	15,128
Cash Flow.....	(67)	(2,501)	(10,001)	(12,569)
Foreign Exchange.....	173	4	68	245
Interest and other ²	1,374	1,075	—	2,449
30 April 2020.....	26,722	13,706	(12,079)	28,349
Cash Flow ³	(2,859)	(1,506)	5,128	763
Foreign Exchange.....	1,012	75	(345)	742
Interest and other.....	673	397	—	1,070
30 October 2020.....	25,548	12,672	(7,296)	30,924

1 Other movements in borrowings in 2019 and 2020 comprise of Interest.

2 Other movements in lease liabilities in April 2020 comprise additions of £195,000 and Interest of £880,000, October 2020 Interest of £397,000.

3 Total cash outflows related to leases for October 2020 amounted to £1,506,000 (April 2020: £2,501,000; October 2019: £1,109,000). Please refer to note 3 for expense relating to short-term leases recognise in the Combined and Consolidated Income Statement.

15. TRADE AND OTHER PAYABLES

	30 April			31 October
	2018	2019	2020	2020
	£'000	£'000	£'000	£'000
Current				
Trade payables.....	4,148	7,022	7,609	6,181
Other payables.....	—	790	1,737	1,551
Other taxation and social security.....	983	1,538	6,017	1,844
Accruals.....	4,375	6,456	13,792	17,262
Trade payables to other Horizon Group entities	310	2,675	5,812	3,731
	9,816	18,481	34,967	30,569
Non-current				
Other payables.....	686	6,254	—	—

Current other payables consist of amounts relating to the following:

- The amount at 30 April 2019 relates to estimated costs for rates for one of the Group's offices (£675,000) and amounts to be settled with one of the Group's shipping providers (£115,000).
- The amount at 31 October 2020 relates to the deferred consideration payable in relation to the Greetz acquisition £1,528,000 (April 2020: £1,737,000).

Other payables greater than 1 year consist of amounts relating to the follow:

- The amount at 30 April 2018 relates to rent free period accrual for one of the Group's offices (£686,000).
- The amount at 30 April 2019 relates to rent free period accrual for one of the Group's offices (£2,259,000) and deferred consideration payable in relation to the Greetz acquisition during the period (£3,995,000).

Movement in Trade payables to other Horizon Group entities in April 2020 includes a non-cash settlement from dividends declared of £25,527,000, prior to the incorporation of the Cards Holdco Limited entity.

Trade and other payables are predominantly denominated in the functional currencies of subsidiary undertakings.

There is no material difference between the above amounts for trade and other payables and their fair value due to the short-term duration of the majority of trade and other payables.

Contractual maturity profile

For 30 April 2018, 2019, 2020 and 31 October 2020, current payables have a contractual maturity of less than 12 months.

For 30 April 2018, 2019, 2020 and 31 October 2020, non-current payables have a contractual maturity of between 1 to 2 years.

16. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Restructuring provision	Dilapidations provision	Pension provisions	Other provisions	Total
	£'000	£'000	£'000	£'000	£'000
At 1 May 2017	–	422	–	–	422
Charge for the year.....	–	816	–	350	1,166
Release of provision in the year.....	–	(334)	–	–	(334)
At 30 April 2018	–	904	–	350	1,254
Charge for the year.....	–	–	–	319	319
Utilisation	–	(88)	–	(401)	(489)
At 30 April 2019	–	816	–	268	1,084
Charge for the year.....	928	–	3,327	105	4,360
Utilisation	(928)	–	–	(110)	(1,038)
Release of provision in the year.....	–	–	–	(263)	(263)
Foreign exchange	–	–	(24)	–	(24)
At 30 April 2020	–	816	3,303	–	4,119
Charge for the year.....	–	91	261	–	352
Release of provision in the year.....	–	–	(2,800)	–	(2,800)
Foreign exchange	–	(1)	140	–	139
At 31 October 2020	–	906	904	–	1,810

Restructuring provision costs relates to items discussed in note 4. Other provisions related to various litigation matters.

17. CONTRACT LIABILITIES

In all material respects current deferred income at 1 May 2018 and 1 May 2019 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. FINANCIAL RISK MANAGEMENT

The Group manages its financial risks in line with the classification of its financial assets and liabilities in the Group's balance sheet and related notes. The management of specific risks is dealt with as follows:

	30 April			31 October
	2018	2019	2020	2020
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets at amortised cost:				
Trade and other receivables*	6,493	26,695	36,471	44,264
Cash	2,035	2,146	12,079	7,296
	8,528	28,841	48,550	51,560
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables	8,833	16,943	28,950	28,725
Interest-bearing loans and borrowings:				
Obligations under leases	–	–	13,706	12,672
Related party borrowings.....	–	25,096	26,722	25,548
Shareholder loan notes.....	–	146	–	–
	8,833	42,185	69,378	66,945

* excluding prepayments

There is no difference between the fair value and carrying values of the financial assets and liabilities.

Management of financial risks

Capital risk

The Group's objectives when managing capital (defined as net debt plus equity) are to safeguard our ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, while optimising returns to shareholders through an appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it with respect to changes in economic conditions and our strategic objectives.

Liquidity risk

The Group manages its exposure to liquidity risk by reviewing cash resources required to meet business objectives through both short and long-term cash flow forecasts. The Group has committed facilities which are available to be drawn for general corporate purposes including working capital (refer to note 25 "Subsequent Events"). The Group finance function has responsibility for optimising the level of cash across the business.

Borrowings from related parties are repayable on demand however the Horizon Group has confirmed that it does not intend to recall the loans.

Credit risk

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 11 and to cash and cash equivalents in note 12. The carrying amounts of trade receivables and cash and cash equivalents shown in those notes represent the Group's maximum exposure to credit risk.

Interest rate risk

Interest rate risk the risk that the Group is impacted from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings from other Horizon Group entities.

The Group regularly reviews forecast debt, cash and cash equivalents and interest rates to monitor this risk. Interest rates on debt and deposits are fixed when management decides this is appropriate.

Foreign currency 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 cashflows in each respective currencies to services its 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 31 October 2020 and 30 April 2020, these exposures were not material to the Group.

Fair value estimation

The fair values of financial assets and liabilities, are assumed to approximate their book values.

Market risk sensitivity analysis

The sensitivity analysis assumes reasonable movements in foreign exchange before the effect of tax. The Group considers a reasonable movement in sterling/Euro exchange rates of 10%, reflecting changes of reasonable proportion in the context of movement in those currency pairs over the last year.

This is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management assessment of the reasonably possible change in foreign exchange rates.

The following table shows the illustrative effect on equity resulting from changes in Sterling/Euro exchange rates:

	Year ended 30 April			Impact on profit or loss before tax Six months ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000 (unaudited)	£'000
+ 10% strengthening of Euro	—	(259)	467	(155)	9
- 10% weakening of Euro	—	317	(467)	190	(64)

19. BUSINESS COMBINATIONS, DISPOSALS AND OTHER CHANGES IN THE GROUP

Acquisition of Venspro B.V

On 30 August 2018, Horizon Bidco B.V, a member of the Group, acquired 100% of the share capital of Venspro B.V and its subsidiaries (“Greetz”), a Dutch greeting card and personalised gift e-commerce retailer.

Assets acquired and liabilities assumed

	Note	Fair value recognised on acquisition £'000
Cash consideration		25,064
Deferred consideration		4,136
Total consideration		29,200
Assets		
Intangible assets	8	26,397
Tangible fixed assets	9	950
Cash and cash equivalents		840
Trade and other receivables		387
Inventories		1,076
Other assets		139
Liabilities		
Trade and other payables		(3,993)
Current income tax payable		(398)
Deferred tax liabilities		(2,834)
Net identifiable assets acquired		22,564
Goodwill		6,636
Total		29,200

Goodwill has been allocated to the Greetz CGU. The goodwill on acquisition of the business represents the value derived from future incremental profitability over and above that which existed at the time of the

acquisition, including synergies and cost savings through economies of scale. None of the goodwill recognised is deductible for income tax purposes.

From the date of acquisition to 30 April 2019, the Venspro B.V group contributed £23,502,000 of revenue and loss before tax of £617,000 to the Group. If the acquisition had occurred on 1 May 2018, it is estimated that the acquisition would have contributed £34,625,000 of revenue and a loss before tax of £1,101,000 to the Group.

Deferred consideration has been recognised based on the Sale and Purchase Agreement discounted back to its present value (note 15).

The Sale and Purchase Agreement included indemnification for costs associated with pensions capped at €3,000,000. As detailed in note 16, the Group provided for a potential obligation to contribute to the Retail Pension Fund, an industry pension funds in the Netherlands, during the year ended 30 April 2020. This was partially offset by the recognition of the indemnification asset for further details refer to note 4. At the time of the acquisition the exposure was sufficiently remote such that no provision has been reflected in the acquired net assets disclosed above.

Transaction costs of £1,883,942 were expensed in the period to 30 April 2019 as non-recurring items (note 4). For further details refer to note 4.

20. COMMITMENTS AND CONTINGENCIES

(a) *Contingencies*

Group companies, have given a guarantee in respect of the bank borrowings of the Horizon Group which amounted to £271,509,000 as at 31 October 2020 (30 April 2020: £263,568,000, 2019: £262,004,000, 2018: £244,110,000).

(b) *Operating lease commitments*

The Group leased various premises and machinery under non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 April			As at 31 October 2020
	2018	2019	2020	
	£'000	£'000	£'000	£'000
No later than 1 year	21	2,440	—	—
Later than 1 year and no later than 5 years	8,971	9,310	—	—
Later than 5 years	6,935	6,579	—	—
	15,927	18,329	—	—

From 1 May 2019, the group has recognised right-of-use assets and liabilities for these leases.

21. EARNINGS PER SHARE

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	As at 30 April 2020	As at 31 October 2020
	£'000	£'000
Profit for the year	30,698	27,840
Weighted average number of ordinary shares for basic EPS	3	3
Basic EPS	10,233	9,280

As the Group was not a legal group until 9 April 2020 there are no ordinary shares entitled to a share of income in earlier periods. The Group had no potential dilutive shares and so basic EPS was equal to diluted EPS.

22. GROUP EMPLOYEES

The average monthly number of employees (including directors) during the year by segment was made up as follows:

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number Unaudited</i>	<i>Number</i>
Moonpig	196	189	220	210	245
Greetz	120	145	165	163	155
Other	—	—	—	—	3
	316	334	385	373	403
Directors (included above)	2	2	3	3	3

23. RELATED PARTY TRANSACTIONS

Transactions with related parties

The Group has transacted with other Horizon Group entities which is presented below.

	Year ended 30 April			6 month period ended 31 October	
	2018	2019	2020	2019	2020
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000 Unaudited</i>	<i>£'000</i>
Revenues from other related parties ¹	3,669	5,449	3,242	2,349	1,171
Revenues from parent entities	5	19	—	—	—
Costs incurred from other related parties	13,590	17,620	10,794	6,239	3,573
Costs incurred from parent entities	1,363	1,591	1,158	449	530
Interest receivable from parent entities	399	844	936	826	356
Interest payable to parent entities	—	(886)	(1,374)	(721)	(673)

1 This includes £738,000 of related party income recognised within Other Income.

At the balance sheet date, the Group had the following balances with other Horizon Group entities:

	As at 30 April			As at
	2018	2019	2020	31 October 2020
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade receivables from other related parties	329	669	463	314
Trade receivables from parent entities	—	151	—	26
Other receivables from parent entities	5,046	24,732	34,819	43,421
Trade payables with other related parties	(310)	(1,389)	(3,776)	(1,562)
Trade payables with parent entities	—	(1,286)	(2,036)	(2,169)
Borrowings with parent entities	—	(25,096)	(26,722)	(25,548)

Amounts due to group undertakings are unsecured, have no fixed date or repayment and are repayable on demand. Interest is accrued on related party loans and borrowings based on market rates pegged to the rates of Horizon Group's external borrowings which range from 4.75% to 8.00%. 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 the Moonpig Group

	Year ended 30 April			Six month period ended 31 October	
	2018	2019	2020	2019	2020
	£'000	£'000	£'000	£'000	£'000
				<i>Unaudited</i>	
Short-term employee benefits*	205	123	1,288	495	779
Post-employment pension and medical benefits	4	4	23	11	14
Total compensation relating to Key Management personnel	209	127	1,311	506	793

* Prior to 1 September 2020, Directors' emoluments comprised recharges from Horizon Bidco Limited (which is not part of the Group). These will not be representative of future Directors costs.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to Key Management personnel. Key Management are deemed to be members of the Group with the authority and responsibility for planning, directing and controlling the activities of the Group. This includes the Chief Executive Officer, the Chief Financial Officer and any other director.

24. ACCOUNTING POLICY CHANGES

Adoption of new accounting standards effective 1 May 2019

Adoption of IFRS 16

With effect from 1 May 2019, the Group adopted IFRS 16 Leases via the modified-retrospective method with no revision of prior periods, as permitted by the Standard. In accordance with IFRS 16, the distinction between operating leases and finance leases has been removed.

The group has taken advantage of certain practical expedients available under the Standard including:

- 'grandfathering' previously recognised lease arrangements;
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- utilising previous assessments as to whether a lease is onerous prior to applying the Standard;
- applying hindsight in determining the lease term if the contract contains options to extend or terminate the lease; and
- not applying the capitalisation requirements of the Standard to leases for which the lease term ends within 12 months of the date of initial application.

After implementation, the group has adopted several practical expedients under the Standard including:

- not applying the requirements of IFRS 16 to leases of intangible assets;
- applying the portfolio approach where appropriate to do so;
- not applying the recognition and measurement requirements of IFRS 16 to short-term leases and to leases of low-value assets; and
- not separating non-lease components from lease components.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 May 2019 was 5.7%.

Measurement of lease liabilities

	£'000
Operating lease commitments disclosed as at 30 April 2019	18,657
Discounted using the lessee's incremental borrowing rate of at the date of initial application	15,192
(Less): short-term leases not recognised as a liability (expensed)	(64)
Lease liability recognised as at 1 May 2019	15,128
Of which:	
Current lease liabilities	1,594
Non-current lease liabilities	13,534

(iii) Measurement of right-of-use assets

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 May 2019.

(iv) Adjustments recognised in the balance sheet on 1 May 2019

The change in accounting policy affected the following items in the balance sheet on 1 May 2019:

	IFRS 16 right-of-use assets and lease liabilities	Derecognise IAS 17 rent accruals and prepayments	Total Impact
£'000	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment.....	12,885	—	12,885
Current assets			
Prepayments	—	(14)	(14)
Current liabilities			
Trade and other payables.....	—	2,257	2,257
Lease liabilities due within 1 year.....	(1,594)	—	(1,594)
Non-current liabilities			
Lease Liabilities due after 1 year	(13,534)	—	(13,534)
Net assets	(2,243)	2,243	—
Total Equity	(2,243)	2,243	—

Adoption of new accounting standards effective 1 May 2018

Adoption of IFRS 9

With effect from 1 May 2018, the Group has adopted IFRS 9 *Financial Instruments* via the modified-retrospective method with no restatement of prior periods, as permitted by the Standard.

The cumulative impact of adopting the Standard was not material therefore no adjustment was recognised on adoption. A simplified 'lifetime expected loss model' is available for balances arising as a result of revenue recognition, by applying a standard rate of provision on initial recognition of trade debtors based upon the Group's historical experience of credit loss modified by expectations of the future, and increasing this provision to take account of overdue receivables.

Adoption of IFRS 15

With effect from 1 May 2018, the Group has adopted IFRS 15 *Revenue from Contracts with Customers* via the modified-retrospective method with no restatement of prior periods, as permitted by the Standard.

IFRS 15 requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. The vast majority of the

Group's revenue is generated from the delivery of goods to customers representing a single performance obligation which is satisfied upon delivery of the relevant goods. Accordingly the cumulative impact of adopting the Standard was not material therefore no adjustment was recognised on adoption.

25. SUBSEQUENT EVENTS

Horizon Group reorganisation

On 8 January 2021, the Horizon Group Separation was completed where Cards Holdco Limited and its subsidiaries separated from Horizon Holdco Limited.

This separation 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.

The Horizon Group Separation resulted in the settlement of the Group's related party balances with the other Horizon Group entities. At the date of the transaction the total settlement was £25,500,000 of balances due to and £46,600,000 of balances due from related parties. The corresponding balances at 31 October 2020 were £25,500,000 and £40,100,000 respectively.

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 (Facility B) of £175,000,000. On 8 January 2021, Facility B was utilised in full and £0 was outstanding under the RCF, with fees of approximately £7,500,000 capitalised on the balance sheet. See further details below. The amount of £167,500,000 drawn net of fees was remitted to the Horizon Group in order to repay the Existing Facilities. Further steps in the reorganisation, above the Group result in no receivable due from the Horizon Group.

New Moonpig Group Debt Facility

On 7 January 2021, Titan Bidco Limited, one of the new intermediate holding companies of the Group, signed a Senior Facilities Agreement comprising of a sterling (GBP) Facility 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. Facility B has a term of 60 months and was paid to Horizon DebtCo Limited and used to refinance or otherwise discharge existing debt within the Horizon Group.

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. The RCF remains undrawn.

The 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 debt facility is subject to an EBITDA to Net Debt covenant of 4.50x until and including the year ending 30 April 2022, 4.0x until and including the year ending 30 April 2023 and 3.5x thereafter, tested quarterly, with EBITDA and Net Debt as defined in the Senior Facilities Agreement.

Legacy incentive plans

Subsequent to 31 October, share and cash based incentives have been awarded in relation to legacy Horizon Group compensation agreements for certain employees, senior management and Directors. In connection with the Horizon Group Separation, such shares have converted into separate awards for shares in Moonpig Group plc and other Horizon Group entities. It is anticipated that there will be a non-cash charge to the income statement for the year ending 30 April 2021 of approximately £26,000,000. Amendments to cash based incentive schemes are anticipated to result in a charge in the income statement for the year ending 30 April 2021 of approximately £2,000,000 with the cash being paid in the year ending 30 April 2022.

Other commitments

Subsequent to 31 October, the Group entered a financial commitment for flower related expenditure of £1,038,000 which is due within 1 year.

26. RELATED UNDERTAKINGS

A full list of all of the Group's subsidiaries is detailed below.

No subsidiaries are excluded from the Group consolidation. Unless otherwise stated the Company's subsidiaries all have share capital consisting solely of ordinary shares and are indirectly held. The percentage held by Group companies reflect both the proportion of nominal capital and voting rights unless otherwise stated.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Name of Company	Proportion of voting rights and shares directly held				% Equity interest			
	30 April			31 October 2020	30 April			31 October 2020
	2018	2019	2020		2018	2019	2020	
Subsidiaries:								
UK								
<i>Herbal House, 10 Back Hill, London, EC1R 5EN</i>								
Moonpig.com Limited	100%	100%	100%	100%	—	—	—	—
Netherlands								
<i>Laarderhoogtweg 20, 1101 EA, Amsterdam , Noord-Holland</i>								
Horizon Bidco B.V.	100%	100%	100%	100%	—	—	—	—
Venspro B.V.....	—	—	—	—	100%	100%	100%	100%
Greetz GmbH.....	—	—	—	—	100%	100%	100%	100%
Greetz Holding B.V.*.....	—	—	—	—	100%	100%	100%	—
Kartenhuis Internet Services B.V*.....	—	—	—	—	100%	100%	100%	—
Greetz Licencing B.V*.....	—	—	—	—	100%	100%	100%	—
Greetz B.V.	—	—	—	—	100%	100%	100%	100%
Greetz Base B.V.	—	—	—	—	100%	100%	100%	100%
Full Colour B.V.	—	—	—	—	100%	100%	100%	100%

* 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 Kartenhuis Internet Services B.V. and Greetz Licencing B.V. (the Disappearing Companies)
2. Venspro B.V. acquired, under universal title of succession, the assets and liabilities of Greetz Holding B.V. (the Disappearing Company)

As a result the Disappearing Companies ceased to exist and are no longer registered at the Dutch Companies House.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A: Accountants' Report in Respect of the Unaudited Pro Forma Financial Information



The Directors
Moonpig Group plc
10 Back Hill
London
EC1R 5EN

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
Canary Wharf
London
E14 5LB

2 February 2021

Dear Ladies and Gentlemen

Moonpig Group plc (the “Company”)

We report on the unaudited pro forma financial information (the “**Pro Forma Financial Information**”) set out in Section B of “Unaudited Pro Forma Financial Information” of the Company’s prospectus dated 2 February 2021 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the Horizon Group Separation, the refinancing, the and Pre-IPO Reorganisation, and the net proceeds of the Subscription Shares that are part of the Global Offering might have affected the financial information presented on the basis of the accounting policies adopted by Cards Holdco Limited in preparing the Historical Financial Information for the period ended 31 October 2020. This report is required by section 3 of Annex 20 to the PR Regulation and is given for the purpose of complying with that Prospectus Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Annex 20 of the PR Regulation.

It is our responsibility to form an opinion, as required by section 3 of Annex 20 to the PR Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the PR Regulation consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2 R(2)(f), we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Section B: Unaudited Pro Forma Financial Information

Unaudited pro forma statement of net assets as at 31 October 2020

The unaudited pro forma statement of net assets set out below (the “**Pro forma Financial Information**”) has been prepared to illustrate the impact on the Group’s net assets of (i) the Horizon Group Separation, (ii) the refinancing, (iii) the Pre-IPO Reorganisation and (iv) the net proceeds of the Subscription Shares that are part of the Global Offering, as if these events had occurred on 31 October 2020.

The Pro forma Financial Information is based on the historical financial information of the Group as at 31 October 2020 as set out in “*Historical Financial Information*”.

The Pro forma Financial Information has been prepared for illustrative purposes only, and by its nature, addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position following the matters referred to above. It may not therefore give a true picture of the Group’s financial position, nor is it indicative of the financial position that may be achieved in the future.

The Pro forma Financial Information has been prepared in accordance with the basis set out in the notes below, in a manner consistent with the IFRS accounting policies of the Group applied in preparing the historical financial information of the Group as at 31 October 2020 as set out in “*Historical Financial Information*”, and in accordance with the requirements of sections 1 and 2 of Annex 20 of the PR Regulation. It should be read in conjunction with the notes to the Pro forma Financial Information set out below.

The unaudited consolidated pro forma statement of net assets does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. Investors should read the whole of this document and not rely solely on the information in this “*Unaudited Pro Forma Financial Information*”.

Unaudited pro forma statement of net assets as at 31 October 2020

	Consolidated net assets of Cards Holdco Limited as at 31 October 2020 ⁽¹⁾	Adjustment				Pro Forma statement of net assets of the Group as at 31 October 2020
		Horizon Group Separation ⁽²⁾	Refinancing ⁽³⁾	Pre-IPO Reorganisation ⁽⁴⁾	Net proceeds of the Subscription Shares ⁽⁵⁾	
	£m	£m	£m	£m	£m	£m
ASSETS						
Non-current assets						
Intangible assets	37.2	—	—	—	—	37.2
Property, plant and equipment	18.0	—	—	—	—	18.0
Other non-current assets	0.2	—	—	—	—	0.2
Total non-current assets	55.4	—	—	—	—	55.4
Current assets						
Inventories	6.2	—	—	—	—	6.2
Trade and other receivables ...	46.1	(40.1)	—	—	—	6.0
Corporation tax receivable	1.6	—	—	—	—	1.6
Cash and cash equivalents	7.3	—	—	0.1	11.0	18.4
Total current assets	61.2	(40.1)	—	0.1	11.0	32.2
Total assets	116.6	(40.1)	—	0.1	11.0	87.6
LIABILITIES						
Current liabilities						
Trade and other payables	30.6	—	—	—	—	30.6
Contract liabilities	3.3	—	—	—	—	3.3
Borrowings	27.9	406.7	(167.5)	(264.8)	—	2.3
Provisions for other liabilities and charges	0.9	—	—	—	—	0.9
Total current liabilities	62.7	406.7	(167.5)	(264.8)	—	37.1
Non-current liabilities						
Deferred tax liabilities	3.1	—	—	—	—	3.1
Borrowings	—	—	167.5	—	—	167.5
Lease liabilities	10.4	—	—	—	—	10.4
Provisions for other liabilities and charges	0.9	—	—	—	—	0.9
Total non-current liabilities	14.4	—	167.5	—	—	181.9
Total liabilities	77.1	406.7	—	(264.8)	—	219.0
Net assets	39.5	(446.8)	—	264.9	11.0	(131.4)

Notes:

- (1) The net assets of the Group as at 31 October 2020 have been extracted without material adjustment from the historical financial information of Cards Holdco Limited as set out in Section B of “*Historical Financial Information*” of this document. No separate balance sheet has been presented for the Company as the Company does not have material equity or reserves, and therefore has no material impact on the pro forma combined net assets.
- (2) On 8 January 2021 the Horizon Group Separation was completed and resulted in the settlement of the Group’s related party balances with the other Horizon Group entities, leaving one related party loan that will be settled as part of the Pre-IPO Reorganisation, as described further in “*Additional Information – Horizon Group Separation*”. As at 31 October 2020 the amounts that would have been settled under the terms of the Horizon Group Separation are:
 - i. settlement by way of a share issue and subsequent reduction in related party current borrowings owed to Horizon Group of £25.5 million;
 - ii. the assumption of a related party loan owing to Horizon Group of £472.3 million;
 - iii. settlement of a related party receivable of £40.1 million against the related party loan owing to Horizon Group.

These combined amounts result in a decrease in trade and other receivables of £40.1 million and a net increase in current borrowings of £406.7 million.

- (3) On 7 January 2021 Titan Bidco Limited, one of the new intermediate holding companies of the Group, entered into the Senior Facilities Agreement and on 8 January 2021 its Facility B of £175.0 million was utilised in full, with fees of £7.5 million capitalised on the balance sheet. The amount of £167.5 million drawn net of fees was remitted to the Horizon Group in order for the Horizon Group to repay the Existing Facilities. See “*Additional Information – Material Contracts – Senior Facilities*” for further information.
- (4) In connection with the Pre-IPO Reorganisation and prior to Admission, the Horizon Group will transfer the residual £264.8 million related party loan owed by Titan Debtco Limited, being the net of the £472.3 million related party loan described in (2) above reduced by the related party receivable (£40.1 million) and cash remittances described in (3) of £167.5 million, to part settle the Horizon Group loan notes owing to investors and management. These investors and management will subsequently subscribe for additional shares in the Company with the consideration being the related party loan owed by Titan Debtco Limited. The Company was incorporated with initial share capital of £50,000 and a corresponding cash balance, included in the table above as £0.1 million. See “*Additional Information – Pre IPO Reorganisation*” for further information.
- (5) The issue of Subscription Shares under the Global Offering is expected to result in gross proceeds of £20.0 million less £9.0 million of related underwriting commissions and other estimated fees and expenses.
- (6) No adjustment is shown for the sale of Sales Shares as part of the Global Offering because the Group will not receive any of the proceeds from the sale of the Sale Shares, and underwriting commissions and other estimated fees and expenses associated with the sale of Sale Shares will be borne by the Selling Shareholders.
- (7) No adjustment has been made to reflect the trading results or financial position of the Group since 31 October 2020.

DETAILS OF THE GLOBAL OFFERING

The Global Offering

Under the Global Offering, the Ordinary Shares are being offered to certain institutional and professional investors in the United Kingdom and elsewhere outside the US in reliance on Regulation S, to QIBs in the US in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

In addition, any Over-allotment Shares (representing up to 10% of the number of Offer Shares (prior to the utilisation of the Over-allotment Option)) will be made available by the Over-allotment Shareholders pursuant to the Over-allotment Option. Admission is expected to become effective, and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange, at 8:00 a.m. on 5 February 2021.

Under the Global Offering, all Offer Shares will be sold at the Offer Price.

On Admission, there will be 342,112,913 Ordinary Shares in issue. All Ordinary Shares in issue on Admission will be fully paid.

Immediately following Admission, it is expected that approximately 55.7% of the Company's issued ordinary share capital will be held in public hands (within the meaning of Listing Rule 6.14) assuming no Over-allotment Shares are acquired pursuant to the Over-allotment Option (increasing to approximately 58.8% if the maximum number of Over-allotment Shares are acquired pursuant to the Over-allotment Option).

Through the issue of 5,714,286 Subscription Shares pursuant to the Global Offering, the Company expects to raise net proceeds of GBP 11.0 million. On that basis, the aggregate underwriting commissions, expenses and any potential discretionary fee payable by the Company are estimated to be up to approximately GBP 9.0 million.

Through the sale of 134,641,695 Sale Shares pursuant to the Global Offering (including the Offer Shares that the Cornerstone Investors have agreed to subscribe for), the Company expects the Selling Shareholders to raise in aggregate, subject to the Offer Size, net proceeds of GBP 454.8 million (assuming no exercise of the Over-allotment Option). On that basis, the aggregate underwriting commissions, expenses and any potential discretionary fee payable by the Selling Shareholders are estimated to be up to approximately GBP 16.5 million.

Pursuant to the Offer, existing Shareholders will experience a 1.7% dilution as a result of the issue of the 5,714,286 Subscription Shares (that is, its, his or her proportionate interest in the Company will decrease by 1.7%).

Certain restrictions that apply to the distribution of this document and the offer and sale of Ordinary Shares in jurisdictions outside the United Kingdom are described in "*Selling Restrictions*".

The Global Offering is subject to the satisfaction of conditions, which are customary for transactions of this type, contained in the Underwriting Agreement (subject only to Admission, and save for those steps which are to be completed after Admission), Admission becoming effective no later than 8:00 a.m. on 5 February 2021 (or such later date and time, not being later than 8:00 a.m. on 30 April 2021, as the Joint Global Coordinators (on behalf of the Banks) may agree with the Company) and the Underwriting Agreement not having been terminated prior to Admission.

The Global Offering will be underwritten, subject to certain conditions which are customary for transactions of this type, by the Banks.

Admission is expected to become effective and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8:00 a.m. on 5 February 2021. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a "when issued" basis, will be of no

effect if Admission does not take place and will be at the sole risk of the parties concerned. The earliest date for settlement of such dealings will be 5 February 2021.

When admitted to trading, the Ordinary Shares will be registered with ISIN GB00BMT9K014 SEDOL BMT9K01 and LEI 213800VAYO5KCAXZHK83, and it is expected that the Ordinary Shares will be traded under ticker symbol “MOON”.

The Ordinary Shares (including any Ordinary Shares sold pursuant to the Over-allotment Option) will, upon Admission, rank equally in all respects with all other Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission. The Ordinary Shares will, immediately on and from Admission, be freely transferable, subject to the applicable law, the Articles and any contractual obligations of a Shareholder.

The Company expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Global Offering. If such right is exercised, the Global Offering (and the arrangements associated with it) will lapse and any money received in respect of the Global Offering will be returned to investors without interest.

The Company further reserves the right to extend or shorten the timetable, or any aspect of the timetable, for the Global Offering.

Reasons for the Global Offering and use of Proceeds

The Global Offering is being conducted, among other reasons, to further raise the profile of the Company, provide it with a platform for continued growth, and allow the Selling Shareholders to sell part of their shareholdings, while providing increased trading liquidity in the Ordinary Shares. The Company intends to raise gross proceeds of approximately £20.0 million from the issue and sale of Subscription Shares pursuant to the Global Offering. After deducting the aggregate underwriting commissions, expenses and any potential discretionary fee payable by the Company in connection with the issue and sale of the Subscription Shares in the Global Offering, the Company expects to receive net proceeds of approximately £11.0 million. The Company will not receive any proceeds from the sale of Sale Shares. The Directors intend to use the net proceeds received by the Company from the issue and sale of the Subscription Shares in the Global Offering for the following:

- positioning the Group for the next stage of its development by establishing an appropriate capital structure; the net proceeds received by the Company will reduce its net debt as a result of the cash received from the net proceeds from the Global Offering, with the Group targeting less than 2.0x net debt to EBITDA as at 30 April 2021; and
- general corporate purposes, by supporting the Group’s ability to invest in the business and drive future growth.

The aggregate expenses of, or incidental to, Admission and the Global Offering to be borne by the Company are estimated to be approximately £9.0 million. No expenses will be charged to investors in connection with Admission or the Global Offering by the Company or the Selling Shareholders.

Cornerstone Investors

On 18 January 2021, the Company and Exponent entered into cornerstone investment agreements with funds and accounts managed by BlackRock, Inc. (“**BlackRock**”) and Dragoneer Global Fund II, L.P. (“**Dragoneer**” and together with BlackRock, the “**Cornerstone Investors**”) who have, subject to certain conditions, agreed to subscribe for and/or purchase Offer Shares as part of the Global Offer (the “**Cornerstone Investment Agreements**”). Subject to the terms of the Cornerstone Investment Agreements, the Cornerstone Investors have agreed to subscribe for and/or purchase, in aggregate, £130 million of Offer Shares at the Offer Price, consisting of a commitment of £80 million from BlackRock and £50 million from Dragoneer (each a “**Cornerstone Commitment**”).

The following table sets out the number of Offer Shares each Cornerstone Investor committed to subscribe for and/or purchase pursuant to its Cornerstone Commitment.

	Number of Offer Shares	Percentage interest in the Company
BlackRock	22,857,143	6.68%
Dragoneer	14,285,714	4.18%
Total	37,142,857	10.9%

For further information on the actual subscription and/or purchase amounts of BlackRock's and Dragoneer's interests in the Company see "*Additional Information – Major Shareholders*".

The Cornerstone Investors will, subject to certain conditions, subscribe for and/or purchase Offer Shares pursuant to, and as part of, the Global Offer. The Offer Shares to be subscribed for and/or purchased by the Cornerstone Investors will rank *pari passu* with the other Ordinary Shares issued and sold in the Global Offer. No special rights have been granted to the Cornerstone Investors pursuant to the Cornerstone Investment Agreements. The Cornerstone Investment Agreements contain customary certifications and undertakings from each Cornerstone Investor as to such Cornerstone Investor's identity and its ability to subscribe for and/or purchase the Offer Shares. The Cornerstone Investment Agreements also contain certain representations, warranties and undertakings from the Company and Exponent in favour of the relevant Cornerstone Investors. The Cornerstone Investment Agreements will, amongst other things, terminate if the Underwriting Agreement has not become unconditional in accordance with its terms and Admission has not occurred occur on or before 30 April 2021. The Cornerstone Investment Agreements are governed by English law. For more information, see "*Additional Information –Material Contracts—Cornerstone Investment Agreements*".

Related Party Transactions

Save as disclosed in Note 23 of Section B of "*Historical Financial Information*" for Cards Holdco Limited, neither the Company nor any other member of the Group has entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) with any related party during the period covered by the Historical Financial Information and up to the latest practicable date prior to publication of this document.

Relationship Agreement with Exponent

On the date of this Prospectus, the Company and Exponent have entered into a relationship agreement (the "**Relationship Agreement**"). The Relationship Agreement has been entered into to ensure that the Company is capable at all times of carrying on its business independently of its controlling shareholder (as defined in the Listing Rules) and its associates.

Under the Relationship Agreement, 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%. Under the Relationship Agreement, Exponent has agreed that it will appoint only one Nominee Director at Admission, being Simon Davidson.

Under the Relationship Agreement, 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.

See "*Additional Information—Material Contracts—Relationship Agreement with Exponent*" for a more detailed description of the Relationship Agreement.

Selling Shareholders

The following table sets forth the Company's shareholders holding Ordinary Shares: (i) at the date of this document; and (ii) immediately following Admission, assuming no exercise of the Over-allotment Option:

	Shareholdings at the date of this document		Shareholdings immediately following Admission ⁽¹¹⁾	
	Number of Ordinary Shares	Percentage (%)	Number of Ordinary Shares	Percentage (%)
<i>Shareholders</i>				
Exponent Private Equity Partners III (SPV), LP ⁽¹⁾	107,340,220	41.28%	90,835,846	26.55%
LCP VIII Holdings LP ⁽²⁾	49,281,700	18.95%	41,681,084	12.18%
Strategic Partners VII Investments L.P (Series D) ⁽³⁾	13,418,860	5.16%	13,619,192	3.98%
Aberdeen Standard Investments ⁽⁴⁾	8,673,600	3.34%	3,684,605	1.08%
LGT Capital Partners ⁽⁵⁾	14,784,640	5.69%	12,504,406	3.66%
GoldPoint Partners ⁽⁶⁾	7,490,860	2.88%	6,335,551	1.85%
Storebrand International Private Equity 15 Limited ⁽⁷⁾	2,956,980	1.14%	2,500,914	0.73%
K Athena Investments No 4 Limited ⁽⁸⁾	7,513,740	2.89%	5,043,005	1.47%
Kate Swann ⁽⁹⁾	3,366,740	1.29%	2,397,132	0.70%
Nickyl Raithatha ⁽⁹⁾	5,720,000	2.20%	4,004,428	1.17%
Andy MacKinnon ⁽⁹⁾	910,000	0.35%	637,285	0.19%
Other Individual Selling Shareholders ⁽¹⁰⁾	36,374,520	13.99%	16,082,192	4.70%
Total:	257,831,860	99.17%	199,325,640	58.26%

(1) The business address of Exponent Private Equity Partners III (SPV), LP is 30 Broadwick Street, London, United Kingdom, W1F 8JB.

(2) The business address of LCP VIII Holdings LP is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

(3) The business address of Strategic Partners VII Investments L.P (Series D) is 345 Park Avenue, 32nd Floor, New York, NY, 10154.

(4) Includes Ordinary Shares held by Hampshire County Council as administering authority of the Hampshire Pension Fund, Perpetual Corporate Trust Limited as custodian for ROC Capital PTY Limited as Trustee for Q Private Equity Trust, Perpetual Corporate Trust Limited as custodian for ROC Capital PTY Limited as Trustee for MU Private Capital Trust and PE2 LP. The business address of Hampshire County Council as administering authority of the Hampshire Pension Fund is The Castle, Winchester, Hampshire, SO23 8UB, United Kingdom. The business address of Perpetual Corporate Trust Limited as custodian for ROC Capital PTY Limited as Trustee for Q Private Equity Trust and Perpetual Corporate Trust Limited as custodian for ROC Capital PTY Limited as Trustee for MU Private Capital Trust is Level 11, 2 Bligh Street, Sydney NSW 2000, Australia. The business address of PE2 LP is 10 Queens Terrace, Aberdeen, Scotland AB10 1XL.

(5) Includes Ordinary Shares held by Crown Premium Private Equity VI Master SCS SICAV- FIS, Crown Global Secondaries IV PLC, Crown European Markets IV PLC and Crown Global Opportunities VI PLC. The business address of Crown Premium Private Equity VI Master SCS SICAV- FIS is 2, place François-Joseph Dargent, L-1413 Luxembourg. The business address of each of Crown Global Secondaries IV PLC, Crown European Markets IV PLC and Crown Global Opportunities VI PLC is Third Floor, 30 Herbert Street, Dublin 2, Ireland.

(6) Includes Ordinary Shares held by GoldPoint Partners Select Manager Fund III LP and GoldPoint Partners Select Manager Fund IV LP. The business address of GoldPoint Partners Select Manager Fund III LP and GoldPoint Partners Select Manager Fund IV LP is 51 Madison Ave, Suite 1600 New York, NY 10010.

(7) The business address of Storebrand International Private Equity 15 Limited is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands.

(8) The business address of K Athena Investments No 4 Limited is P.O. Box 71, Trafalgar Court, Les Banques, Guernsey GY1 3DA, Guernsey.

- (9) Includes interests of persons connected to them. For the purposes of the Global Offering, the business address of each of Kate Swann, Nickyl Raithatha and Andy MacKinnon and the other Individual Selling Shareholders is 10 Back Hill, London EC1R 5EN, United Kingdom.
- (10) There are 32 additional Individual Selling Shareholders. For the purposes of the Global Offering, the business address of each of the Individual Selling Shareholders is 10 Back Hill, London EC1R 5EN, United Kingdom.
- (11) Reflects shareholdings in the Company following conversion of shareholder loan notes pursuant to the pre-IPO Reorganisation and issuance of Subscription Shares pursuant to the Global Offer.

No holder of Ordinary Shares has voting rights that differ from those of any other holders of Ordinary Shares. As of the date of this document, the Company and the Directors are not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

Underwriting Arrangements

On the date of this document, the Company (acting for itself and as agent on behalf of the Individual Selling Shareholders pursuant to the Deeds of Election entered into by the Individual Selling Shareholders), the Principal Selling Shareholders the Directors and the Banks (the “**Banks**”) have entered into the underwriting agreement (the “**Underwriting Agreement**”) pursuant to which, on the terms and subject to the conditions contained therein, each of the Banks has severally agreed to underwrite a proportion of, and together to underwrite in aggregate all of, the issue or sale (as the case may be) of the Offer Shares.

The Global Offering is conditional upon, among other things, Admission occurring not later than 8:00 a.m. on 5 February 2021 (or such later date and time, not being later than 8:00 a.m. on 30 April 2021, as the Joint Global Coordinators may agree with the Company) and the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms. The underwriting commitment of the Banks will cease to be conditional at the point of Admission. If the conditions to the Underwriting Agreement have not been satisfied and the Joint Global Coordinators determine that the Underwriting Agreement should be terminated, or if the Banks otherwise cease to underwrite the Global Offering in accordance with the terms of the Underwriting Agreement, Admission will not occur.

The Underwriting Agreement provides for the Banks to be paid certain commissions by the Company and the Selling Shareholders in respect of the Offer Shares issued and sold in the Global Offering and in respect of any Over-allotment Shares transferred by the Over-allotment Shareholders upon the Stabilising Manager exercising the Over-allotment Option and by the Selling Shareholders in respect of any discretionary commission. Any commissions received by the Banks may be retained, and any Ordinary Shares acquired by them may be retained or dealt in by them, for their own benefit.

Under the terms and conditions of the Underwriting Agreement, the Sponsor has agreed to act as sponsor to the Company in connection with Admission, in accordance with the Listing Rules.

Further details of the Underwriting Agreement are set out in “*Additional Information—Material Contracts—Underwriting Agreement*”.

Lock-up Arrangements and Exceptions

The Selling Shareholders and the Directors have agreed to certain lock-up arrangements in respect of the Ordinary Shares they hold immediately following Admission.

Underwriting Agreement

The Directors have each agreed that, subject to the exceptions described below (among others), from the date of the Underwriting Agreement until the date falling 365 days from the date of Admission, they will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, grant any option, right or warrant to purchase in respect of or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, other than pursuant to the Global Offering, in the manner described

in this document, and save that the above restrictions shall not apply in respect of Ordinary Shares issued pursuant to the grant or exercise of options under the share option schemes in existence on the date of Admission and described in “*Additional Information—Share Incentive Plans*” and shall not prohibit a Director from:

- (a) (i) accepting a general offer for the ordinary share capital of the Company made in accordance with the City Code on Takeovers and Mergers (the “**City Code**”); or (ii) providing an irrevocable undertaking to accept such an offer; or (iii) selling Ordinary Shares to an offeror or potential offeror during an offer period (within the meaning of the City Code);
- (b) disposing of Ordinary Shares pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986 in relation to the Company;
- (c) disposing of Ordinary Shares pursuant to a compromise or arrangement under Section 896 of the Companies Act 2006 providing for the acquisition by any person (or group of persons acting in concert as such expression is defined in the City Code) of 50% or more of the ordinary share capital of the Company;
- (d) disposing by way of gift (i) by the Director to a family member; or (ii) by the Director to any person or persons acting in the capacity of trustee or trustees of a trust created by such Director or, upon any change of trustees of a trust so created, provided that the trust is established for charitable purposes only or there are no persons beneficially interested under the trust other than the Director and his or her family members; or (iii) by the trustee or trustees of a trust to which (d)(ii) above applies to any person beneficially interested under that trust, provided that, prior to the making of any such disposal, the relevant individual shall have satisfied the Joint Global Co-ordinators that the transferee falls within one of the categories in paragraphs (i) to (ii) above; or
- (e) disposing of rights to new Ordinary Shares to be issued by way of a rights issue to fund its, his or her take-up of the balance of his or her rights,

provided that, in the case of paragraph (d) above, prior to any such transfer the relevant transferee has entered into a deed of adherence.

The Principal Selling Shareholders have each agreed that, subject to the exceptions described below (among others), from the date of the Underwriting Agreement until the date falling 180 days from the date of Admission, they will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, grant any option, right or warrant to purchase in respect of or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, other than pursuant to the Global Offering, in the manner described in this document, and save that the above restrictions shall not prohibit a Principal Selling Shareholder from:

- (a) (i) accepting a general offer for the ordinary share capital of the Company made in accordance with the City Code; or (ii) providing an irrevocable undertaking to accept such an offer; or (iii) selling Ordinary Shares to an offeror or potential offeror during an offer period (within the meaning of the City Code);
- (b) disposing of Ordinary Shares pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986 in relation to the Company;
- (c) disposing of Ordinary Shares pursuant to a compromise or arrangement under Section 896 of the Companies Act 2006 providing for the acquisition by any person (or group of persons acting in concert as such expression is defined in the City Code) of 50% or more of the ordinary share capital of the Company;
- (d) disposing of rights to new Ordinary Shares to be issued by way of a rights issue to fund its, his or her take-up of the balance of his or her rights;

- (e) entering into, and transferring Ordinary Shares in accordance with the terms of the Stock Lending Agreement (as defined in “—*Stock Lending Arrangements*”) and the Over-allotment Option; or
- (f) disposing of any title to or interest in any Ordinary Shares to that Principal Selling Shareholder’s ultimate holding company or any of its subsidiaries or subsidiary undertakings, or to any subsidiary or subsidiary undertaking of its ultimate holding company,

provided that, in the case of paragraph (f) above, prior to any such transfer or disposition, the relevant transferee has entered into a deed of adherence.

The Company has agreed that, subject to the exceptions described below, during the period of 180 days from the date of Admission, neither it nor any member of the Group will, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, issue, allot, lend, mortgage, assign, charge, pledge, sell or contract to sell, grant any option, right or warrant to purchase in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, save that the above restrictions shall not apply in respect of the issue of Ordinary Shares pursuant to the grant, vesting or exercise of options or, awards under share option schemes described in “*Additional Information—Share Incentive Plans*”.

Other Lock-up arrangements

Under the Deeds of Election, certain of the Individual Selling Shareholders have agreed that, subject to the exceptions described below (among others), from the date of Admission until the date falling 180 days (for those who are legacy employees of the Horizon Group) or 365 days (for those who are currently employees of the Group) from the date of Admission, they will not, without the prior written consent of the Joint Global Coordinators, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, grant any option, right or warrant to purchase in respect of or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, other than pursuant to the Global Offering, in the manner described in this document, and save that the above restrictions shall not prohibit an Individual Selling Shareholder from:

- (a) (i) accepting a general offer for the ordinary share capital of the Company made in accordance with the City Code; or (ii) providing an irrevocable undertaking to accept such an offer; or (iii) selling Ordinary Shares to an offeror or potential offeror during an offer period (within the meaning of the City Code);
- (b) disposing of Ordinary Shares pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986 in relation to the Company;
- (c) disposing of Ordinary Shares pursuant to a compromise or arrangement under Section 896 of the Companies Act 2006 providing for the acquisition by any person (or group of persons acting in concert as such expression is defined in the City Code) of 50% or more of the ordinary share capital of the Company;
- (d) disposing by way of gift (i) by the Individual Selling Shareholder to a family member; or (ii) by the Individual Selling Shareholder to any person or persons acting in the capacity of trustee or trustees of a trust created by such Individual Selling Shareholder or, upon any change of trustees of a trust so created, provided that the trust is established for charitable purposes only or there are no persons beneficially interested under the trust other than the Individual Selling Shareholder and his or her family members; or (iii) by the trustee or trustees of a trust to which (d)(ii) above applies to any person beneficially interested under that trust, provided that, prior to the making of any such disposal, the relevant individual shall have satisfied the Joint Global Co-ordinators that the transferee falls within one of the categories in paragraphs (i) to (ii) above;

- (e) disposing of rights to new Ordinary Shares to be issued by way of a rights issue to fund its, his or her take-up of the balance of his or her rights,

provided that, in the case of paragraph (d) above, prior to any such transfer or disposition, the relevant transferee has entered into a deed of adherence.

Certain of the Selling Shareholders who are also members of management of the Photobox Group are subject to a contractual lock-up agreement with Exponent under which they are restricted from selling a portion of their Ordinary Shares without the consent of Exponent until such time as Exponent exits the Photobox Group.

In addition, a portion of the Ordinary Shares held by Nickyl Raithatha, Andy MacKinnon and certain other employees of the Group are subject to a contractual lock-up agreement with the Remuneration Committee under which they are restricted from selling such shares for a period of 24 months after Admission.

Stabilisation and Over-allotment Option

In connection with the Global Offering, J.P. Morgan (the “**Stabilising Manager**”), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares and effect other transactions to maintain the market price of the Ordinary Shares at a level other than that which might otherwise prevail in the open market (the “**Over-allotment Option**”). Such transactions may include short sales, stabilising transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Stabilising Manager of a greater number of Ordinary Shares than the Joint Bookrunners are required to procure purchasers for, or failing which, the Banks are required to purchase in the Global Offering. Stabilising transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Ordinary Shares while the Global Offering is in progress. Such transactions shall be carried out in accordance with applicable rules and regulations. Such stabilisation activities may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period from the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter.

However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken with the intention of stabilising the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Global Offering.

In connection with the Global Offering, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 10% of the total number of Offer Shares (prior to any exercise of the Over-allotment Option). The Stabilising Manager has entered into the Over-allotment Option with the Over-allotment Shareholders pursuant to which the Stabilising Manager may require the Over-allotment Shareholders to transfer at the Offer Price additional Ordinary Shares representing up to 10% of the total number of Offer Shares (prior to any exercise of the Over-allotment Option), to allow it to cover short positions arising from over-allotments and/or stabilising transactions. The Over-allotment Option may be exercised in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange. The Over-allotment Shares made available pursuant to the Over-allotment Option will be sold on the same terms and conditions as, and will rank equally with, the other Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will form a single class for all purposes with the other Ordinary Shares.

Stock Lending Arrangements

In connection with settlement and stabilisation, the Stabilising Manager has, on the date of this document, entered into a stock lending agreement (the “**Stock Lending Agreement**”) with the Over-allotment Shareholders pursuant to which the Stabilising Manager will be able to borrow from the Over-allotment Shareholders a number of Ordinary Shares equal in aggregate to up to 10% of the total number of Offer Shares (prior to any exercise of the Over-allotment Option) for the purposes, among other things, of allowing the Stabilising Manager to settle, at Admission, over-allotments, if any, made in connection with the Global Offering.

If the Stabilising Manager borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be obliged to return equivalent shares to the Over-allotment Shareholders in accordance with the terms of the Stock Lending Agreement.

Dealing Arrangements

Application has been made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for those Ordinary Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange at 8:00 a.m. on 2 February 2021. The earliest date for settlement of such dealings will be 5 February 2021. It is expected that Admission will become effective and that unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8:00 a.m. on 5 February 2021. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a “when issued” basis, will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. The above-mentioned dates and times may be changed without further notice.

Each investor will be required to undertake to pay the Offer Price for the Ordinary Shares sold to such investor in such manner as shall be directed by the Joint Global Coordinators (acting as nominee for the subscribers thereof).

It is intended that, where applicable, definitive share certificates in respect of the Ordinary Shares will be despatched by within 10 days of Admission or as soon thereafter as is practicable. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account(s) shall be at the sole risk of the persons concerned.

Following Admission, the Ordinary Shares held by the Selling Shareholders and the Directors will be subject to the lock-up arrangements described in “—*Lock-up Arrangements and Exceptions*”.

Other Relationships

Subject to the terms and conditions of the Underwriting Agreement, each of the Banks and any affiliate, acting as an investor for its own account, in connection with the Global Offering, may take up Ordinary Shares and in that capacity may retain, purchase or sell for its own account such Ordinary Shares and any related investments and may offer or sell such Ordinary Shares or other investments otherwise than in connection with the Global Offering. Accordingly, references in this document to the Ordinary Shares being offered or placed should be read as including any offering or placement of Ordinary Shares to the Banks and any affiliate acting as an investor for its own account.

None of the Banks intend to disclose the extent of any such investment or transactions otherwise than to the Company and the Selling Shareholders and in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Global Offering, certain of the Banks may enter into financing arrangements with investors, such as share-swap arrangements or lending arrangements where securities are used as collateral, that could result in such Banks acquiring shareholdings in the Company.

CREST

CREST is a paperless settlement system enabling securities to be transferred from one CREST account to another without the need to use share certificates or written instruments of transfer. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and, also with effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Selling Restrictions

The distribution of this document and the offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Ordinary Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or purchase any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

United Kingdom

In relation to the United Kingdom, no Offer Shares have been offered or will be offered pursuant to the Global Offering to the public in the United Kingdom prior to the publication of the Prospectus which has been approved by the FCA, except that the Offer Shares may be offered to the public in the United Kingdom at any time:

- (i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (iii) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the Offer Shares shall require the Company or any Bank to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person in the United Kingdom who acquires any Offer Shares in the Global Offering or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Banks that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Banks that the Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have

they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the United Kingdom to qualified investors, in circumstances in which the prior consent of the Banks has been obtained to each such proposed offer or resale. Neither the Company nor the Banks have authorised, nor do they authorise, the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Banks which constitute the final placement of Offer Shares contemplated in this document.

The Company, the Selling Shareholders and the Banks and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of retained EU law by virtue of the European Union (Withdrawal) Act 2018.

European Economic Area

In relation to each Member State of the EEA (each a Member State), no Offer Shares have been offered or will be offered pursuant to the Global Offering contemplated by this document to the public in that Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that the Offer Shares may be offered to the public in that Member State at any time:

- (i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Offer Shares shall require the Company or any Bank to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Member State who acquires any Offer Shares in the Global Offering or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Banks that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Banks that the Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Member State to qualified investors, in circumstances in which the prior consent of the Banks has been obtained to each such proposed offer or resale. Neither the Company nor the Banks have authorised, nor do they authorise, the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Banks which constitute the final placement of Offer Shares contemplated in this document.

The Company, the Selling Shareholders and the Banks and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an offer to the public in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Global Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares and the expression Prospectus Regulation means Regulation (EU) 2017/1129.

United States of America

The Ordinary Shares have not been and will not be registered under the US Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Ordinary Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Global Offering of the Ordinary Shares, an offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Global Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

The Underwriting Agreement provides that the Banks may directly or through their respective US broker-dealer affiliates arrange for the offer and resale of Ordinary Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

Rule 144A

Each acquirer of Ordinary Shares within the United States, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

1. it acknowledges that the Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;
2. it is: (i) a QIB within the meaning of Rule 144A; (ii) acquiring the Ordinary Shares for its own account or for the account of one or more QIBs with respect to whom it has sole investment discretion with respect to each such account and the authority to make, and does make, the representations and warranties set forth herein on behalf of each such account; (iii) acquiring the Ordinary Shares for investment purposes, and not with a view to further distribution of such Ordinary Shares; and (iv) aware, and each beneficial owner of the Ordinary Shares has been advised, that the sale of the Ordinary Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
3. it understands that the Ordinary Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the US Securities Act, that the Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except: (i) to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; (iii) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available); or (iv) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. The purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of those Ordinary

Shares of the resale restrictions referred to in (i), (ii), (iii) and (iv) above. No representation can be made as to the availability of the exemption provided by Rule 144 for resale of the Ordinary Shares.

4. it further: (i) understands that the Ordinary Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Ordinary Shares established or maintained by a depositary bank; (ii) acknowledges that the Ordinary Shares (whether in physical certificated form or in uncertificated form held in CREST) are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Ordinary Shares; and (iii) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Ordinary Shares made other than in compliance with the above- mentioned restrictions;
5. it understands that the Ordinary Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE ORDINARY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**US SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE US SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR REALES OF THE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE ORDINARY SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE ORDINARY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF ORDINARY SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;

6. it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Ordinary Shares while they remain “restricted securities” within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above;
7. it acknowledges that the Company, the Selling Shareholders, the Banks and their affiliates, and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.; and
8. it acknowledges that the Company will not recognise any resale or other transfer, or attempted resale or other transfer, in respect of the Ordinary Shares made other than in compliance with the above stated restrictions.

Australia

This document:

- (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”);
- (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act;
- (c) has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (“**ASIC**”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and
- (d) may not be provided in Australia other than to select investors (“**Exempt Investors**”) who are able to demonstrate that they: (i) fall within one or more of the categories of investors under Section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act; and (ii) are “wholesale clients” for the purpose of Section 761G of the Corporations Act.

The Ordinary Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Ordinary Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Ordinary Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Ordinary Shares, each subscriber or purchaser of Ordinary Shares represents and warrants to the Company, the Selling Shareholders, the Banks and their affiliates that such subscriber or purchaser is an Exempt Investor.

As any offer of Ordinary Shares under this document, any supplement or the accompanying prospectus or any other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Ordinary Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Ordinary Shares, each subscriber or purchaser of Ordinary Shares undertakes to the Company, the Selling Shareholders, the Banks that such subscriber or purchaser will not, for a period of 12 months from the date of issue or purchase of the Ordinary Shares, offer, transfer, assign or otherwise alienate those Ordinary Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Canada (British Columbia, Alberta, Ontario and Quebec only)

The Ordinary Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are “accredited investors”, as defined in National Instrument 45-106 Prospectus Exemptions or Subsection 73.3(1) of the Securities Act (Ontario), and are “permitted clients”, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Ordinary Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies of rescission or damages are exercised by the purchaser within the time limits prescribed under, and subject to limitations and defenses under, the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to Section 3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, Section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

Upon receipt of this Prospectus, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the notes (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce prospectus, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*

Japan

The Ordinary Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the “FIEL”). This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The Ordinary Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Ordinary Shares or the Global Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Global Offering, the Company or the Ordinary Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Ordinary Shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Ordinary Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Ordinary Shares.

Hong Kong

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of the Prospectus or any documents issued in connection with it. Accordingly: (a) the Ordinary Shares may not be offered or sold in Hong Kong by means of this document or any other document other than to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong); and (b) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Ordinary Shares which is directed at, or

the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Ordinary Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as set out above).

No person sold Ordinary Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. Potential equity investors are advised to exercise caution in relation to the offer. Potential equity investors in doubt about any contents of this document should obtain independent professional advice.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Ordinary Shares may not be circulated or distributed, nor may the Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Ordinary Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (however described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Ordinary Shares pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer; where the transfer is by operation of law;
- (iii) as specified in Section 276(7) of the SFA;
- (iv) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

TAXATION

1. UK TAXATION

The following statements are intended to apply only as a general guide to certain UK tax considerations in relation to the Ordinary Shares. They are based on current UK tax legislation and what is understood to be the current published practice of Her Majesty's Revenue and Customs ("HMRC") (which may not be binding on HMRC), in each case as at the latest practicable date before the date of this prospectus, and both of which may change at any time, possibly with retrospective effect.

They relate only to certain limited aspects of the UK taxation treatment of, and are intended to apply only to, Shareholders who are resident and, in the case of individuals, domiciled or deemed domiciled, solely in the United Kingdom for UK tax purposes (except where the position of non-UK resident or non-UK domiciled Shareholders is referred to expressly) and do not apply to Shareholders to whom "split year" treatment applies. They apply only to Shareholders who hold their Ordinary Shares as investments (other than in an individual savings account or a self-invested personal pension) and who are, or are treated as, the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. The statements may not apply to certain categories of Shareholders, such as (but not limited to) trustees, persons acquiring their Ordinary Shares in connection with an office or employment, persons holding their shares through trust arrangements, dealers in securities, banks, insurance companies and collective investment schemes.

Shareholders or prospective holders of Ordinary Shares who are unsure as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice. In particular, Shareholders should be aware that the tax legislation of any jurisdiction where a Shareholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Shares including in respect of any income received from the Shares.

1.1 *Taxation of dividends*

(a) *Withholding Tax*

The Company will not be required to deduct or withhold amounts on account of UK tax at source from dividend payments, irrespective of the residence or particular circumstances of the Shareholder receiving such dividend payment.

(b) *Individual Shareholders*

Dividends received by a United Kingdom resident individual Shareholder from the Company will generally be subject to tax as dividend income.

A nil rate of income tax will apply for the first GBP 2,000 of dividend income (including any dividends received from the Company) received by individual Shareholders in a tax year (the "**Nil Rate Amount**").

The rate of tax applicable to dividend income in excess of the Nil Rate Amount will depend on the wider tax position of the Shareholder. Broadly speaking, after taking into account the amount (if any) of a Shareholder's personal allowance, and any other allowances, exemptions and reliefs, the Shareholder's taxable income up to the basic rate limit will fall within the basic rate band; taxable income between the basic rate limit and the higher rate limit will fall within the higher rate band; and taxable income above the higher rate limit will fall within the additional rate band. For the tax year running 6 April 2020 to 5 April 2021, the basic rate limit is GBP 50,000 and the higher rate limit is GBP 150,000 (although these limits can be increased in certain circumstances).

The rates of income tax on dividends received above the Nil Rate Amount are:

- (i) 7.5% to the extent the dividend income falls in the basic rate band;
- (ii) 32.5% to the extent the dividend income falls in the higher rate band; and
- (iii) 38.1% to the extent the dividend income falls in the additional rate band.

In determining the tax band in which any dividend income over the Nil Rate Amount falls, dividend income is treated as the top slice of a Shareholder's income, and dividend income within the Nil Rate Band is still taken into account.

Because dividend income (including income within the Nil Rate Amount) is taken into account in assessing whether a Shareholder's overall income is above the basic, higher or additional rate thresholds, the receipt of such income may also affect the amount of personal allowances to which the Shareholder is entitled.

An individual Shareholder who has ceased to be resident in the UK for tax purposes and then reacquires UK tax residence before five complete tax years have elapsed and who receives or becomes entitled to dividends from the Company during that period of non-residence may, if the Company is treated as a close company for UK tax purposes (Shareholders are referred to paragraph (1.5) (Close Company) below) and certain other conditions are met, be liable for UK income tax on those dividends on their return to the UK.

(c) *Corporate Shareholders*

Shareholders within the charge to UK corporation tax that are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on dividends received from the Company so long as certain conditions are met (including an anti-avoidance condition).

Shareholders within the charge to UK corporation tax that are not "small companies" for this purpose will not be subject to UK corporation tax on any dividend received from the Company so long as the dividend falls within an exempt class and certain conditions are met. For example: (i) dividends paid on shares that are not redeemable and which do not carry any present or future preferential rights to dividends or to the Company's assets on its winding-up; and (ii) dividends paid to a person holding less than a 10% interest in the Company, should generally fall within an exempt class. However, the exemptions mentioned above are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company, at the rate of corporation tax applicable to that Shareholder (the main rate of corporation tax is currently 19%).

1.2 *Capital Gains*

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is resident in the United Kingdom for tax purposes or, in the case of individuals, who cease to be resident in the United Kingdom for a period of five years or less, may depending on the Shareholder's circumstances and subject to any available exemptions or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.

(a) *Individual Shareholders*

For individual Shareholders, the principal factors that will determine the UK capital gains tax position on a disposal or deemed disposal of Ordinary Shares are the extent to which the Shareholder realises any other capital gains in the UK tax year in which the disposal is made, the extent to which the Shareholder has incurred capital losses in that or earlier UK tax years, the UK income tax band into which the Shareholder falls, and the level of the annual allowance

of tax-free gains in that UK tax year (the “**Annual Exemption**”). The Annual Exemption for the tax year running 6 April 2020 to 5 April 2021 is GBP 12,300.

The applicable rate for an individual Shareholder who makes a capital gain on the disposal (or deemed disposal) of Ordinary Shares, which (after taking advantage of the Annual Exemption and deducting any available capital losses) is liable to UK capital gains tax, is 10% or 20% depending on the individual’s personal circumstances, including other taxable income and gains in the relevant year.

A Shareholder who ceases to be resident in the United Kingdom for tax purposes and then reacquires UK tax residence before five complete tax years have elapsed and who disposes of Ordinary Shares during that period of non-residence may also be liable on their return to the United Kingdom to tax on any capital gain realised, subject to any available exemptions or reliefs.

(b) *Corporate Shareholders*

A disposal or deemed disposal of Ordinary Shares by a Shareholder within the charge to UK corporation tax may give rise to a chargeable gain or allowable loss for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemptions or reliefs. UK corporation tax is charged on chargeable gains at the rate applicable to that company.

1.3 ***Inheritance Tax***

The Ordinary Shares will be assets situated in the United Kingdom for the purposes of UK inheritance tax.

Accordingly, regardless of whether or not a Shareholder is resident, domiciled or deemed domiciled in the United Kingdom for tax purposes: (a) the deemed transfer of Ordinary Shares on the death of the Shareholder under the UK inheritance tax rules; or (b) a lifetime disposition (which may include a gift, transfer at less than full market value, settlement or deemed transfer) of the Ordinary Shares may give rise to a liability to UK inheritance tax. The applicable rate of inheritance tax depends on the circumstances of the Shareholder and can be up to 40% on the value of the transfer.

Various exemptions and reliefs may be available depending on the circumstances of the Shareholder and of the disposition. In particular, no inheritance tax liability should generally arise for a Shareholder who is not domiciled or deemed domiciled in the United Kingdom, unless the cumulative aggregate value of their UK assets, including any gifts of UK assets in the previous seven years, has exceeded the inheritance tax nil rate band (currently GBP 325,000).

A non-UK domiciled Shareholder who is unsure as to whether a disposition may be within the scope of UK inheritance tax or where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country is recommended to seek professional advice.

1.4 ***Stamp duty and stamp duty reserve tax***

The following statements about UK stamp duty and stamp duty reserve tax (“**SDRT**”) apply regardless of whether or not a Shareholder is resident, domiciled or deemed domiciled in the United Kingdom. The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position. Special rules apply to certain transactions such as transfers of shares to a company connected with the transferor and those rules are not described below. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt arrangements and clearance services, may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

(a) *The Offer*

No liability to stamp duty or SDRT will arise on the issue of the Ordinary Shares by the Company.

The sale of existing Ordinary Shares by the Selling Shareholders under the Global Offering will generally give rise to a liability to stamp duty and/or SDRT at a rate of 0.5% of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of GBP 5). Under the terms of the Underwriting Agreement, the Selling Shareholders have agreed to meet such liability. This includes any liability to SDRT of the original purchasers arising in respect of the initial transfer of the existing Ordinary Shares by the Selling Shareholders within the CREST system at no more than the rate of 0.5 % of the Offer Price.

Special rules apply to depositary receipt systems and clearance services which are discussed below.

(b) *Clearance Services and Depositary Receipt arrangements*

Subject to the comments in the following paragraphs, where Ordinary Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT may be payable at a rate of 1.5% of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares (in the case of stamp duty, rounded up to the nearest multiple of GBP 5). Under the terms of the Underwriting Agreement, the Selling Shareholders will not be required to generally meet such a liability in excess of 0.5%.

However, following litigation, HMRC has confirmed that it will no longer seek to impose the 1.5% SDRT charge on issues or transfers integral to capital raising of UK shares to depositary receipt issuers and clearance services anywhere in the world on the basis that the charge is not compatible with EU law. (HMRC's published practice states that the 1.5% charge on such issues will remain disappplied under the terms of the European Union (Withdrawal Agreement) Bill following the end of the transition period and this will remain the position unless stamp taxes on shares legislation is amended). HMRC's published practice states that the 1.5% SDRT charge will still apply to transfers of shares to depositary receipt issuers or clearance services that are not an integral part of an issue of share capital. Specific professional advice should be sought before paying the 1.5% SDRT or stamp duty charge in any circumstances.

Transfers of Ordinary Shares within a clearance service or transfers of depositary receipts issued in respect of the Ordinary Shares within a depositary receipt system will generally be exempt from SDRT and, provided no instrument of transfer is entered into, will not be subject to stamp duty. However, clearance service providers may elect, in certain circumstances, for the 0.5% rate of SDRT and stamp duty (on the amount or value of the consideration payable for the transfer) to apply to the entry into, and transfers of Ordinary Shares within, the clearance service instead of the 1.5% charges described above.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

(c) *Deposit of Ordinary Shares in CREST*

Deposits of Ordinary Shares into CREST will generally not be subject to stamp duty or SDRT unless such a transfer is made for a consideration in money or money's worth, in which case, a liability to SDRT will arise usually at the rate of 0.5% of the amount or value of the consideration.

(d) *Subsequent transfers within CREST*

Paperless transfers of Ordinary Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration for the transfer. CREST is obliged to collect SDRT on relevant transactions settled within the system and to account for this to HMRC. In practice, the charge is generally borne by the purchaser or transferee of the Ordinary Shares.

(e) *Subsequent transfers outside CREST*

The conveyance or transfer on sale of Ordinary Shares outside the CREST system will generally be subject to stamp duty on the instrument of transfer at the rate of 0.5% of the amount or value of the consideration given (rounded up to the nearest GBP 5).

An exemption from stamp duty is available on an instrument transferring Ordinary Shares where the amount or value of the consideration is GBP 1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds GBP 1,000.

An unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration for the Ordinary Shares. However, where, within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional) an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will generally be refunded (generally, but not necessarily, with interest) provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled.

The purchaser or transferee of the Ordinary Shares will generally be responsible for paying SDRT. In the absence of contractual agreement, no party is legally responsible for the payment of stamp duty as it is not an assessable tax; however in practice the purchaser or transferee will usually pay this to ensure that the company register of members can be updated by the registrar to show the transfer.

1.5 *Close Company*

It is likely that the Company is a close company within the meaning of Part 10 of the Corporation Tax Act 2010 as at the date of this Prospectus and will continue to be so immediately following the Offer. As a result, certain transactions entered into by the Company or other members of the Group may, in certain circumstances, have tax implications for a Shareholder (including, but not limited to, implications related to UK inheritance tax and/or implications related to the Shareholder's base cost in the Ordinary Shares for the purposes of UK taxation of capital gains). There may also be consequences for certain Shareholders in relation to dividends they receive or become entitled to from the Company if they cease to be resident in the UK for tax purposes and then return to the UK (as described in paragraph 1.1 above).

A close company includes a company that is controlled by five or fewer participators. "Control" is defined very widely, and the interests of certain associated persons can be aggregated together. It is likely that this will be the case in relation to the Company. There are limited exceptions from close company status for listed companies meeting certain conditions, which may not be satisfied in the case of the Company immediately following the Offer.

A Shareholder who is unsure as to the consequences of holding an interest in a company with close company status is strongly recommended to seek professional advice.

2. US FEDERAL INCOME TAXATION

2.1 *Summary*

The following is a summary of certain US federal income tax considerations relevant to US Holders and Non-US Holders (as defined below) acquiring, holding and disposing of the Ordinary Shares. This summary is based on the US Internal Revenue Code of 1986, as amended (the “**Code**”), final, temporary and proposed US Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all of which are subject to change, possibly with retroactive effect.

This summary does not discuss all aspects of US federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation):

- (i) financial institutions;
- (ii) insurance companies;
- (iii) traders or dealers in stocks, securities, currencies or notional principal contracts;
- (iv) regulated investment companies;
- (v) real estate investment trusts;
- (vi) tax-exempt organisations;
- (vii) entities that are treated as partnerships or pass-through entities for US federal income tax purposes or persons that hold Ordinary Shares through such entities;
- (viii) holders that own (directly, indirectly or constructively) 10% or more of the stock by vote or value of the Company;
- (ix) investors that hold Ordinary Shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for US federal income tax purposes;
- (x) US Holders that have a functional currency other than the US dollar; and
- (xi) US expatriates and former long-term residents of the United States, all of whom may be subject to tax rules that differ significantly from those summarised below.

This summary also does not address tax consequences applicable to holders of equity interests in a holder of the Ordinary Shares, US federal estate, gift, Medicare contribution or alternative minimum tax considerations or non-US, state or local tax considerations. This summary only addresses investors that will acquire Ordinary Shares in the Global Offering, and it assumes that investors will hold their Ordinary Shares as capital assets (generally, property held for investment).

For the purposes of this summary, a “**US Holder**” is a beneficial owner of Ordinary Shares that is for US federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation created in, or organised under the laws of, the United States or any state thereof, including the District of Columbia; (iii) an estate the income of which is includible in gross income for US federal income tax purposes regardless of its source; or (iv) a trust subject to the control of one or more US persons and under the primary supervision of a US court or that has validly elected to be treated as a domestic trust for US federal income tax purposes. A “**Non-US Holder**” is a beneficial owner of Ordinary Shares that is neither a US Holder nor a partnership.

If a partnership holds Ordinary Shares, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the US federal income tax consequences to them of the acquisition, ownership and disposition of Ordinary Shares.

2.2 *Distributions*

Subject to the passive foreign investment company (“**PFIC**”) rules discussed below, a distribution made by the Company on the Ordinary Shares generally will be treated as a dividend includible in the gross income of a US Holder as ordinary income to the extent of the Company’s current and accumulated earnings and profits as determined under US federal income tax principles. To the extent the amount of such distribution exceeds the Company’s current and accumulated earnings and profits as so computed, the distribution will be treated first as a non-taxable return of capital to the extent of such US Holder’s adjusted tax basis in the Ordinary Shares and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale of such shares. The Company does not expect to maintain calculations of earnings and profits for US federal income tax purposes. Therefore, a US Holder should expect that such distribution will generally be treated as a dividend. In addition, such dividends will not be eligible for the dividends received deduction allowed to US corporations with respect to dividends received from other US corporations.

Dividends received by individuals and certain other non-corporate US Holders should be taxed at the preferential rate applicable to qualified dividend income if (i) the Company qualifies for the benefits of the income tax treaty between the United States and the United Kingdom (the “**Treaty**”), (ii) the Company is not classified as a PFIC (as discussed below) in the year of distribution or the preceding year, and (iii) the holder has held the Ordinary Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. Although it cannot provide assurances to this effect, and its circumstances could change, the Company currently expects to be eligible for the benefits of the Treaty.

Dividends on the Ordinary Shares generally will constitute income from sources outside the United States for foreign tax credit limitation purposes. The amount of any distribution of property other than cash will be the fair market value of the property on the date of the distribution.

The US dollar value of any distribution made by the Company in non-US currency must be calculated by reference to the exchange rate in effect on the date of receipt of such distribution by the US Holder, regardless of whether the non-US currency is in fact converted into US dollars. If the non-US currency so received is converted into US dollars on the date of receipt, such US Holder generally will not recognise foreign currency gain or loss on such conversion. If the non-US currency so received is not converted into US dollars on the date of receipt, such US Holder will have a basis in the non-US currency equal to its US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the non-US currency generally will be treated as ordinary income or loss to such US Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

2.3 *Sale or other Disposition*

Subject to the PFIC rules discussed below, a US Holder generally will recognise gain or loss for US federal income tax purposes upon a sale or other disposition of its Ordinary Shares in an amount equal to the difference between the amount realised from such sale or disposition and the US Holder’s adjusted tax basis in such Ordinary Shares, as determined in US dollars. Such gain or loss generally will be capital gain or loss and will be long-term capital gain (taxable at a reduced rate for non-corporate US Holders, such as individuals) or loss if, on the date of sale or disposition, such Ordinary Shares were held by such US Holder for more than one year. The deductibility of capital loss is subject to significant limitations. Such gain or loss realised generally will be treated as derived from US sources.

A US Holder that receives non-US currency from a sale or disposition of Ordinary Shares generally will realise an amount equal to the US dollar value of the non-US currency on the date of sale or disposition or, if such US Holder is a cash basis or electing accrual basis taxpayer and the Ordinary Shares are treated as being traded on an “established securities market” for this purpose, the settlement date. If the Ordinary Shares are so treated and the non-US currency received is converted into US dollars on the settlement date, a cash basis or electing accrual basis US Holder will not recognise foreign currency gain or loss on the conversion. A non-electing accrual basis US Holder

may be required to recognise foreign currency gain or loss on the conversion attributable to changes in the relevant exchange rate between the date of sale or disposition and the settlement date. If the non-US currency received is not converted into US dollars on the settlement date, the US Holder will have a basis in the non-US currency equal to the US dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the non-US currency generally will be treated as ordinary income or loss to such US Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

2.4 ***Passive Foreign Investment Company Rules***

In general, a corporation organised or incorporated outside the United States is a PFIC in any taxable year in which either: (a) at least 75% of its gross income is classified as “passive income”; or (b) at least 50% of the average quarterly value attributable to its assets produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. For purposes of the above calculations, a non-US corporation that directly or indirectly owns at least 25% by value of the stock of another corporation is treated as if it held its proportionate share of the assets of such other corporation and received directly its proportionate share of the income of such other corporation.

Assuming that the Pre-IPO Reorganisation occurs as contemplated under “*Additional Information – Pre-IPO Reorganisation*”, based on the present nature of its activities, including the Global Offering, and the present composition of its assets and sources of income, the Company does not expect to be a PFIC for the current year or for the foreseeable future. There can be no assurances, however, that the Company will not be considered a PFIC for any particular year because PFIC status is factual in nature, generally cannot be determined until the close of the taxable year in question, and will depend on, among other things, the ownership and the composition of the income and assets, as well as the market value of the assets, of the Company and its subsidiaries from time to time. If the Company is classified as a PFIC in any year that a US Holder is a shareholder, the Company generally will continue to be treated as a PFIC for that US Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test described above, unless the holder makes certain elections under PFIC rules. If the Company were a PFIC in any taxable year, US Holders could be subject to materially negative US tax consequences, including but not limited to special tax rules relating to dividends and certain distributions and gains on sale as well as additional tax reporting obligations. US Holders should consult their own tax adviser about the application of the PFIC rules.

2.5 ***Non-US Holders***

Subject to the backup withholding rules described below, a Non-US Holder generally should not be subject to US federal income or withholding tax on any distributions made on the Ordinary Shares or gain from the sale, redemption or other disposition of the Ordinary Shares unless:

- (a) that distribution and/or gain is effectively connected with the conduct by that Non-US Holder of a trade or business in the United States; or
- (b) in the case of any gain realised on the sale or exchange of Ordinary Shares by an individual Non-US Holder, that Non-US Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

2.6 ***US Information Reporting and Backup Withholding***

Payments in respect of the Ordinary Shares may be subject to information reporting unless the US Holder establishes that payments to it are exempt from these rules. Payments that are subject to information reporting may be subject to backup withholding if a US Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Non-US Holders may be required to comply with applicable certification procedures to establish that they are not US Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a US Holder's US federal income tax liability and may be refunded to the extent they exceed such liability, provided a claim is timely filed with the US Internal Revenue Service.

Certain US Holders that own "specified foreign financial assets" that meet certain US dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Ordinary Shares generally will constitute specified foreign financial assets subject to these reporting requirements unless the Ordinary Shares are held in an account at certain financial institutions. Penalties can apply if US Holders fail to satisfy such reporting requirements. US Holders are urged to consult their tax advisers regarding the application of these or other disclosure requirements to their ownership of the Ordinary Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

ADDITIONAL INFORMATION

1. Responsibility

The Directors of the Company, whose names appear on page 44 of this document, and the Company accept responsibility for the information contained in this document and declare that, to the best of the knowledge of the Directors and the Company, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

2. Incorporation

- 2.1 The Company was incorporated and registered in England and Wales on 23 December 2020 as a public company limited by shares under the Companies Act 2006 under the name Project Titan plc with registered number 13096622 and LEI 213800VAYO5KCAXZHK83. The Company was renamed Moonpig Group plc on 8 January 2021.
- 2.2 The Company's registered office is at 10 Back Hill, London EC1R 5EN, United Kingdom. The Company's telephone number is +44 7809 340142.
- 2.3 The principal laws and legislation under which the Company operates and the Ordinary Shares have been created are the Companies Act 2006 and regulations made thereunder.
- 2.4 The business of the Company, and its principal activity, is to act as the ultimate holding company of the Group.
- 2.5 By a resolution of the Directors dated 18 January 2021, PricewaterhouseCoopers LLP ("PwC"), whose address is 1 Embankment Place, London WC2N 6RH, United Kingdom, was appointed as the auditors of the Company. PwC is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

3. Share capital

- 3.1 Immediately prior to the publication of this document, the share capital of the Company was as follows:

	Number	Amount
Ordinary shares of GBP 0.10 each	260,000,000	GBP 26,000,000

- 3.2 The Company was incorporated on 23 December 2020 as a public limited company limited by shares under the Companies Act 2006 under the name Project Titan plc and was renamed Moonpig Group plc on 8 January 2021. The issued share capital at the time of incorporation of company was GBP 50,000 which was issued to the initial subscriber to the Company's memorandum. No changes have occurred in the share capital of the Company since its incorporation.
- 3.3 Since incorporation, the Company's share capital has been issued in conformity with the laws of England and Wales.
- 3.4 The Company has not undertaken share issues or offers during the period covered by the Historical Financial Information set out in this document, and no consolidations or sub-divisions in respect of the Company's share capital have occurred during that period.
- 3.5 Immediately following Admission, the issued share capital of the Company is expected to be GBP 34,211,291.30 comprising 342,112,913 Ordinary Shares (all of which shall be fully paid or credited as fully paid).

3.6 *Authorisations*

In advance of Admission, the Company has obtained shareholder approvals to effect the Pre-IPO Reorganisation described in paragraph 5 of this section. In addition, the Company has obtained shareholder approvals which are customary for a listed company and which will remain in place until the Company's first annual general meeting following Admission.

3.6.1 On 22 January 2021, in connection with the acquisition by the Company of Titan Holdco Limited (as described in paragraph 5.3(i) of this section) the Company obtained shareholder approval to:

- (a) adopt amended articles of association ("**New Articles**") in a form suitable for the Company as a company whose shares will be admitted to the Official List and to trading on the main market for listed securities of the London Stock Exchange; and
- (b) authorise the Directors generally and unconditionally for the purposes of section 551 of the Companies Act 2006 and article 6 of the New Articles to exercise all the powers of the Company to allot shares in the Company up to a maximum total nominal amount of £25,950,000, such authority to expire six months from the date on which this resolution is passed.

3.6.2 On 1 February 2021, in connection with the subscription by existing shareholders of the Company for additional Ordinary Shares (as described in paragraph 5.3(ii) of this section) and the bonus issue and capital reduction (as described in paragraph 5.4(b) of this section), the Company obtained shareholder approval for the following resolutions of the Company:

- (a) that the Directors are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006, and article 6 of the Company's articles of association, to exercise all the powers of the Company to allot shares in the Company up to a maximum total nominal amount of £541,514,474.40;
- (b) that, subject to the passing of resolution (a) above, and in accordance with section 570 of the Companies Act 2006, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Companies Act 2006) pursuant to the authority conferred by resolution (a) above, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall:
 - (i) be limited to the allotment of equity securities up to an aggregate nominal amount of £541,514,474.40; and
 - (ii) expire on the date falling six months after the date of this resolution;
- (c) that:
 - (i) the Directors are authorised:
 - (A) to capitalise the sum of £533,896,715.30 standing to the credit of the Company's merger reserve;
 - (B) to apply this capitalised sum in fully paying up at par value 5,338,967,153 ordinary shares of £0.10 each in the capital of the Company (the "**New Ordinary Shares**"); and
 - (C) to allot and issue the New Ordinary Shares credited as fully paid up, at 6.00pm on the day before the date of the final hearing of the Company's application to cancel the New Ordinary Shares, to the shareholders whose

names appear on the register of members of the Company as at the date of this notice; and

- (ii) for the purposes of section 551 of the Companies Act 2006 the authority to allot the New Ordinary Shares expires on 30 April 2021; and

- (d) that, subject to and conditional to the passing of resolutions (a), (b) and (c) above, and following the allotment and issue of the New Ordinary Shares, the Company's share capital be reduced by cancelling and extinguishing all of the New Ordinary Shares.

3.6.3 Also on 1 and 2 February 2021, the Company obtained shareholder approval for the following resolutions of the Company, in each case to be subject to and conditional upon Admission becoming effective:

- (a) that the Directors are to be generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006, to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company, such authority being limited to:
 - (i) the allotment and issue of 5,935,322 Ordinary Shares in connection with the Global Offering (including those for the Subscription Shares, the Director Subscription described in paragraph 8.2 and the All-Employee IPO Awards);
 - (ii) the allotment of up to an aggregate nominal amount (within the meaning of Section 551(3) and (6) of the Companies Act 2006) of GBP 11,403,763.70 (such amount to be reduced by any allotments of shares or grants of shares or grants of rights to subscribe for, or to convert any security into, shares in the Company made pursuant to the resolution described in paragraph (iii) below in excess of such sum); and
 - (iii) the allotment of up to an aggregate nominal amount (within the meaning of Section 551(3) and (6) of the Companies Act 2006) of GBP 22,807,527.40 (such amount to be reduced by any allotments of shares or grants of shares or grants of rights to subscribe for, or to convert any security into, shares in the Company made pursuant to the resolution described in paragraph (ii) above) in connection with an offer by way of a rights issue in favour of existing holders of ordinary shares of the Company in proportion (as near as may be practicable) to their existing holdings (and to other holders of other equity securities if required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities),

such authorities to expire at the conclusion of the annual general meeting of the Company to be held in 2021 (or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it is passed);

- (b) that the Directors be given power to allot equity securities as defined in Section 560 of the Companies Act 2006 (including, without limitation, to grant rights to subscribe for, or to convert any securities into, ordinary shares in the Company, and to sell any shares of the Company held by the Company as treasury shares) for cash pursuant to the resolution described in paragraph (a) above as if Section 561 of the Companies Act 2006 did not apply to the allotment, such power being limited to:
 - (i) the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under the resolution described in paragraph (a)(iii) above, by way of a rights issue only) to or in favour of:
 - (I) holdings of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings; and

- (II) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter; and

- (ii) the allotment and issue of 5,935,322 Ordinary Shares in connection with the Global Offering (including those for the Subscription Shares, the Director Subscription described in paragraph 8.2 and the All-Employee IPO Awards); and
- (iii) the allotment of equity securities pursuant to the authority granted under the resolution described at paragraph (a)(ii) above (otherwise than pursuant to the resolution described at paragraph (f) above) up to a maximum nominal amount of GBP 1,710,564.50,

such power to expire at the conclusion of the annual general meeting of the Company to be held in 2021 (or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it is passed);

- (c) in addition to any authority referred to in paragraph (b) above, the Board be authorised to allot equity securities (as defined in section 560 of the Companies Act) for cash pursuant to the authority referred to in the resolutions in paragraph (a) above, such authority to be:
 - (i) limited to allotment of equity securities up to an aggregate nominal amount of GBP 1,710,564.50; and
 - (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of general meeting at which the resolutions were passed,

such authority to expire at the end of the next annual general meeting of the Company to be held in 2021 (or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it is passed);

- (d) that, in accordance with Section 701 of the Companies Act 2006, the Company be generally and unconditionally authorised to make market purchases within the meaning of Section 693 of the Companies Act 2006 of Ordinary Shares on such terms and in such manner as the directors of the Company may determine, such authority being limited:
 - (i) to a maximum aggregate number of 34,211,291 Ordinary Shares;
 - (ii) by the condition that the maximum price which may be paid for any Ordinary Share purchased under this authority (exclusive of expenses payable by the Company in connection with the purchase) may not be more than the higher of:
 - (I) an amount equal to 105% of the average of the middle market prices shown in the quotations for the Ordinary Shares in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary Share is purchased; and

- (II) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out; and
- (iii) by the condition that the minimum price which may be paid shall be GBP 0.10 per Ordinary Share (being the nominal value of that Ordinary Share, exclusive of expenses payable by the Company in connection with the purchase),

such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2021 (or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it is passed); and

- (e) that, in accordance with Section 366 of the Companies Act 2006, the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect be authorised to:
 - (i) make political donations to political parties or independent election candidates;
 - (ii) make political donations to political organisations other than political parties; and
 - (iii) incur political expenditure,

provided that the aggregate amount of any such donations and expenditure shall not exceed GBP 100,000 during the period beginning with the date of the passing of this resolution and ending at the conclusion of the annual general meeting of the Company to be held in 2021 (or, if earlier, at the close of business on the date falling 12 months after the resolution conferring it is passed).

For the purpose of this resolution the terms “political donations”, “political parties”, “independent election candidates”, “political organisations” and “political expenditure” have the meanings set out in Section 363 to 365 of the Companies Act 2006.

Except as disclosed in this document, there is no contract or arrangement, nor has any been proposed, whereby an option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the Company or its subsidiaries.

4. Horizon Group Separation

- 4.1 In preparation for Admission and pursuant to the Horizon Group Separation, the Horizon Group has effected a demerger of two business divisions, namely the Horizon Group’s Photobox business, held within the Photobox Group, and its online card and gifting business, held within Cards HoldCo Limited and its subsidiaries (the “**Cards HoldCo Group**”) (the “**Horizon Group Separation**”). The Horizon Group Separation took place pursuant to a series of reorganisation steps, including by way of share for share exchanges and a solvency statement capital reduction pursuant to Section 642 of the Companies Act 2006, resulting in the existing shareholders of Horizon HoldCo Limited (“**HHL**”) (the “**Horizon Shareholders**”) holding pro rata shareholdings in: (i) Horizon Group HoldCo Limited (“**HGHL**”) as the indirect parent company of Photobox (which holds the Photobox Group); and (ii) Titan HoldCo Limited (“**THL**”) as the indirect parent company of Cards HoldCo Limited (which holds the Cards HoldCo Group).

Overview

- 4.2 Pursuant to the Horizon Group Separation, HGHL issued and allotted shares to the Horizon Shareholders in consideration for the transfer of the shares in HHL held by the Horizon Shareholders. Following a series of further reorganisation steps, Cards HoldCo Limited became a direct subsidiary of HGHL.
- 4.3 Thereafter, and following the issue and cancellation of bonus shares by HGHL (as detailed below) HGHL transferred its shareholding in Cards HoldCo Limited to THL in exchange for the issue and

allotment by THL of shares to the Horizon Shareholders. Following the Horizon Group Separation, the Horizon Shareholders held the same proportion of shares in THL, the indirect parent company of Cards HoldCo Limited (which holds the Cards HoldCo Group) as they held in HGHL, the indirect parent company of Photobox (which holds the Photobox Group).

First share for share exchange

- 4.4 As part of the Horizon Group Separation, HGHL issued shares in itself to the Horizon Shareholders in exchange for the Horizon Shareholders' shares in HHL. As such, HHL became a wholly-owned subsidiary of HGHL and HGHL was wholly owned by the Horizon Shareholders (mirroring their previous shareholdings in HHL).

Related party consolidation and waivers

- 4.5 As part of the Horizon Group Separation, the Horizon Group consolidated various related party balances between Horizon Group entities such that there was only one net related party loan between the Horizon Group entities and the Group which will be settled as part of the Pre-IPO Reorganisation (as further described in paragraph 5 of this section).

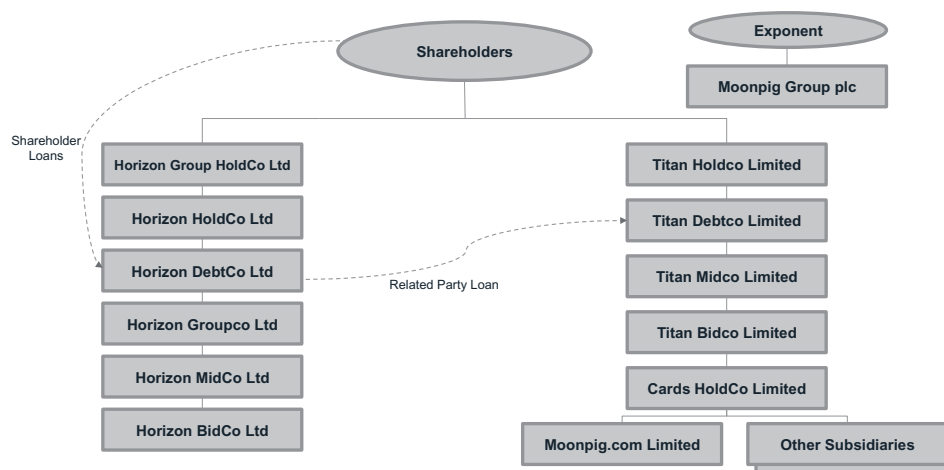
Issue of bonus shares, capital reduction and second share for share exchange

- 4.6 The first share for share exchange created a "merger reserve" in HGHL, which HGHL then capitalised to pay up a bonus issue of shares (the "**Bonus D Shares**") with an aggregate nominal value equal to the fair market value of the Cards HoldCo Group and carrying rights to the entire issued share capital of the Cards HoldCo Group on a return of capital. Thereafter, HGHL cancelled the Bonus D Shares, by way of a solvency statement capital reduction pursuant to Section 642 of the Companies Act 2006. HGHL satisfied the repayment of capital by transferring the entire issued share capital in Cards HoldCo Limited to THL. In return, THL issued shares in itself to the Horizon Shareholders (mirroring their previous shareholdings in HHL) and assumed certain debt obligations in place of HGHL. For financing purposes, THL transferred the entire issued share capital in Cards HoldCo Limited down a series of wholly-owned entities.

5. Pre-IPO Reorganisation

Pre-Reorganisation Structure of the Group

The diagram below sets out the simplified Group structure as at the date of this document.



- 5.1 On 23 December 2020, Exponent (as sole shareholder) incorporated Project Titan plc and renamed it Moonpig Group plc on 8 January 2021 with a nominal share capital of GBP 50,000.
- 5.2 Following the Horizon Group Separation (as further described in paragraph 4 of this section), on 22 January 2021, the Company, Exponent and the other shareholders of Titan Holdco Limited entered into implementation deeds (the "**Implementation Deeds**") pursuant to which the parties have agreed

and (among other things) undertake to effect the following reorganisation steps following publication of this document and prior to Admission in the order set out below.

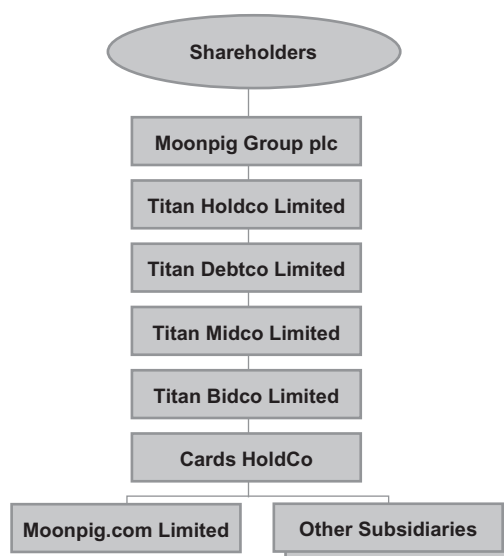
Pre-Admission steps under the Reorganisation

5.3 Pursuant to contractual obligations entered into and facilitated by Implementation Deeds, the following steps will take place prior to Admission:

- (i) on 1 February 2021 the Company will acquire the entire issued share capital of Titan Holdco Limited, a company incorporated for the purposes of facilitating the Horizon Group Separation, from the shareholders of Titan Holdco Limited in exchange for shares issued by the Company to the shareholders of Titan Holdco Limited, thereby making the Company the holding company of the Group;
- (ii) Horizon DebtCo will subsequently repay approximately 80% of the outstanding shareholder loan notes due by Horizon DebtCo to the existing shareholders of the Company (leaving the balance of the shareholder loan notes outstanding) by transferring the related party loan due from Titan Debtco Limited to the existing shareholders of the Company and, using that related party balance as consideration, those shareholders will then subscribe for additional Ordinary Shares in the Company,

each of the foregoing steps comprising and being the pre-IPO reorganisation (the “**Pre-IPO Reorganisation**”).

The diagram below sets out the Group structure on Admission:



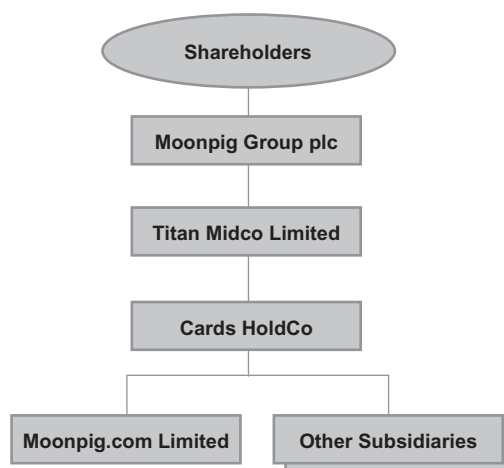
5.4 Following Admission:

- (a) as soon as practicable Titan Bidco Limited and Cards HoldCo will notify the Agent (as defined below) of the Senior Facilities Agreement to replace Titan Bidco Limited as the borrower under the Senior Facilities Agreement with Cards HoldCo, with such replacement being in Titan Bidco Limited and Cards HoldCo’s sole discretion and control, and pursuant to the terms of the Senior Facilities Agreement; as a result the obligations and liabilities of Titan Bidco Limited as a borrower under the Senior Facilities Agreement shall be transferred to Cards HoldCo and Titan Bidco Limited shall cease to be the borrower;
- (b) prior to Admission the Company passed the necessary resolutions to enable it to increase its share capital through the capitalisation of £533,896,715.30 of its merger reserves (created when the Company was put on top of the Group as described in paragraph 5.3(i) above) which will be used to fund a bonus issue of 5,338,967,153 Ordinary Shares to the shareholders of the Company on the register on the date of the resolution pro-rata to their holdings at that date (the “**Bonus Issue**”); the

Company shall subsequently undertake a court approved reduction of capital in which the Ordinary Shares issued as described in this subparagraph above will be cancelled in order to create distributable reserves of £533,896,715.30. It is expected that this step will be completed approximately 6 weeks after Admission. The Bonus Issue will be effected on the night before the final court hearing;

- (c) as soon as practicable following the transfer of the debt under the Senior Facilities Agreement to Cards HoldCo, the Company will undergo further steps to consolidate the Group by removing Titan Holdco Limited, Titan Debtco Limited and Titan Bidco Limited (each companies incorporated to facilitate the Horizon Group Separation) from the direct chain of ownership between the Company and the operating companies of the Group. Titan Holdco Limited, Titan Debtco Limited and Titan Bidco Limited will then be placed in members voluntary liquidation (such entities no longer being required by the Group) in order to create a more efficient group structure). In order to facilitate those steps Titan Holdco Limited, Titan Debtco Limited, Titan Bidco Limited and Cards HoldCo will need to undergo capital reductions (by solvency statement), which reductions are expected to be registered on Companies House within approximately ten business days. Titan Holdco Limited, Titan Debtco Limited and Titan Bidco Limited will then be placed into members voluntary liquidation promptly thereafter, with such members voluntary liquidation expected to be completed within approximately a year of Admission;

and following completion of the steps described in (a), (b) and (c) above, the Group structure shall be as set out in the diagram below:



6. Articles of Association

The articles of association (the “**Articles**”) include provisions to the following effect. All capitalised terms in this section are defined in the Glossary unless the context provides otherwise. In accordance with Section 31(1) of the Act, the objects of the Company are unrestricted and, accordingly, the Articles do not include an objects provision.

6.1 *Limited liability*

The liability of the members is limited to the amount, if any, unpaid on the shares in the Company respectively held by them.

6.2 *Rights attaching to shares*

(a) *Voting rights of members*

Subject to the Articles and to any special rights or restrictions as to voting for the time being attached to any class of shares in the Company the provisions of the Companies Act 2006 shall apply in relation to voting rights. At a general meeting which is held as a physical general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is demanded. At a general meeting which is held as an electronic general meeting, a

resolution put to the vote of the meeting shall be decided on a poll. On a poll, every member present in person or by proxy has one vote for every share of which he is a holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

(b) *Dividends*

Subject to the rights attached to any shares issued on any special terms and conditions, dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls should be treated for these purposes as paid up on the share.

(c) *Return of Capital*

If the Company is in liquidation, the liquidator may, with the authority of a special resolution of the Company and any other authority required by any applicable statutory provision: (i) divide among the members in specie the whole or any part of the assets of the Company; or (ii) vest the whole or any part of the assets in trustees on such trusts for the benefit of members as the liquidator shall think fit, but no member shall be compelled to accept any assets upon which there is any liability.

(d) *Capitalisation of reserves*

The Board may, with the authority of an ordinary resolution of the Company: (i) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including the share premium account and capital redemption reserve) or any sum standing to the credit of the profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and (ii) appropriate that sum as capital to the holders of shares in proportion to the nominal amount of the share capital held by them respectively and apply that sum on their behalf in paying up in full any shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution provided that the share premium account and the capital redemption reserve, any redenomination reserve and any sum not available for distribution in accordance with the applicable statutory provisions may only be applied in paying up shares to be allotted credited as fully paid up.

6.3 *Issue of Ordinary Shares*

- (a) The Company may from time to time pass an ordinary resolution authorising, in accordance with Section 551 of the Companies Act 2006, the Board to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to the maximum nominal amount specified in the resolution. The authority shall expire on the day specified in the resolution (not being more than five years from the date on which the resolution is passed).
- (b) Subject (other than in relation to the sale of treasury shares) to the Board being generally authorised to allot shares and grant rights to subscribe for or to convert any security into shares in the Company in accordance with Section 551 of the Companies Act 2006, the Company may from time to time resolve, by special resolution, that the Board be given power to allot equity securities for cash as if Section 561 of the Companies Act 2006 did not apply to the allotment but that power shall be limited: (i) to the allotment of equity securities in connection with a rights issue; and (ii) to the allotment (other than in connection with a rights issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution. The authority shall expire on the day specified in the resolution.

6.4 *Alteration of share capital*

The Company may exercise the powers conferred by the applicable statutory provisions to:

- (a) increase its share capital by allotting new shares;
- (b) reduce its share capital;
- (c) sub-divide or consolidate and divide all or any of its share capital; and
- (d) redenominate all or any of its shares and reduce its share capital in connection with such redenomination.

6.5 *Variation of class rights*

If at any time the share capital is divided into different classes of shares, the rights attached to any class may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three- fourths in nominal value of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class. Unless otherwise expressly provided by the rights attached to any class of shares, those rights shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them or by the purchase or redemption by the Company of any of its own shares.

6.6 *Transfer of Ordinary Shares*

Save as described below, the Ordinary Shares will be freely transferable upon Admission.

A member may transfer all or any of his shares in any manner which is permitted by any applicable statutory provision and is from time to time approved by the Board. The Company shall maintain a record of uncertificated shares in accordance with the relevant statutory provisions.

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in such other form as the Board may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, except in the case of a fully paid share, by or on behalf of the transferee. The Board may, in its absolute discretion, refuse to register any instrument of transfer of any certificated share which is not fully paid up (but not so as to prevent dealings in listed shares from taking place on an open and proper basis) or on which the Company has a lien. The Board may also refuse to register any instrument of transfer of a certificated share unless it is left at the registered office, or such other place as the Board may decide, for registration, accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to prove title of the intending transferor or his right to transfer shares; and it is in respect of only one class of shares. If the Board refuses to register a transfer of a certificated share it shall, as soon as practicable and in any event within two months after the date on which the instrument was lodged, give to the transferee notice of the refusal together with its reasons for refusal. The Board must provide the transferee with such further information about the reasons for the refusal as the transferee may reasonably request. Unless otherwise agreed by the Board in any particular case, the maximum number of persons who may be entered on the register as joint holders of a share is four.

6.7 *Disclosure of interests in Ordinary Shares*

If the holder of, or any person appearing to be interested in, any share has been given a notice requiring any of the information mentioned in Section 793 of the Companies Act 2006 (the “**Section 793 Notice**”) and, in respect of that share (a “**Default Share**”), has been in default for a period of 14 days after the Section 793 Notice has been given in supplying to the Company the information required by the Section 793 Notice, the following restrictions shall apply: (i) if the Default Shares in which any one person is interested or appears to the Company to be interested represent less than 0.25% of the issued shares of the class, the holders of the Default Shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting of the Company; or (ii) if the Default Shares in which any one person is interested or appears to the

Company to be interested represent at least 0.25% of the issued shares of the class, the holders of the Default Shares shall not be entitled, in respect of those shares:

- (i) to attend or to vote, either personally or by proxy, at any general meeting of the Company; or
- (ii) to receive any dividend or other distribution; or
- (iii) to transfer or agree to transfer any of those shares or any rights in them.

6.8 ***Forfeiture of shares***

If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the Board may give a notice to the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.

If the requirements of a notice are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the Board. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

Every share which is forfeited or surrendered shall become the property of the Company and (subject to the applicable statutory provisions) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the Board shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up.

6.9 ***Uncertificated shares—general powers***

In relation to any uncertificated share, the Company may utilise the relevant system in which it is held to the fullest extent available from time to time in the exercise of any of its powers or functions under any applicable statutory provision or the Articles or otherwise in effecting any action. Any provision in the Articles in relation to uncertificated shares which is inconsistent with any applicable statutory provision or the exercise of any powers or functions, including actions by means of a relevant system, by the Company shall not apply. The Company may, by notice to the holder of an uncertificated share, require the holder to change the form of that share to certificated form within such period as may be specified in the notice. For the purpose of effecting any action by the Company, the Board may determine that shares held by a person in uncertificated form and in certificated form shall be treated as separate holdings but they shall not be treated as separate classes of shares.

6.10 ***Communications by the Company***

Subject to the applicable statutory provisions, a document or information may be sent or supplied by the Company to any member in electronic form to such address as may from time to time be authorised by the member concerned or by making it available on a website and notifying the member concerned (in accordance with the applicable statutory provisions) of the presence of a document or information on the website. A member shall be deemed to have agreed that the Company may send or supply a document or information by means of a website if the applicable statutory provisions have been satisfied.

6.11 ***General Meetings***

An annual general meeting shall be held in accordance with the applicable statutory provisions. Other general meetings shall be held whenever the Board thinks fit or on the requisition of the Shareholders in accordance with the Companies Act 2006.

Subject to the applicable statutory provisions, an annual general meeting shall be called by not less than 21 clear days' notice and all other general meetings shall be called by not less than 14 clear days' notice or by not less than such minimum notice period as is permitted by the applicable statutory provisions.

The requisite quorum for general meetings of the Company shall be two qualifying persons entitled to vote on the business to be transacted at the meeting. A qualifying person is an individual who is a member of the Company; a corporate representative; or a proxy.

6.12 **Directors**

(a) *Appointment, resignation and termination*

The Directors shall not, unless otherwise determined by an ordinary resolution of the Company, be less than two in number.

Following Admission, for so long as there is a controlling shareholder (as defined in the Listing Rules), the Articles allow for the election or re-election of any independent director to be approved by separate resolutions of: (i) the Shareholders; and (ii) the Shareholders excluding any controlling shareholder. If either of the resolutions is defeated, the Company may propose a further resolution to elect or re-elect the proposed independent director, which: (i) must be voted on within a period commencing 90 days and ending 120 days from the original vote, and (ii) must be passed by a vote of the shareholders of the Company voting as a single class.

A director need not be a member of the Company.

At each annual general meeting every director shall retire from office. A retiring director shall be eligible for re-election, and a director who is re-elected will be treated as continuing in office without a break. A retiring director who is not re-elected shall retain office until the close of the meeting at which he retires. If the Company, at any meeting at which a director retires in accordance with the Articles, does not fill the office vacated by such director, the retiring director, if willing to act, shall be deemed to be re-elected, unless at the meeting a resolution is passed not to fill the vacancy or to elect another person in his place or unless the resolution to re-elect him is put to the meeting and not passed.

(b) *Conflicts of Interest*

If a situation (a “**Relevant Situation**”) arises in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company but which does not arise in relation to a transaction or arrangement with the Company, the director must declare the nature and extent of his interest to the other directors and the directors (other than the director, and any other director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution) or a committee thereof may: (x) if the Relevant Situation arises from the appointment or proposed appointment of a person as a director of the Company, resolve to authorise the appointment of the director and the Relevant Situation on such terms as they may determine; and (y) if the Relevant Situation arises in other circumstances, resolve to authorise the Relevant Situation and the continuing performance by the director of his or her duties on such terms as they may determine. Any terms of such authorisation may be imposed at the time of the authorisation or may be imposed or varied subsequently and may include (without limitation):

- (i) whether the interested directors may vote (or be counted in the quorum at a meeting) in relation to any resolution relating to the Relevant Situation;
- (ii) the exclusion of the interested directors from all information and discussion by the Company of the Relevant Situation; and
- (iii) (without prejudice to the general obligations of confidentiality) the application to the interested directors of a strict duty of confidentiality to the Company for any confidential information of the Company in relation to the Relevant Situation.

Any authorisation of a Relevant Situation may provide that, where the interested director obtains (other than through his position as a director of the Company) information that is confidential to a

third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company's affairs in circumstances where to do so would amount to a breach of that confidence.

If a director is in any way, directly or indirectly, interested in a proposed or an existing transaction or arrangement with the Company, he must declare the nature and extent of that interest to the other directors.

Subject to any applicable statutory provisions and to having declared his interest to the other directors, a director may:

- (i) enter into or be interested in any transaction or arrangement with the Company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company, or as vendor, purchaser or otherwise;
- (ii) hold and be remunerated in respect of any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director;
- (iii) act by himself or his firm in a professional capacity for the Company (except as auditor) and be entitled to remuneration for professional services as if he were not a director;
- (iv) be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any holding company or subsidiary undertaking of that holding company or any other company in which the Company may be interested; and
- (v) be or become a director of any other company in which the Company does not have an interest if that cannot reasonably be regarded as likely to give rise to a conflict of interest at the time of his appointment as a director of that other company.

(c) *Remuneration*

The Board may grant special remuneration to any director who performs any special or extra services to or at the request of the Company. Such special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise as the Board may decide in addition to any remuneration payable under or pursuant to any other of the Articles.

Subject to any guidelines or procedures set out in a director's appointment letter, such director shall be paid out of the funds of the Company all travelling, hotel and other expenses properly incurred by him in and about the discharge of his duties, including his expenses of travelling to and from board meetings, committee meetings and general meetings. Subject to any guidelines and procedures established from time to time by the Board, a director may also be paid out of the funds of the Company all expenses incurred by him in obtaining professional advice in connection with the affairs of the Company or the discharge of his duties as a director.

The Board may exercise all the powers of the Company to:

- (i) pay, provide, arrange or procure the grant of pensions or other retirement benefits, death, disability or sickness benefits, health, accident and other insurances or other such benefits, allowances, gratuities or insurances, including in relation to the termination of employment, to or for the benefit of any person who is or has been at any time a director of the Company or in the employment or service of the Company or of any body corporate which is or was associated with the Company or of the predecessors in business of the Company or any such associated body corporate, or the relatives or dependants of any such person. For that purpose the Board may procure the establishment and maintenance of, or participation in, or contribution to, any pension fund, scheme or arrangement and the payment of any insurance premiums;
- (ii) establish, maintain, adopt and enable participation in any profit sharing or incentive scheme including shares, share options or cash or any similar schemes for the benefit of any director or employee of the Company or of any associated body corporate, and to

lend money to any such director or employee or to trustees on their behalf to enable any such schemes to be established, maintained or adopted; and

- (iii) support and subscribe to any institution or association which may be for the benefit of the Company or of any associated body corporate or any directors or employees of the Company or associated body corporate or their relatives or dependants or connected with any town or place where the Company or an associated body corporate carries on business, and to support and subscribe to any charitable or public object whatsoever.

(d) *Indemnity*

As far as the applicable statutory provisions allow, the Company may:

- (i) indemnify any person who is or was at any time a director, officer or employee of the Company (or of an associated body corporate) against any liability;
- (ii) indemnify a director of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the company's activities as trustee of the scheme;
- (iii) purchase and maintain insurance against any liability for any individual referred to in paragraph (i) or (ii) above; and
- (iv) provide any individual referred to in paragraph (i) or (ii) above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure).

(e) *Proceedings of the Board*

A director may at any time, and the secretary may at the request of a director, call a meeting of the Board. The Board may meet for the dispatch of business, adjourn and otherwise regulate its meeting as it thinks fit. This includes at a meeting which consists of a conference between directors some or all of whom are in different places provided that each director may participate in the business of the meeting by any means which allows him both to hear each of the other participating directors (or receive real-time communications made by them), and, if he so wishes, to address all of the other participating directors (or communicate in real time with them).

The quorum for board meetings, unless fixed by the Board at any other number, shall be two. A board meeting at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the Board.

The Board may appoint a chairman and one or more deputy chairmen and may at any time revoke such an appointment. The chairman, or failing him any deputy chairman (the longest in office taking precedence), shall, if present and willing, preside at all board meetings but, if no chairman or deputy chairman has been appointed, or if he is not present within five minutes after the time fixed for holding the meeting or is unwilling to act as chairman of the meeting, the directors present shall choose one of their number to act as chairman for that meeting.

Questions arising at a board meeting shall be determined by a majority of votes. A resolution which is signed or approved by all the directors entitled to vote on that resolution shall be valid and effectual as if it had been passed at a board meeting duly called and constituted.

All acts executed in a *bona fide* manner by a meeting of the Board, of a committee, or by any person acting as a director or committee member, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or committee or of the person so acting, or that they or any of them were disqualified or had

vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified to be a director and had continued to be a director or member of the committee and had been entitled to vote.

6.13 *Borrowing power*

There is no requirement on the directors to restrict the borrowing of the Company or any of its subsidiary undertakings.

6.14 *Dividends*

(a) *Declaration of dividends*

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profits, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the Board.

(b) *Interim dividends*

The Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, none of the directors shall incur any liability to the holders of shares conferring preferred rights for any loss such holders may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

(c) *Calculation and currency of dividends*

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide: (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share; (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; and (iii) dividends can be declared or paid in whatever currency the directors decide using an exchange rate selected by the directors for any currency conversions required and the directors can also decide how any costs relating to the choice of currency will be met.

(d) *Dividends not to bear interest*

No dividend or other moneys payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

(e) *Calls or debts may be deducted from dividends*

The Board may deduct from any dividend or other moneys payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from him (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares of the Company.

(f) *Dividends in specie*

With the authority of an ordinary resolution of the Company and on the recommendation of the Board, payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company.

(g) *Scrip dividends*

The Board may, with the authority of an ordinary resolution of the Company, offer any holders of any particular class of shares the right to elect to receive further shares of that class by way

of scrip dividend instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution.

(h) *Unclaimed dividends*

Any dividend unclaimed for a period of 12 years after having been declared shall be forfeited and cease to remain owing by the Company.

7. Directors and Senior Management

7.1 The Directors and members of Senior Management, their functions within the Group and brief biographies are set out in “**Directors, Senior Management and Corporate Governance**”.

7.2 Each of the Directors can be contacted at the Company’s registered office address at 10 Back Hill, London EC1R 5EN, United Kingdom.

7.3 In addition to their directorships of the Company and other members of the Group, the Directors and the Senior Management hold, or have held, the following directorships or equivalent roles and are or were members of the following partnerships, within the previous five years prior to the date of this document:

Name	Company/Partnership	Position still held
Nickyl Raithatha.....	LFG Limited	No
	Horizon Holdco Limited	No
	Horizon Groupco Limited	No
	Horizon Midco Limited	No
	Horizon Bidco Limited	No
	Horizon Debtco Limited	No
	Horizon Newco Limited	No
	Photobox Holdco Alpha Limited	No
	Photobox Holdco Beta Limited	No
	Photobox Holdco Gamma Limited	No
	Photobox Holdco Limited	No
Andy MacKinnon.....	Excalibur Holdco Limited	No
	Excalibur Midco Limited	No
	Excalibur Debtco Limited	No
	Excalibur Bidco Limited	No
	Excalibur Silver Bidco Limited	No
	Secret Sales Ltd	No
	Wowcher Limited	No
	Livingsocial Limited	No
	Livingsocial Europe Limited	No
	Water Plus Group Limited	No
	Water Plus Select Limited	No
	Water Plus Limited	No
	Horizon Holdco Limited	No
	Horizon Groupco Limited	No
	Horizon Midco Limited	No
	Horizon Bidco Limited	No
	Horizon Debtco Limited	No
	Horizon Newco Limited	No
	Photobox Holdco Alpha Limited	No
	Photobox Holdco Beta Limited	No
	Photobox Holdco Gamma Limited	No
	Photobox Holdco Limited	No

Name	Company/Partnership	Position still held
Kate Swann.....	IVC Evidensia	Yes
	Secret Escapes	Yes
	Parques Reunidos	Yes
	EQT AB	Yes
	SSP Plc	No
	University of Bradford	Yes
	England Hockey	Yes
	Babcock Plc	No
David Keens	J Sainsbury plc	Yes
	Auto Trader Group plc	Yes
Niall Wass.....	Koru Kids Ltd	Yes
	Hey Habito Ltd	Yes
	Streethub Ltd (Trouva)	Yes
	OnTruck	Yes
	Ree Technology	Yes
	Job and Talent Holding Limited	Yes
	Glovo	Yes
	Atomico	Yes
	Intelligent Energy Technology Ltd	Yes
	Ovo Field Force Ltd	No
	Ovo Group Ltd	No
	Ovo Energy Ltd	No
	Ovo Electricity Ltd	No
	Ovo Gas Ltd	No
	Oni Gas Limited	No
	Oni Energy Limited	No
	Oni Electricity Limited	No
	Property Partner	No
	London House Exchange Limited	No
	Uniplaces Limited	No
Susan Hooper	ECHO Research	Yes
	Caresourcer Limited	Yes
	Chapter Zero Limited	Yes
	Berkeley Capital Group	Yes
	Uber Britannia Limited	Yes
	Uber London Limited	Yes
	Quin.com	Yes
	Affinity Water Limited	Yes
	The Rank Group plc	Yes
	Wizz Air plc	No
	Department for Exiting the European Union	No
	LUISS University Business School	No
Simon Davidson	BFY Bidco Limited	Yes
	BFY Debtco Limited	Yes
	BFY Midco Limited	Yes
	BFY Topco Limited	Yes
	Vibrant Topco Limited	Yes
	Exponent Private Equity (Holdings) LLP	Yes
	Exponent Private Equity Partners GP IV LLP	Yes
	Evergreen Garden Care Limited	Yes
	Excalibur Holdco Limited	Yes
	Horizon Holdco Limited	Yes
	Unicorn Children's Centre	Yes

Name	Company/Partnership	Position still held
	Exponent Private Equity LLP	Yes
	Vibrant Foods Limited	No
	Vibrant Debtco Limited	No
	Vibrant Midco Limited	No
	Flexyfoot Limited	No
	Evergreen Garden Care Limited	No
	Garden Care Holdco Limited	No
	Evergreen Garden Care UK Ltd	No
	Garden Care Bidco Limited	No
	Garden Care Midco Limited	No
	Garden Care Finco Limited	No
	Garden Care Loanco Limited	No
	Garden Care Australia Finco Limited	No
	Garden Care Poland Finco Limited	No
	Horizon Debtco Limited	No
	Horizon Bidco Limited	No
	Horizon Groupco Limited	No
	Horizon Midco Limited	No
	Horizon Newco Limited	No

7.4 Save as set out above, none of the Directors or the Senior Management has any business interests, or performs any activities, outside the Group which are significant with respect to the Group.

7.5 At the date of this document, none of the Directors or Senior Management has at any time within the last five years:

- (i) had any convictions in relation to fraudulent offences;
- (ii) been declared bankrupt or been the subject of any individual voluntary arrangement;
- (iii) been associated with any bankruptcy, receivership or liquidation in his or her capacity as director or senior manager;
- (iv) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);
- (v) been disqualified by a court from acting as a director;
- (vi) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company;
- (vii) been a partner or senior manager in a partnership which, while he or she was a partner or within 12 months of him or her ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;
- (viii) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he or she was a partner at that time or within the 12 months preceding such event; or
- (ix) been an executive director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he or she was an executive director or senior manager of that company or within 12 months of him or her ceasing to be an executive director or senior manager.

7.6 Save as set out below, there are:

- (i) no potential conflicts of interest between any duties to the Company of the Directors and members of Senior Management and their private interests and/or other duties; and
- (ii) no arrangements or understandings with the Shareholders, members, suppliers or others pursuant to which any Director or member of Senior Management was selected other than the appointment of Simon Davidson whose nomination for appointment by the Shareholders shall be governed by the terms of the Relationship Agreement (see “—*Material Contracts—Relationship Agreement with Exponent*”).

7.7 Simon Davidson has been appointed to the Board of the Company by Exponent. Amongst other things, Exponent may from time to time acquire and hold interests in businesses that compete directly or indirectly with the Group, or with which the Group conducts business. In particular, Exponent has an interest in Photobox, which is a subtenant of the Group, pursuant to a sublease effective from 1 May 2020, in respect of part of the Group’s head office premises in Farringdon, London. Photobox and the Group also have an ongoing contractual arrangement, pursuant to the Demerger Agreement and the Tax Matters Agreement, and certain of the Company’s subsidiaries may have ongoing obligations to Photobox under those documents. In addition, Kate Swann, Nickyl Raithatha and Andy MacKinnon hold an indirect interest in Photobox.

7.8 Each of the Directors has a statutory duty under the Companies Act 2006 to avoid conflicts of interests with the Company and to disclose the nature and extent of any such interest to the Board. Under the Articles and, as permitted by the Companies Act 2006, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/or restrictions as the Board deems appropriate (including in respect of the receipt of information or restrictions on participation at certain Board meetings), in accordance with the Articles (as summarised in paragraph 6 above).

7.9 In addition, under the terms of the Relationship Agreement, Simon Davidson, as a Nominee Director of Exponent, will be required to declare the nature and extent of any conflict which requires to be declared to the Board pursuant to the Companies Act 2006 or the Articles and, unless a majority of the independent Directors consents or agrees otherwise, may not vote or participate in any part of a meeting of the Board that relates to that matter. The Nominee Directors will also not receive information in respect of any such matter.

7.10 There are no family relationships between any of the Directors or members of Senior Management.

8. Directors’ and Senior Management’s interests in the Company

8.1 As at the date of this document and as is expected to be the position immediately following Admission, except as disclosed in paragraph 8.2 below, none of the Directors nor the members of Senior Management, and none of their respective immediate families, has any interest in the share capital of the Company which:

- (i) is required to be notified to the Company pursuant to Article 19 of the Market Abuse Regulation as such legislation forms part of retained EU law;
- (ii) is an interest of a connected person (within the meaning of Schedule 11B of the FSMA), which would be required to be disclosed under paragraph (i) above and the existence of which is known to or could with reasonable diligence be ascertained by that Director or member of Senior Management, as at the date of this document; or
- (iii) would have been required to be disclosed by paragraph (i) or (ii) above if the relevant member of Senior Management had been a PDMR of the Company.

- 8.2 The following tables set out the interests of the Directors and members of Senior Management (all of which are beneficial and include interest of persons connected to them) in the share capital of the Company at the date of this document and immediately following Admission:

Director/Senior Management	Shareholdings at the date of this document		Shareholdings immediately following Admission ⁽¹⁾	
	Number of Ordinary Shares	Percentage of issued Ordinary Share capital	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
Kate Swann	3,366,740	1.29%	2,397,132	0.70%
Nickyl Raithatha.....	5,720,000	2.20%	4,004,428 ⁽²⁾	1.17% ⁽²⁾
Andy MacKinnon.....	910,000	0.35%	637,285 ⁽³⁾	0.19% ⁽³⁾
David Keens	—	—	57,143	0.02%
Niall Wass.....	—	—	42,858	0.01%
Susan Hooper	—	—	14,286	0.00%
Simon Davidson	—	—	—	—

- (1) Reflects shareholdings in the Company following conversion of shareholder loan notes pursuant to the pre-IPO Reorganisation and issuance of Subscription Shares pursuant to the Global Offer. In addition, each of David Keens, Niall Wass and Susan Hooper will be subscribing for Ordinary Shares directly from the Company at Admission at the Offer Price (the “**Director Subscription**”).
- (2) 1,170,000 Ordinary Shares, issued pursuant to the Legacy Share Plans, remain subject to time vesting conditions post-IPO. In addition, Nickyl Raithatha hold options over 1,189,286 Ordinary Shares outstanding under the Pre-IPO Awards and options over 331,428 Ordinary Shares outstanding under the LTIP, which are subject to performance conditions linked to the periods ending 30 April 2023 and 2024.
- (3) 520,000 Ordinary Shares, issued pursuant to the Legacy Share Plans, remain subject to time vesting conditions post-IPO. In addition, Andy MacKinnon holds options over 396,429 Ordinary Shares outstanding under the Pre-IPO Awards and options over 160,714 Ordinary Shares outstanding under the LTIP, which are subject to performance conditions linked to the periods ending 30 April 2023 and 2024.
- 8.3 The interests of the Directors and members of Senior Management as set out in paragraph 8.2, together are expected to represent approximately 3.84% of the issued Ordinary Share capital of the Company at the date of this document and are expected to represent approximately 2.09% of the issued share capital of the Company immediately following Admission.
- 8.4 Save as set out in paragraph 8.2, it is not expected that any Director or member of Senior Management will have any interest in the share or loan capital of the Company on Admission and there is no person to whom any capital of any member of the Group is under award or option or agreed unconditionally to be put under award or option.
- 8.5 Save as set out in this paragraph 8, no Director or member of Senior Management has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Group and which was effected by the Company in the current or immediately preceding financial year or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

9. Major shareholders' interests in the Company

- 9.1 As at the date of this document, and insofar as it is known to the Company, the following persons are, or will, immediately following Admission, be directly or indirectly interested (within the meaning of the Companies Act 2006) in 3% or more of the Company's issued share capital (being the threshold for notification of interests that will apply to Shareholders as at Admission pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules), and the interests of those acquiring 5% or more of the Offer Shares being sold in the Global Offering, assuming no exercise of the Over-allotment Option:

Shareholder	Interests in Ordinary Shares at the date of this document		Ordinary Shares to be sold in the Offer assuming no exercise of the Over-allotment Option		Interests in Ordinary Shares immediately following Admission assuming no exercise of the Over-allotment Option ⁽¹⁾	
	No.	% of total issued	No.	% of total issued	No.	% of total issued
Exponent Private Equity Partners III (SPV), LP.....	107,340,220	41.28%	54,501,507	20.96%	90,835,846	26.55%
LCP VIII Holdings LP.....	49,281,700	18.95%	25,008,650	9.62%	41,681,084	12.18%
LGT Capital Partners ⁽²⁾	14,784,640	5.69%	7,502,642	2.89%	12,504,406	3.66%
Strategic Partners VII Investments L.P (Series D).....	13,418,860	5.16%	4,539,730	1.75%	13,619,192	3.98%
Aberdeen Standard Investments ⁽³⁾	8,673,600	3.34%	8,052,807	3.10%	3,684,605	1.08%
BlackRock-affiliated funds ⁽⁴⁾	—	—	—	—	30,000,000	8.77%
Dragoneer Global Fund II, L.P.	—	—	—	—	14,285,714	4.18%
Henderson Global Investors Limited	—	—	—	—	8,000,000	2.34%

(1) Includes Cornerstone Commitments (for further information see “**Details of the Global Offering – Cornerstone Investors**”) and reflects shareholdings in the Company following conversion of shareholder loan notes pursuant to the pre-IPO Reorganisation and issuance of Subscription Shares pursuant to the Global Offer.

(2) Includes Ordinary Shares held by Crown Premium Private Equity VI Master SCS SICAV- FIS, Crown Global Secondaries IV PLC, Crown European Markets IV PLC and Crown Global Opportunities VI PLC.

(3) Includes Ordinary Shares held by Hampshire County Council as administering authority of the Hampshire Pension Fund, Perpetual Corporate Trust Limited as custodian for ROC Capital PTY Limited as Trustee for Q Private Equity Trust, Perpetual Corporate Trust Limited as custodian for ROC Capital PTY Limited as Trustee for MU Private Capital Trust and PE2 LP.

(4) Includes various independently managed funds affiliated with BlackRock, Inc.

- 9.2 Save as disclosed above, insofar as is known to the Directors, there is no other person who (i) is or will be immediately following Admission, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or (ii) can, will or could, directly or indirectly, jointly or severally, exercise control over the Company.
- 9.3 The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

10. Overview of remuneration strategy and policy

- 10.1 The Company's aim is to attract, retain and motivate the best talent, allow for flexibility to remain competitive and to help ensure continued growth and success as it enters the next stage of its development operating in a listed company environment.
- 10.2 To support this aim, the Board has adopted two all-employee share plans (the 2021 Save As You Earn (the SAYE) and the 2021 Share Incentive Plan (the SIP)), and two discretionary executive share plans (the 2021 Long Term Incentive Plan (the LTIP) and the 2021 Deferred Share Bonus Plan (the DSBP, together the Public Company Plans)).
- 10.3 The information in this section 10 and in section 11, together with the details of the Public Company Plans set out in sections 13.2 to 13.7 of this "*Additional Information*", summarises the key components of the Executive Director and Non-Executive Director remuneration arrangements which will apply from Admission.
- 10.4 The remuneration policy aims to align the interests of the Executive Directors, senior management and employees to the long-term interests of shareholders, and aims to support a high performance, collegiate and inclusive culture with appropriate reward for superior Company, business unit and individual performance without creating incentives that will encourage excessive risk taking or unsustainable Company performance.
- 10.5 Overall remuneration levels have been set at a competitive level against the market and have been structured to reflect the UK listed environment.
- 10.6 Following Admission, the Executive Directors' remuneration structure will consist of the following elements:
- (i) A base salary, set at an appropriate level by reference to the talent market(s) relevant to each individual. Normally, salary increases will not exceed those of the wider workforce although correctional increases may be made (e.g., if someone commences on less than the full market level);
 - (ii) Market normal benefits, including but not limited to life assurance, private medical, dental and other similar insured benefits, together with the ability to participate in the SIP and SAYE (as described in paragraphs 13.4 and 13.5 of this section);
 - (iii) An annual bonus (as further described at paragraph 13.7 of this section) with at least 70% of the opportunity linked to financial performance measures. The bonus is capped on an individual basis and a portion will be deferred into shares under the DSBP;
 - (iv) An LTIP (as further described at paragraph 13.6 of this section), with annual grants of awards to participants which vest after a performance period of not less than three years. The awards will be subject to metrics aligned with the strategy of the business. All vested shares must be held for two years. Given the proximity at IPO of the end of the financial year FY21, the first awards being made at IPO, over shares worth 200% and 150% of salary for the CEO and CFO, respectively, using the IPO price, effectively comprises the grant which would otherwise be made in the financial year FY22 and is subject to:
 - (A) 50% of the award: the Company's relative TSR comparing the IPO price to the 3-month average to 30 April 2024 versus the constituents of the FTSE250 (excluding investment trusts) over the same period (except that their bases price will be the 3-month average to IPO). 25% of this component will vest at median rising on a straight-line basis to 100% at upper quartile; and
 - (B) 50% of the award: the Company's underlying EBITDA (which will be re-expressed as pre-tax adjusted EPS following IPO once the capital structure is settled) to April 2024 achieving £75 million to £80 million. Underlying EBITDA in the context of these LTIP awards excludes the cost of the Legacy 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 £75 million rising on a straight-line basis to 100% at £80 million;

- (v) A shareholding guideline (200% of base salary) will apply to Executive Directors while in their role and, other than in exceptional circumstances at the discretion of the Remuneration Committee, for 2 years following employment.
 - (vi) Following Admission, the Chair and Non-Executive Directors will receive an annual fee for their services, with additional fees for committee chairmanships and for the SID. These fees will be delivered fully in cash. Fee levels have been set to ensure the attraction of appropriate level of experience required and to reflect the sector in which the Company operates.
- 10.7 The Remuneration Committee will provide further details of the remuneration policy in its first annual report following Global Offering at which point the remuneration policy will be put to shareholders for formal approval in accordance with the Companies Act 2006.

11. Directors' and Senior Management's remuneration

- 11.1 This section 11 provides information on the service agreements and remuneration arrangements for the Executive Directors and Non-Executive Directors of the Company, and Senior Management.
- 11.2 The aggregate amount of remuneration paid (including any contingent or deferred compensation), and all benefits in kind granted to the Directors and the Senior Management, consisting of three individuals, by the Company and its intended subsidiaries for services in all capacities for the year ended 30 April 2020 was GBP 1,311,428.
- 11.3 Under the terms of their service contracts, letters of appointment and applicable incentive plans, effective in the year ended 30 April 2020, the Directors were remunerated as set out below:

Name	Position	Annual salary/fees (GBP)	Other benefits (GBP)
Kate Swann	Chair	90,545	4,155
Nickyl Raithatha	Chief Executive Officer	343,333	597,726
Andy MacKinnon.....	Chief Financial Officer	174,583	101,587
David Keens.....	Senior Independent Non-Executive Director	—	—
Niall Wass	Independent Non-Executive Director	—	—
Susan Hooper	Independent Non-Executive Director	—	—
Simon Davidson.....	Non-Executive Director	—	—

- 11.4 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

11.5 *Executive Directors*

- (a) On 10 January 2021, Cards Holdco entered into new service contracts with Nickyl Raithatha, who has been employed by the Group as CEO since June 2018, and Andy MacKinnon, who has been employed by the Group as CFO since January 2019. The principal terms of these service contracts are set out below.

General terms

- (b) Nickyl Raithatha is entitled to receive a salary of GBP 580,000 per annum under his service contract and is eligible for an annual discretionary bonus of an amount up to 150% of annual salary. He is entitled to employer pension contributions of no less than 5% of annual salary (or cash in lieu) and participates in the Group's private family medical cover, life assurance, and family dental insurance schemes. He is entitled to 25 days of paid holiday per year (increasing

by one additional day for each year of employment up to a maximum of 30 days) plus bank and public holidays.

- (c) Andy MacKinnon is entitled to receive a salary of GBP 375,000 per annum under his service contract and is eligible for an annual discretionary bonus of an amount up to 150% of annual salary. He is entitled to employer pension contributions of no less than 5% of annual salary (or cash in lieu) and participates in the Group's private family medical cover, life assurance and family dental insurance schemes. He is entitled to 25 days of paid holiday per year (increasing by one additional day for each year of employment up to a maximum of 30 days) plus bank and public holidays.

Termination provisions

- (d) Nickyl Raithatha's service contract is terminable by either party on 12 months' notice. Cards Holdco has the ability to terminate the service contract with immediate effect by making a payment in lieu of notice which shall consist of base salary only (the "**PILON**"). The first instalment of the PILON. This payment will be made within 28 days of Cards Holdco's written notice of termination. Cards Holdco may then pay the remainder of the PILON in equal monthly instalments until the date on which the notice period would have expired had notice been given (the "**Payment Period**"). Nickyl Raithatha is required to inform Cards Holdco immediately in the event that he receives, or has a right to receive, remuneration from any source in respect of his employment or the provision of his services during the Payment Period or relating to the Payment Period ("remuneration" shall include any salary, fee or other benefit). If Nickyl Raithatha obtains alternative employment or an alternative engagement during the Payment Period, any further monthly instalments of the PILON will be reduced on a pro rata basis by any payment or remuneration in respect of such alternative employment or alternative engagement during the Payment Period or relating to the Payment Period.
- (e) Cards Holdco is entitled to put Nickyl Raithatha on garden leave during any period of notice. During such period of garden leave, Nickyl Raithatha will be entitled to receive his salary and all contractual benefits.
- (f) Nickyl Raithatha is subject to post termination of employment restrictions on certain competitive activities.
- (g) Andy MacKinnon's service contract is terminable by either party on 12 months' notice. Cards Holdco has the ability to terminate the service contract with immediate effect by making a payment in lieu of notice which shall consist of base salary only (the "**PILON**"). The first instalment of the PILON. This payment will be made within 28 days of Cards Holdco's written notice of termination. Cards Holdco may then pay the remainder of the PILON in equal monthly instalments until the date on which the notice period would have expired had notice been given (the "**Payment Period**"). Andy MacKinnon is required to inform Cards Holdco immediately in the event that he receives, or has a right to receive, remuneration from any source in respect of his employment or the provision of his services during the Payment Period or relating to the Payment Period ("remuneration" shall include any salary, fee or other benefit). If Andy MacKinnon obtains alternative employment or an alternative engagement during the Payment Period, any further monthly instalments of the PILON will be reduced on a pro rata basis by any payment or remuneration in respect of such alternative employment or alternative engagement during the Payment Period or relating to the Payment Period.
- (h) Cards Holdco is entitled to put Andy MacKinnon on garden leave during any period of notice. During such period of garden leave, Andy MacKinnon will be entitled to receive his salary and all contractual benefits.
- (i) Andy MacKinnon is subject to post termination of employment restrictions on certain competitive activities.

11.6 *Non-Executive Directors*

- (a) The Company has appointed five Non-Executive Directors: the Chair, three Independent Non-Executive Directors and one Non-Executive Director who is not determined to be independent. The Non-Executive Directors, including the Chair, were appointed by letter of appointment. A summary of the terms of appointment of the Non-Executive Directors by the Company is set out below:

Name	Title	Date of appointment to the Board
Kate Swann	Chair	10 January 2021
Nickyl Raithatha	Chief Executive Officer	23 December 2020
Andy MacKinnon...	Chief Financial Officer	23 December 2020
David Keens.....	Senior Independent Non-Executive Director	10 January 2021
Niall Wass	Independent Non-Executive Director	10 January 2021
Susan Hooper	Independent Non-Executive Director	10 January 2021
Simon Davidson.....	Non-Executive Director	10 January 2021

- (b) The Chair is entitled to receive an annual fee of GBP 230,000. The base annual fee for each Non-Executive Director is GBP 60,000. Additional fees will be paid as follows: GBP 10,000 per annum to the SID, GBP 5,000 per annum to the ESG lead which includes being the designated representative for workforce engagement and, other than in the case of the Chair, GBP 10,000 per annum for chairing a Board committee.
- (c) In addition, each Non-Executive Director is entitled to be reimbursed for reasonable expenses necessarily incurred arising from the performance of their duties.
- (d) The Chair's appointment is terminable on 3 months' notice. The Company has the ability to terminate the Chair's appointment with immediate effect without paying compensation.
- (e) The Non-Executive Directors appointment is terminable on 1 months' notice. The Company has the ability to terminate a Non-Executive Director's appointment with immediate effect without paying compensation.
- (f) The Non-Executive Directors are not entitled to participate in the Company's share scheme or any bonus or pension schemes upon termination.
- (g) The appointments of each of the Independent Non-Executive Directors are for an initial term of three years from the date of appointment, unless terminated earlier. The appointment of each Independent Non-Executive Director is also subject to annual re-election at the general meeting of the Company.
- (h) The appointment of each non-independent Non-Executive Director is terminable in accordance with the Relationship Agreement (see "*Material Contracts—Relationship Agreement with Exponent*").
- (i) Each Director is eligible to benefit from the directors' indemnity provided for in the Company's Articles, and for cover under any directors and officers liability insurance policy that the Company maintains from time to time. The Directors may obtain, at the Company's expense, external legal or professional advice necessary to enable the Director to carry out their duties.
- (j) The Non-Executive Directors are subject to confidentiality undertakings without limitation in time. They are not subject to non-compete restrictive covenants.

12. *Pension and other end of service schemes*

Details of the Company's pension schemes are set out in Note 6 of Section B of "*Historical Financial Information*". The total amounts set aside or accrued by the Company or its subsidiaries to provide pension, retirement or similar benefits was nil as at 30 April 2020.

13. Share Incentive Plans

13.1 *Pre-IPO and All-Employee IPO Awards*

(a) *The Pre-IPO Awards*

Certain members of management were granted awards prior to the Global Offering (the “**Pre-IPO Awards**”). The Pre-IPO Awards are one-off awards made pre-IPO which will not be repeated as part of ongoing post-IPO remuneration. The Pre-IPO-Awards were, at the date of grant, over an aggregate of £18.5 million, and will, to the extent they vest (if at all), be paid 50% in cash and 50% in shares based on the Offer Price. The part of the Pre-IPO Awards over shares were granted as nil cost options, 45% of the aggregate amount has been awarded to the CEO, 15% to the CFO and the remainder to the other members of management. To the extent that any part of a Pre-IPO Award lapses on cessation of employment, it may be reallocated.

The Pre-IPO Awards will vest subject to the achievement of targets related to revenue and underlying EBITDA (excluding the cost of the Pre-IPO Awards) over the period to the end of the year ending 30 April 2023, with 50% of each individual’s Pre-IPO Award allocated to each target. None of the amount of a Pre-IPO Award related to revenue will vest if the Company’s revenues in the year ending 30 April 2023 are below £255 million. At £255 million, 25% of that element will vest, at £265 million, 50% of that element will vest and at £275 million, 100% will vest. There will be straight-line vesting between those points. None of the amount of a Pre-IPO Award related to underlying EBITDA will vest if underlying EBITDA in the year ending 30 April 2023 is below £60 million. At £60 million, 25% of that element will vest, at £65 million, 50% of that element will vest and at £70 million, 100% will vest. There will be straight-line vesting between those points.

The extent to which the Pre-IPO Awards will vest (and, in respect of the nil-cost options, become exercisable) will be determined by the Remuneration Committee following the end of the year ending 30 April 2023. The Pre-IPO Awards may, if and to the extent vested, be paid (and the nil cost option may be exercised) in two equal tranches. The first tranche will be paid (and the nil cost option may be exercised) after the determination of the extent to which it is vested and the second tranche will be paid (and the nil-cost option may be exercised) following 30 April 2024. A Pre-IPO Award will only be paid (and the nil-cost option may only be exercised) provided the employee remains employed (and not under notice) with the Group on the date of payment (or exercise) or has ceased to be employed before the date of payment (or exercise) due to death, injury, ill health disability, retirement (subject to continued retirement status at the date of exercise), following a sale of the business or company in which the individual is employed or for any other reason (except for dishonesty, fraud, or other circumstances justifying summary dismissal) determined by the Remuneration Committee. The Pre-IPO Awards are subject to the normal provisions relating to adjustments if the share capital of the Company is varied and the impact of the occurrence of corporate events (takeovers or reconstructions etc.), other than pro-rating for time.

(b) *All-Employee IPO Awards*

At the time of Admission the Company will operate the 2021 Share Incentive Plan (a summary of the principal terms of which are set out in paragraph 13.2 of this section) for the first time. It will grant free share awards to all employees employed by the Moonpig Group on Admission, based on their length of service. Employees who joined in 2020 or later will receive an award over approximately £500 worth of shares at the offer price, employees who joined in 2019 will receive an award over approximately £1,000 worth of shares and employees who joined before 2019 will receive an award over approximately £1,500 of shares. The free share awards granted to UK based staff will be granted under the SIP and subject to a minimum three year holding period to attract beneficial tax treatment. The awards made to employees in Guernsey and the Netherlands will not be subject to a holding period. The awards will not be forfeited in any circumstance.

13.2 *Overview of the new Discretionary Plans*

- (a) Following Admission, the Company intends to operate two all-employee share plans (the 2021 Save As You Earn (the “**SAYE**”) and the 2021 Share Incentive Plan (the “**SIP**”)), and two discretionary executive share plans (the 2021 Long Term Incentive Plan (the “**LTIP**”) and the 2021 Deferred Share Bonus Plan (the “**DSBP**”)) (together the “**Public Company Plans**”). Any reference in this section to the Board, includes any designated committee of the Board.

The following is a summary of the main provisions of the Public Company Plans.

13.3 *Provisions applying to all Plans*

- (a) *Dilution limits*

Options and awards (**Awards**)

The use of Ordinary Shares which are newly issued or transferred from treasury to satisfy options or awards (“**Awards**”) under the Public Company Plans is limited to 10% of the Company’s issued share capital from time to time, taking into account Ordinary Shares issued or to be issued or transferred from treasury over the previous ten calendar year period under all employee share plans adopted by the Company. Within this limit not more than 5% of the issued share capital of the Company from time to time may be used to satisfy Awards under the LTIP and DSBP and any other discretionary employee share plan operated by the Company. Treasury shares will count as new issue Ordinary Shares for the purposes of these limits unless the guidelines of the Investment Association are amended to provide that they need not count. Awards made before or within 30 days of IPO will not count towards these limits.

- (b) *Grant of Awards*

Following IPO, awards will normally be granted under the Public Company Plans within 42 days of: (i) the Company releasing its results for any financial period; (ii) a general meeting of the Company; or (iii) the lifting of any restrictions on dealing in Ordinary Shares. Awards may also be granted at other times if the Board determines that there are exceptional circumstances. No Awards can be granted under the Public Company Plans more than ten years after the date the Public Company Plans are approved by Shareholders.

- (c) *Other features*

Awards granted under the Public Company Plans are not transferable, except on death. Awards are not pensionable. Any Ordinary Shares allotted when an option is exercised or an award vests will carry the same rights as all other Ordinary Shares in issue at that time (except for rights arising by reference to a record date before their allotment).

- (d) *Variation of share capital*

If there is a variation of the share capital of the Company, the Board may make such adjustments to Awards granted under each Plan, including to the number, nominal value or description of Ordinary Shares subject to Awards and the option exercise price (if any), that it considers to be fair and reasonable, so that the aggregate value and option exercise price (if any) of the Award remains substantially the same.

- (e) *Alterations and termination*

The Board may at any time amend the rules of a Plan in any respect, provided that no amendment is made to the advantage of participants relating to the:

- (i) persons to whom Awards may be granted;
- (ii) limits on the number of Ordinary Shares which may be allocated under the Public Company Plans;
- (iii) maximum entitlement for individuals;

- (iv) rights attaching to Awards and Ordinary Shares;
- (v) rights of participants in the event of a variation of share capital; and
- (vi) terms of the amendment provisions in the Public Company Plans,

without the prior approval of Shareholders in a general meeting, unless the amendment is minor, is to benefit the administration of the relevant Plan, is to take account of a change in legislation or is to obtain or maintain favourable tax, exchange control or regulatory treatment for eligible employees, participants or the Company or the Group.

(f) *Overseas plans*

The Board may, at any time, establish further plans based on the Public Company Plans for overseas territories. Any such plan shall be similar to the Public Company Plans, as relevant, but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant Plan.

13.4 **SAYE**

(a) *General*

The SAYE is an all-employee share plan under which eligible employees may apply for options (whenever invitations are issued) to acquire Ordinary Shares in the future (on a tax-favoured basis) at a price determined shortly before an invitation is issued. The option exercise price may be set at a discount to the market value of an Ordinary Share at that time. Participants are required to save monthly through a certified contractual savings arrangement over a specified period, currently any of three or five years. At the end of the savings period the participant may exercise the option using the savings contributions or have the savings repaid.

(b) *Eligibility*

All UK resident employees and executive directors of all Group companies who have been employed for a minimum period (which may not exceed five years) are entitled to participate in the SAYE.

(c) *Contributions*

Participants must enter into a savings contract with a nominated savings carrier under which they agree to make monthly contributions (between the minimum and maximum amounts permitted under the enabling legislation, and any inner limits as set by the Board, currently £5 to £500). The Board can scale down applications relative to any limit on the number that may be acquired and the contribution limits prescribed in any application. The maximum number of Ordinary Shares over which a participant is granted an option will be the number of Ordinary Shares that can be acquired, at the option exercise price, with the monthly savings made plus any bonus payable on maturity of the savings contract. Savings contracts that are cancelled or lapse will count towards the monthly savings limit for an individual until the date on which they would normally have matured.

(d) *Option exercise prices*

The option exercise price may not be less than 80% of the middle market quotation of an Ordinary Share as derived from the London Stock Exchange Daily Official List on the dealing day or average of a number of dealing days immediately before the date of invitation and, in the case of any options under which Ordinary Shares are to be issued, may not be less than the nominal value of an Ordinary Share.

(e) *Exercise*

Provided the participant has remained in employment, options may normally only be exercised during the six month period following the maturity of the related savings contract, following

which the option will normally lapse. The Company will arrange for delivery of the Ordinary Shares to a participant (or the participant's nominee) within 30 days following the exercise of the option.

(f) *Leavers*

A participant who ceases to be an employee of the Group by reason of injury, disability, redundancy, death, retirement, following a sale of the company in which they work, or a takeover or winding up of the Company, may exercise their option within six months after leaving (12 months in the case of death). If a participant leaves for any other reason, the participant's option will lapse on the date the participant leaves.

(g) *Corporate events*

In the event of a change of control of the Company, an option may be exercised (to the extent of a participant's savings) during the period starting up to 20 days before and ending six months after the relevant corporate event. In the event of a takeover or scheme of arrangement, participants may be offered equivalent new options over shares in the new holding company or another company, equivalent in value to their existing options, in exchange for their existing options.

13.5 *SIP*

(a) *General*

The SIP is an all-employee share plan under which eligible employees can acquire Ordinary Shares in the Company on a tax-favoured basis. The Board can operate the SIP in a number of ways. It can:

make an award of free Ordinary Shares (the “**Free Shares**”);

- (i) give participants the opportunity to acquire partnership Ordinary Shares (the “**Partnership Shares**”);
- (ii) make an award of matching Ordinary Shares (the “**Matching Shares**”) to those participants who acquire Partnership Shares; and/or
- (iii) require or allow participants to re-invest dividends paid on their Free Shares, Partnership Shares or Matching Shares, in further Ordinary Shares (the “**Dividend Shares**”, together with the Free Shares Partnership Shares and Matching Shares, the “**SIP Shares**”).

The SIP operates through a trust, which will acquire Ordinary Shares by purchase or subscription and will hold the Ordinary Shares on behalf of employees.

(b) *Eligibility*

All employees of the Company and any participating company who are UK resident taxpayers will be eligible and must be invited to participate in the SIP, provided they have been employed for a qualifying period determined by the Board which may not exceed 18 months. Other employees may be invited to participate.

(c) *Free Shares*

The SIP provides that each participant may be awarded Free Shares worth up to the statutory maximum (currently £3,600) each year. The allocation can be based on the achievement of individual, team, divisional or corporate performance targets which must be notified to all employees. Otherwise, Free Shares must be awarded to employees on the same terms, although awards can vary by reference to remuneration, length of service or hours worked. Free Shares must be held in trust for the period specified by the Board of between three and five years. If a participant ceases employment with the Group within three years from the grant date, the Free Shares will cease to be subject to the SIP and may be forfeited as determined by the Board.

(d) *Partnership Shares*

Participants may be offered the opportunity to purchase Partnership Shares out of pre-tax salary contributions up to the maximum set by the legislation (currently £1,800, or 10% of salary if less). The Company may set a minimum monthly deduction from a participant's salary that may not be greater than the amount set by the legislation, currently £10. The Partnership Shares may be acquired immediately or the salary contributions accumulated for any period of up to 12 months before they are used to buy Partnership Shares. The Board can scale down applications for Partnership Shares relative to any limit on the number which may be acquired and the contribution limits prescribed in any application.

Partnership Shares can be withdrawn from the SIP by the participant at any time and are not subject to forfeiture provisions.

(e) *Matching Shares*

Where participants acquire Partnership Shares, they may be awarded Matching Shares by the Company, up to a current statutory maximum of two Matching Shares for each Partnership Share. The award of Matching Shares cannot be subject to performance targets. Each award of Matching Shares will be subject to a holding period of not less than three years, nor more than five years (or any other periods required by the relevant legislation from time to time), beginning with the grant date, and which will be the same for all participants who receive an award at the same time. If a participant ceases employment with the Group or a participant withdraws their corresponding Partnership Shares within three years of purchase or such other forfeiture period as determined by the Board, the Matching Shares will cease to be subject to the SIP and may be forfeited.

(f) *Dividend Shares*

The Board may determine that some or all of the cash dividends paid in respect of Free Shares, Partnership Shares or Matching Shares will be re-invested in the purchase of Dividend Shares. Alternatively, participants may be permitted to re-invest cash dividends paid in respect of Free Shares, Partnership Shares or Matching Shares in the purchase of Dividend Shares. Dividend Shares are subject to a three year holding period, but are not subject to forfeiture. The Board may impose a limit on the amount of dividends which may be reinvested in Dividend Shares to be held on behalf of any participant, although there is no statutory maximum. To the extent that the cash dividends exceed any limit imposed, the SIP trustee must pay over cash dividends to the relevant participant as soon as practicable.

(g) *Offers*

The participant may direct the SIP trustee on the appropriate action to take in relation to any right relating to a participant's SIP Shares to receive other shares, securities or rights of any description, or an offer of cash, or to agree to a transaction pursuant to a compromise, arrangement or scheme in relation to a reconstruction or takeover.

If required to do so by the Company, the SIP trustee will invite participants to direct it how to exercise the voting rights attributable to the SIP Shares held on their behalf and will not exercise those rights other than on the participants' instructions.

(h) *Leavers*

In general, and subject to any applicable forfeiture provisions, if a participant ceases employment with the Group, the participant's SIP Shares will cease to be subject to the SIP.

Participants will not be liable to income tax or National Insurance contributions on their SIP Shares ceasing to be subject to the SIP on leaving employment with the Group by reason of injury, disability, redundancy, death, retirement, or following a sale of the Company in which they work.

(i) *Termination*

The Company may resolve to terminate the SIP at any time. On termination, the SIP trustee must remove each participant's SIP Shares from the SIP and transfer them or distribute the proceeds of their sale to the participants as soon as practicable.

13.6 **LTIP**

(a) *General*

The LTIP is a discretionary executive share plan, under which the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) options over Ordinary Shares ("**LTIP Options**"); and/or (ii) conditional awards (i.e. a conditional right to acquire Ordinary Shares) ("**LTIP Conditional Awards**", together with LTIP Options, the "**LTIP Awards**").

(b) *Eligibility*

All employees (including Executive Directors) of the Group are eligible for selection to participate in the LTIP, at the discretion of the Board.

(c) *Grant of Awards*

The Board may grant LTIP Awards to eligible employees with a maximum total market value of up to 200% of the relevant individual's annual base salary. The Board will review the appropriateness of this limit post-IPO in light of individual and Company performance.

It is anticipated that the first grant of LTIP Awards will be made at IPO to Executive Directors and selected senior management, with the CEO and CFO receiving an LTIP Award equal to 200% and 150% of salary, respectively.

(d) *Performance and other conditions*

The Board may and, in the case of grants to Executive Directors, will impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the performance measurement period for such conditions will, in the case of Executive Directors be not less than three years. The proposed performance conditions for the first grant of LTIP Awards will relate to the period to April 2024.

Any performance conditions applying to LTIP Awards may be amended if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions. LTIP Awards will normally vest after the end of the performance measurement period and LTIP Options will normally remain exercisable following vesting for a period not exceeding 10 years from grant.

The Board may determine that an LTIP Award will vest to a lesser extent despite the performance conditions having been satisfied in whole or part, if it considers that the overall performance of the Company (as determined by the Board) does not warrant the LTIP Award vesting in full.

(e) *Holding period*

At its discretion, the Board may and, in case of grants to Executive Directors, will grant LTIP Awards subject to a holding period of a two years following vesting. In the event of cessation of employment, the participant will remain subject to any post-vesting holding requirements unless the Remuneration Committee determines otherwise. In the event of a takeover, scheme of arrangement or winding-up of the Company, the LTIP Awards may be released from the holding period.

(f) *Malus*

The Board may decide, at the vesting of LTIP Awards or at any time before, that the number of Ordinary Shares subject to a participant's LTIP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- (i) discovery of a material misstatement resulting in an adjustment in the historical audited accounts of the Group or any Group company;
- (ii) the discovery that any information used to determine the number of Ordinary Shares subject to an LTIP Award was based on an error, or inaccurate or misleading information;
- (iii) action or conduct of a participant which amounts to fraud or gross misconduct;
- (iv) an instance of corporate failure of the Group, (e.g. administration or liquidation); or
- (v) any other circumstance which, in the Board's opinion, has a significantly adverse impact on the Group's reputation, (or which would have had a significantly adverse impact the Group's reputation had it been made public), to justify the operation of malus.

(g) *Clawback*

The Board may apply clawback to all or part of a participant's vested LTIP Award in the same circumstances as in which malus may be applied (as described above) during the period of three years following the vesting of an LTIP Award. Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash, or a reduction of future salary/bonus. In considering the application of clawback, the Remuneration Committee will be as constituted immediately prior to any corporate event or corporate failure.

(h) *Dividend equivalents*

On vesting of an LTIP Award, a participant will, unless the Board determines otherwise, receive cash or further Ordinary Shares (at the discretion of the Board) equal in value, so far as is possible, to any dividends paid or payable on the Ordinary Shares between the grant date and the vesting date (or expiry of any holding period) with or without deemed reinvestment of such amount in further shares.

(i) *Alternative settlement*

At its discretion, the Board may decide to satisfy LTIP Awards with a payment in cash or Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Ordinary Shares.

(j) *Leavers*

If a participant ceases to be employed with the Group before the vesting date because of death injury, ill health, disability, redundancy, retirement (subject to continued retirement status at vesting), following a sale of the company in which they work, or for any other reason (except for dishonesty, fraud, misconduct, or other circumstances justifying summary dismissal) determined by the Board, the participant's LTIP Award will vest on the normal vesting date or on an earlier date that the Board determines.

The extent to which an LTIP Award will vest in these situations will depend on: (a) the extent to which any performance conditions have, in the opinion of the Board, been satisfied over the performance period; and (b) a reduction (if any) in the size of the LTIP Award that the Board determines appropriate taking into account the time that has elapsed between the grant date and the date of the relevant event as a proportion of the normal vesting period.

If a participant ceases to be employed by a member of the Group before the vesting date in any other circumstances, the participant's LTIP Award(s) will lapse immediately.

To the extent that LTIP Options vest in the event of cessation of employment, they may be exercised for a period of six months ordinarily (or such other period the Board determines) and for 12 months in the case of death, from the normal vesting date (or earlier date that the Board determines) and will otherwise lapse at the end of that period.

(k) *Corporate events*

In the event of a takeover, scheme of arrangement or the winding up of the Company all LTIP Awards will vest at the time of the relevant event, subject to: (a) the extent to which any performance conditions have, in the opinion of the Board, been satisfied over the performance period; and (b) a reduction in the size of LTIP Award to reflect the time that has elapsed between the grant date and the date of the relevant event as a proportion of the normal vesting period unless the Board determines otherwise.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company, they may be exercised for a period of up to six months from the relevant event and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards will vest, to the extent determined by the Board taking into account the same factors as set out above.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that LTIP Awards may be replaced by equivalent new awards over shares in the new acquiring company.

13.7 **DSBP**

(a) *General*

The DSBP is a discretionary executive share plan, which incorporates the Company's executive bonus scheme and allows for the deferral of a bonus into awards over Ordinary Shares. The deferred awards over Ordinary Shares that may be granted under the DSBP may take the form of (i) nil cost options over Ordinary Shares (the "**DSBP Options**"); and/or (ii) conditional awards (i.e. a conditional right to acquire Ordinary Shares) (the "**DSBP Conditional Awards**"), together with the DSBP Options, the "**DSBP Awards**").

(b) *Eligibility*

All employees (including Executive Directors) of the Group are eligible for selection to participate in the DSBP, at the discretion of the Board.

(c) *Bonus opportunity*

Participants selected to participate in the DSBP for a financial year, may be eligible to receive a discretionary annual bonus subject to satisfying performance conditions and targets set for that financial year. The maximum bonus (including any part of the bonus deferred into a DSBP Award) deliverable under the DSBP for participants, will be up to a maximum of 150% of annual base salary. The Board will determine the bonus to be awarded and the proportion of that bonus to be awarded under the DSBP following the end of the relevant financial year.

Except in certain circumstances, a DSBP participant who ceases to be employed by the Group before the bonus determination is made will cease to be eligible to receive a bonus. However, if a participant ceases to be employed for one of the reasons detailed in the "Leaver" paragraph below, they will remain eligible for a bonus. The extent to which the performance conditions have been met will be considered by the Board and the bonus will be deliverable in the same way and at the same time as if the individual had not ceased to be employed by the Group, unless the Board decides the bonus may be paid on an earlier date. The value of the bonus may at the Board's discretion be pro-rated to reflect the reduced period of time between the start of

the financial year and the participant's cessation of employment as a proportion of that financial year.

In addition, in the event that a corporate event occurs as described below, bonuses will be payable as soon as practicable after the relevant event, the amount of which will be determined by the Board taking into account: (a) the extent to which any performance conditions have, in the opinion of the Board, been satisfied over the performance period; and (b) a reduction (if any) in the size of the bonus that the Board determines appropriate taking into account the time that has elapsed between the start of the financial year and the relevant corporate event as a proportion of the relevant financial year unless the Board otherwise decides.

(d) *Grant of awards*

The number of Ordinary Shares subject to a DSBP Award will be calculated by reference to the amount of bonus awarded to a participant so that the market value of the Ordinary Shares on the grant date is not greater than the proportion of the participant's bonus deferred into the DSBP (as determined by the Board from time to time). It is currently envisaged that the CEO and CFO will be required to defer at least 33% of their first annual bonus into a DSBP Award.

(e) *Vesting*

DSBP Awards will usually vest after a period of up to three years following the grant date.

(f) *Malus and clawback*

Malus and clawback provisions apply to DSBP Awards in the same way as they apply under the LTIP to LTIP Awards.

(g) *Dividend equivalents*

On vesting of a DSBP Award, a participant will, unless the Board determines otherwise, receive cash or further Ordinary Shares (at the discretion of the Board) equal in value, so far as is possible, to any dividends paid or payable on the Ordinary Shares between the grant date until the vesting date with or without deemed reinvestment of such amount in further shares.

(h) *Alternative settlement*

At its discretion, the Board may decide to satisfy DSBP Awards with a payment in cash or Ordinary Shares equal to any gain that a participant would have made had the relevant DSBP Award been satisfied with Ordinary Shares. It is only intended to apply this discretion to avoid legal or tax difficulties.

(i) *Leavers*

If a participant ceases to be employed with the Group before the vesting date, their DSBP Award will continue to vest on its normal vesting date (or such earlier date that the Board determines), unless the participant's cessation of employment is by reason of dismissal for cause or voluntary resignation, in which case their DSBP Award will lapse on their cessation.

A DSBP Award held by a participant who dies will vest on the date of death and the Ordinary Shares subject to their vested DSBP Award will be transferred to the participant's personal representatives as soon as practicable.

To the extent that DSBP Options vest in the event of cessation of employment, they may be exercised for a period of six months (or 12 months in the case of death) from the normal vesting date (or earlier date that the Board determines) and will otherwise lapse at the end of that period.

(j) *Corporate events*

In the event of a takeover, scheme of arrangement or winding-up of the Company, the DSBP Awards will vest at the time of the relevant event.

To the extent that DSBP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months (or such other period as the Board determines) measured from the relevant event and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that DSBP Awards will vest, to the extent determined by the Board taking into account the same factors as set out above.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that DSBP Awards may be replaced by equivalent new awards over shares in the new acquiring company.

14. Properties, investments, assets

For further information on the Group's principal properties refer to "*Business Description—Property*".

15. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group:

- (a) within the two years immediately preceding the date of this document which are, or may be, material to the Company or any member of the Group; or
- (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document.

15.1 Underwriting Agreement

- (a) The Company (acting for itself and as agent on behalf of the Individual Selling Shareholders pursuant to the Deeds of Election entered into by the Individual Selling Shareholders), the Principal Selling Shareholders, the Directors and the Banks have entered into the Underwriting Agreement dated the date of this document pursuant to which, on the terms and subject to the conditions contained therein (which are customary in agreements of this nature):
 - (i) the Company has agreed, subject to certain conditions, to allot and issue the Subscription Shares in the Global Offering at the Offer Price;
 - (ii) the Selling Shareholders have agreed, subject to certain conditions, to sell the Sale Shares in the Global Offering at the Offer Price; and
 - (iii) the Banks have severally agreed, subject to certain conditions, to procure subscribers for or, failing which, to subscribe themselves for the Subscription Shares and to procure purchasers for or, failing which, to purchase themselves the Sale Shares pursuant to the Global Offering.
- (b) Allocations of the Ordinary Shares among prospective investors will be determined at the discretion of the Company and Exponent (following consultation with the Joint Global Coordinators). All Offer Shares to be sold under the Global Offering, and all Over-allotment Shares that may be sold under the Over-allotment Option, will be sold at the Offer Price which is determined by Exponent the Company (following consultation with the Joint Global Coordinators).
- (c) The Global Offering is conditional upon, among other things, the Pre- IPO Reorganisation having been duly completed in accordance with the terms of the Reorganisation Agreements (subject only to Admission, and save for those steps which are to be completed after

Admission), the absence of any breach of representation or warranty under the Underwriting Agreement, Admission occurring not later than 8:00 a.m. on 5 February 2021 (or such later date and time, not being later than 8:00 a.m. on 30 April 2021, as the Joint Global Coordinators may agree with the Company) and the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms. The underwriting commitment of each Bank will cease to be conditional at the point of Admission.

- (d) The Underwriting Agreement can be terminated at any time prior to Admission in certain customary circumstances set out in the Underwriting Agreement. If these termination rights are exercised by the Joint Global Coordinators (on behalf of the Banks), the Global Offering will lapse and any moneys received in respect of the Offer will be returned to applicants without interest.
- (e) The Underwriting Agreement provides for the Joint Global Coordinators (on behalf of the Banks) to be paid a commission by the Company in respect of the Subscription Shares, by the Selling Shareholders in their respective proportions in respect of the Sale Shares sold by them pursuant to the Global Offering and the Over-allotment Shareholders in respect of any Over-allotment Shares sold by them pursuant to the exercise of the Over-allotment Option. The base commission on the Offer Shares will be equal to 2% of the Offer Price multiplied by the aggregate number of such shares (including following the exercise of the Over-allotment Option), subject to the deduction of certain advisory costs. The Selling Shareholders may also, at their and the Company's absolute discretion, pay an additional commission equal to up to 1% of the Offer Price multiplied by the aggregate number of such shares (including pursuant to the exercise of the Over-allotment Option), the amount of which will be determined, notified and paid to the Banks within 30 days of Admission. Any commissions received by the Banks may be retained and any Ordinary Shares acquired by them as Banks may be retained or dealt in, by them, for their own benefit.
- (f) The Company has agreed to pay or cause to be paid (together with any applicable irrecoverable amounts in respect of VAT) certain costs, charges, fees and expenses of or arising in connection with or incidental to the Offer. The Selling Shareholders have agreed to pay or cause to be paid (subject to certain limitations) any stamp duty and/or SDRT accruing on sales of their Ordinary Shares pursuant to the Offer. The Over-allotment Shareholders have agreed to pay or cause to be paid (subject to certain limitations) any stamp duty and/or SDRT accruing on sales of the Over-allotment Shares pursuant to the Offer or on transfers of Ordinary Shares under the Stock Lending Agreement.
- (g) The Company, the Directors and the Principal Selling Shareholders have each given customary representations, warranties and undertakings to the Banks, and the Company has given certain indemnities to the Banks. The liability of the Company is unlimited as to amount and time. The liabilities of the Directors and the Principal Selling Shareholders are limited as to amount and time.
- (h) The Over-allotment Shareholders have granted the Over-allotment Option to the Stabilising Manager, to allow it to cover short positions arising from over-allotments and/or stabilising transactions as set out in "*—Mandatory bids and compulsory acquisition rules relating to Ordinary Shares —Stabilisation arrangements in connection with the Offer*". The Over-allotment Option may be exercised in whole or in part, upon notice by the Stabilising Manager, at any time during the period from the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange and ending 30 days thereafter. The Over-allotment Shares made available pursuant to the Over-allotment Option will be sold on the same terms and conditions as, and will rank equally with, the other Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will form a single class for all purposes with the other Ordinary Shares.
- (i) Each of the Company, the Principal Selling Shareholders and the Directors has agreed to certain lock-up arrangements in respect of the Ordinary Shares they hold immediately

following Admission. Further details of the lock-up arrangements are set out in “*Details of the Global Offering—Lock-up Arrangements and Exceptions*”.

15.2 **Cornerstone Investment Agreements**

- (a) On 18 January 2021, in each case in connection with the Global Offer, the Company, Exponent and the Cornerstone Investors entered into the Cornerstone Investment Agreements.
- (b) Subject to the terms of the Cornerstone Investment Agreements, the Cornerstone Investors have agreed to subscribe for and/or purchase, in aggregate, £130 million of Offer Shares at the Offer Price, consisting of a commitment of £80 million from BlackRock and £50 million from Dragoneer (each a “**Cornerstone Commitment**”).
- (c) Each of the Cornerstone Investment Agreements has been entered into on substantially the same terms. A summary of the material terms of the Cornerstone Investment Agreements is as set out below:
- (d) Each Cornerstone Investment Agreement contains, amongst others, the following provisions:
 - (i) the obligation of the Company and Exponent to deliver, and the obligation of the Cornerstone Investor to acquire and pay for, the number of Offer Shares it has agreed to subscribe for and/or purchase which is equal to the number of Offer Shares resulting from dividing its Cornerstone Commitment by the Offer Price pursuant to the relevant Cornerstone Investment Agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include:
 - (A) the Offer Price representing an equity value for the Group at Admission of not more than £1.2 billion;
 - (B) the Underwriting Agreement having been entered into, not having been terminated and having become unconditional in accordance with its terms;
 - (C) the Company having provided the Cornerstone Investor with this Prospectus (in the form approved by the FCA);
 - (D) the approval by the FCA, and publication, of this Prospectus; and
 - (E) Admission having occurred,(together, the “**Conditions**”);
 - (ii) The agreement may be terminated:
 - (A) if the Conditions have not been fulfilled on or before 30 April 2021 (or such other date as may be agreed between the Company and the Cornerstone Investor (or their specified representative));
 - (B) by the Company and Exponent in the event there is a material breach of the agreement by the Cornerstone Investor;
 - (C) by the Cornerstone Investor in the event there is a material breach of this agreement by the Company or Exponent; and
 - (D) with the written consent of all the parties to the agreement.
 - (iii) each of the parties has given certain customary representations and warranties to the other, in particular regarding compliance with laws and regulations affecting the entry into of the relevant Cornerstone Investment Agreement in relevant jurisdictions. The terms of each Cornerstone Investment Agreement do not limit the liability of the parties for breach of contract as to time or amount;

- (iv) the Company has represented and warranted to each of the Cornerstone Investors that upon the publication of this document, the Company shall have publicly disclosed all inside information (as defined in the Market Abuse Regulation) delivered to the Cornerstone Investor by the Company in connection with the transaction contemplated by the relevant Cornerstone Investment Agreement; and
- (v) the agreement is governed by English law.

15.3 *Relationship Agreement with Exponent*

- (a) In the event of Admission, Exponent may become a controlling shareholder of the Company for the purposes of the Listing Rules (“**Controlling Shareholder**”).
- (b) In connection with Admission, on the date of this document, the Company and Exponent entered into the Relationship Agreement. The Relationship Agreement will, conditional on Admission, and for such time as Exponent’s shareholding in the Company is greater than or equal to 10%, regulate the on-going relationship between the Company and Exponent following Admission.
- (c) As required under the Listing Rules, the principal purpose of the Relationship Agreement is to ensure that where, following Admission, Exponent’s shareholding in the Company is greater than or equal to 30%, the Company is capable of carrying on its business independently of Exponent and that transactions and arrangements with Exponent (including any transactions and arrangements with any member of the Group) are conducted at arm’s length and on normal commercial terms. The Relationship Agreement is not subject to any additional penalty or indemnity clauses.
- (d) The provisions of the Relationship Agreement imposing obligations on Exponent will remain in full force and effect for so long as Exponent, together with its associates, holds Ordinary Shares representing at least 10% of the Ordinary Shares in issuance by the Company from time to time (save that Exponent may terminate the Relationship Agreement if the Company ceases to be admitted to listing on the Official List).
- (e) Under the Relationship Agreement, Exponent has agreed with the Company that:
 - (i) it shall (and shall procure that each of its associates shall):
 - (A) conduct all transactions and arrangements with any member of the Group at arm's length and on normal commercial terms;
 - (B) not take any action which would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
 - (C) not propose or procure the proposal of any shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules; and
 - (ii) it shall (and shall, insofar as it is able, procure that each of its associates shall):
 - (A) not take any action which would have the effect of preventing the Company from complying with:
 - I. its obligations under the Disclosure Guidance and Transparency Rules, the requirements of the London Stock Exchange, the FSMA, the Financial Services Act 2012, MAR or the Articles; or

- II. the principles of good governance set out in the Governance Code, save to the extent disclosed in this document, or disclosed or to be disclosed in any annual report of the Company from time to time, or as otherwise agreed in writing by a majority of independent Directors or as is in accordance with the nominee director rights afforded to Exponent under the Relationship Agreement;
 - (B) not take any action which would affect the ability of any member of the Group to carry on its business independently of Exponent and/or any of its associates
 - (C) not cause or authorise to be done anything which would prejudice the Company's ongoing eligibility as a premium listed company; and
 - (D) abstain from voting on any resolution required by LR 11.1.7R(3) of the Listing Rules to approve a "related party transaction" where the shareholder (or any of its associates) is the related party for the purposes of LR 11.1.7R(4) of the Listing Rules.
- (f) Under the Relationship Agreement, Exponent has a right to nominate for appointment two non-executive directors (each a "**Nominee Director**") to the Board whilst its and its associates' shareholding in the Company exceeds 20% and to nominate for appointment one Nominee Director to the Board whilst its and its associates' shareholding in the Company is greater than or equal to 10% (but is less than 20%). If Exponent's and its associates' shareholding in the Company is reduced to less than 20%, but greater than or equal to 10% and two Nominee Directors are appointed to the Board, Exponent will, if requested by the Board, procure that one of its Nominee Directors resigns from the Board. If Exponent's and its associates' shareholding in the Company is reduced to less than 10%, Exponent will, if requested by the Board, procure that its remaining Nominee Director resigns from the Board.
- (g) Under the Relationship Agreement, Exponent has agreed that it will appoint only one Nominee Director at Admission. If Exponent wishes to exercise its right to appoint a second Nominee Director, it has agreed to provide the Company with two months' advance notice.
- (h) Under the Relationship Agreement, 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 in a non-voting observer capacity. Further, where Exponent does not have a director on the Nomination or Remuneration Committee, it will be entitled to have its appointed Nominee Director or observer attend the meetings of those committees in a non-voting observer capacity. Exponent will not be entitled to an observer on the Board or the Nomination or Remuneration Committees where its and its associates' shareholding in the Company is reduced to less than 20%.
- (i) Under the Relationship Agreement, all Nominee Directors will be required to: (i) declare any matter giving rise to an actual or potential conflict of interest which is required to be declared to the Board pursuant to the Companies Act 2006 or the Articles between: (A) any member of the Group and (B) the Nominee Director, Exponent, or one of its associates; and (ii) unless a majority of the independent Directors (being for these purposes a non-executive Director of the Company who is determined by the Board to be independent in accordance with the requirements of the Governance Code) determines otherwise, the Nominee Director will not be permitted to vote or receive any Board or committee papers in relation to that matter and will be required to remove himself or herself from any Board or committee meeting (or the relevant part thereof) during which any matter to which the conflict of interest relates is discussed.
- (j) For so long as Exponent (or its concert parties (as defined in the City Code on Takeovers and Mergers (the "**City Code**"))) holds in aggregate an interest in 30% or more of the aggregate voting rights in the Company and subject (where necessary) to the prior consent of the Panel, the Company has undertaken to procure that at the first annual general meeting of the Company

and thereafter once in every calendar year, to propose to its independent shareholders a resolution to waive, in accordance with Appendix 1 to the City Code, all obligations of the relevant shareholder (and/or its concert parties) to make a general offer for the Ordinary Shares of the Company in accordance with Rule 9 of the City Code that may otherwise arise as a result of the Company purchasing or effecting any other transaction in relation to the Ordinary Shares or related securities.

- (k) The Company has also agreed not to undertake any transaction that may reasonably be expected to give rise to an obligation for Exponent (or its concert parties (as defined in the City Code)) to make an offer under Rule 9 of the City Code, unless the Company has first obtained a waiver of Rule 9 from independent shareholders (as per above) in accordance with Appendix 1 to the City Code or has otherwise obtained the necessary waivers or consents from the Panel to prevent such obligation from applying.

15.4 ***Demerger Agreement***

Overview of the Demerger Agreement

- (a) On 7 January 2021, Cards HoldCo Limited, Photobox, HGHL, THL, certain members of the Horizon Group including HHL and Exponent Private Equity Co-Investment GP LLP (in its capacity as general partner of Exponent) entered into a demerger agreement (the “**Demerger Agreement**”). The Demerger Agreement sets out various steps necessary to effect the Horizon Group Separation and other provisions which govern certain aspects of the parties’ ongoing relationship and the allocation of assets and liabilities following the Horizon Group Separation.

The relationship of the parties

The Demerger Agreement provides that following the Horizon Group Separation:

- (i) Cards HoldCo Group, the Photobox Group and the Remaining Horizon Group will transfer all information (or copies of the same) required by another group for tax, regulatory, audit and accounting purposes to that other group within three months of Admission. In the period up to and including three months following Admission, each relevant group must provide access to such information within six weeks of a request;
- (ii) Cards HoldCo Group will benefit, in certain circumstances, from any insurance policies taken out by a member of the Remaining Horizon Group; and
- (iii) the Cards HoldCo Group will make a one-time payment of \$50,000 for the continued shared use of certain patents and patent applications licensed to Photobox Limited and its affiliates.

Allocation of assets and liabilities

- (b) The Demerger Agreement provides that any asset or liability that arises in any of the Cards HoldCo Group, Photobox Group or Remaining Horizon Group will remain with the relevant group unless it relates to the business of another of the Cards HoldCo Group, Photobox Group or Remaining Horizon Group, in which case, the asset or liability will be transferred to the relevant group (“**Wrong Pockets Obligation**”). The Wrong Pockets Obligation ends on the date falling seven years after the date of the Horizon Group Separation. Any tax consequences relating to such a transfer shall be borne by the relevant transferee.

15.5 ***Tax Matters Agreement***

Cards Holdco Limited and Horizon Bidco Limited entered into the Tax Matters Agreement dated 7 January 2021 which took effect conditionally upon the Horizon Group Separation, in order to regulate certain matters concerning the relationship of the Group with other members of the Horizon

Group for certain tax purposes prior to the Horizon Group Separation. In particular, Cards Holdco Limited and Horizon Bidco Limited have agreed in the Tax Matters Agreement that:

- (a) For up to seven years after the Horizon Group Separation, the Group and the remaining members of the Horizon Group will mutually provide assistance where reasonably required in respect of tax reporting requirements or audits.
- (b) In relation to the former membership of Cards Holdco Limited and Moonpig.com Limited of the Photobox VAT group: (i) payments will be made by or to those companies (as appropriate) from (or to) the Photobox VAT group's representative member if there is any adjustment to the Photobox VAT group's position that is attributable to supplies, acquisitions or imports by Cards Holdco Limited or Moonpig.com Limited; and (ii) Horizon Bidco covenants to pay to Cards Holdco Limited or Moonpig.com Limited any VAT that they suffer due to their joint and several liability for the Photobox VAT group's VAT.
- (c) An amount was paid on 31 October 2020 by Moonpig.com Limited for surrenders of group relief for corporation tax purposes from other Horizon Group entities in respect of the 2020 and 2021 accounting periods, which will be subject to adjustment if the amount of corporation tax that Moonpig.com Limited saves as a result of such surrenders is greater or lesser than an anticipated amount. To the extent that any such surrender for an earlier accounting period proves ineffective, where Moonpig.com Limited has made a payment to the Horizon Group in return for the surrender, that payment (or the appropriate proportion of it) will be repaid to Moonpig.com Limited.
- (d) If, in respect of a transaction that occurs prior to the Horizon Group Separation between a Horizon Group entity and a Group member, one such company suffers an adverse transfer pricing adjustment and the other party is entitled to a corresponding tax benefit, the other party is to take certain reasonable steps to obtain that benefit and pass the benefit to the party that suffered the adverse adjustment.
- (e) Cards Holdco Limited will covenant to pay to any affected member of the Horizon Group the amount of any tax (other than VAT dealt with as described in paragraph (b) above) which that member of the Horizon Group is liable to pay as a result of a failure by a Group member to discharge its own tax liability. Horizon Bidco Limited will covenant to pay to any affected member of the Group the amount of any tax (other than VAT dealt with as described in paragraph (b) above) which that member of the Group is liable to pay as a result of a failure by a Horizon Group member to discharge its own tax liability.

15.6 *Senior Facilities*

Senior Facilities Agreement

- (a) On 7 January 2021, Titan Bidco Limited (the “**OpCo Company**”) as company, as original borrower and as original guarantor entered into a senior facilities agreement with Barclays Bank plc, Silicon Valley Bank, Crédit Agricole Corporate and Investment Bank, Investec Bank plc, Crédit Industriel et Commercial, London Branch, ING Bank N.V., London Branch, Santander UK plc, HSBC UK Bank plc, National Westminster Bank plc and J.P. Morgan Securities as arrangers, the financial institutions named therein as original lenders, Lucid Agency Services Limited as agent (the “**Agent**”) and Lucid Trustee Services Limited as security agent (the “**Security Agent**”) (as amended and/or restated from time to time on or prior to the date of this document, the “**Senior Facilities Agreement**”).
- (b) Pursuant to the Senior Facilities Agreement, the following facilities have been made available:
 - a sterling term loan facility in an initial aggregate amount equal to £175,000,000 to the OpCo Company (“**Facility B**”); and

- a multicurrency revolving credit facility in an initial aggregate amount equal to £20,000,000 to the OpCo Company and certain of its subsidiaries (the “**Original Revolving Facility**” and, together with Facility B, the “**Senior Facilities**”).
- (c) Facility B was utilised in full on 8 January 2021 (the “**SFA Closing Date**”). The Original Revolving Facility may be utilised by way of loans, letters of credit and ancillary facilities (including fronted ancillary facilities) (each an “**Ancillary Facility**”), with all amounts borrowed thereunder to be applied towards the general corporate and working capital purposes of the OpCo Company and its subsidiaries (the “**OpCo Group**”), including permitted acquisitions, capital expenditure and restructuring expenditure. The ability to utilise the Original Revolving Facility is generally conditioned upon, amongst other things, the delivery of a utilisation request, the accuracy of certain representations and warranties contained in the Senior Facilities Agreement and the absence of any event of default under the Senior Facilities Agreement. As at 8 January 2021, £175,000,000 was outstanding under Facility B and £0 was outstanding under the Original Revolving Facility.
- (d) Subject to certain conditions, without requiring the consent of the then existing lenders (but subject to the receipt of commitments), Facility B and/or the Original Revolving Facility may be increased by, or additional term loan and/or revolving credit facilities may be added in, an aggregate amount not exceeding the sum of (i) the greater of 50% of Consolidated EBITDA (as defined in the Senior Facilities Agreement) and £33,000,000, and (ii) an unlimited incurrence-based amount so long as the Consolidated Senior Secured Net Leverage Ratio (as defined in the Senior Facilities Agreement), on a pro forma basis for draw down in full of all commitments with respect thereto and use of the relevant proceeds (whether directly or indirectly), would not exceed 3.00:1 (each such increase or additional facility being an “**Additional Facility**”). Certain material conditions include (i) the delivery by the OpCo Company to the Agent of a duly completed notice in a specified form, executed by the relevant parties thereto and setting out certain key terms and conditions of the relevant Additional Facility, (ii) compliance with certain restrictions as to (a) the identity/identities of the borrower(s) and guarantor(s) of the Additional Facility, (b) the amount of the commitments of the Additional Facility, (c) the rate of interest applicable to the Additional Facility, (d) the commencement date and availability period for the Additional Facility, (e) the final maturity date, ranking and any amortisation schedule and any mandatory prepayment provisions, (iii) where applicable, the performance by the Agent of all necessary “know your customer” or similar checks (if any) under all applicable law and regulations in relation to the provision of the relevant Additional Facility by the relevant lender(s), and (iv) the absence of any event of default at the time of commitment or establishment of the relevant Additional Facility (as applicable).
- (e) Each loan under the Senior Facilities bears, or will bear, interest at a floating rate which is a base reference rate (being EURIBOR or LIBOR) applicable to the currency in which such loan is incurred for a specified interest period plus a margin, subject to a base reference rate floor of 0%. The opening margin applicable to loans under Facility B is 4.00% per annum. The opening margin applicable to loans under the Original Revolving Facility is 3.75% per annum and (i) the margin applicable to loans under Facility B may vary between a range of 3.50% and 4.25% per annum and (ii) the margin applicable to loans under the Original Revolving Facility may vary between a range of 3.25% and 4.00% per annum, in each case, depending on the Consolidated Senior Secured Net Leverage Ratio (as defined in the Senior Facilities Agreement) at the relevant time.
- (f) The following fees are, or will be, applicable with respect to the Original Revolving Facility:
- (i) a commitment fee on the unutilised portion of the Original Revolving Facility at the rate of 35% of the applicable margin per annum with respect to the Original Revolving Facility;

- (ii) a letter of credit fronting fee at the rate of 0.0875% (or such other percentage rate as may be agreed between the OpCo Company and the relevant issuing bank) per annum on the outstanding amount which is counter-indemnified by the other lenders of each letter of credit requested by a borrower;
 - (iii) a letter of credit fee at the rate equal to the applicable margin per annum with respect to the Original Revolving Facility on the outstanding amount of each letter of credit requested by a borrower; and
 - (iv) certain other customary fees and expenses.
- (g) Customary agency fees are payable to the Agent. Customary security agency fees are payable to the Security Agent.
- (h) Each loan made under Facility B shall be repaid in full on the date falling 60 months from the SFA Closing Date. Each loan made under the Original Revolving Facility shall be repaid on the last day of such loan's then current interest period, subject to a borrower's right to request one or more rollover loans in the customary manner. The interest period of a loan made under any Senior Facility may be one, two, three or six months, or any other period agreed between the OpCo Company and the Agent. The termination date of the Original Revolving Facility is the date falling 60 months from the SFA Closing Date.
- (i) A borrower may, upon prior notice to the Agent, voluntarily prepay the whole or any part of any outstanding utilisation without premium or penalty (but subject to any break costs).
- (j) In addition to customary provisions relating to illegality of a lender or an issuing bank, the Senior Facilities Agreement contains mandatory prepayment provisions which is triggered when there is a change of control or a sale of all or substantially all of the assets of the OpCo Group, which give an individual lender right to cancel its commitments and declare that its participations in all outstanding utilisations, together with accrued interest and all other amounts accrued to it, in each case, in connection with the Senior Facilities, shall become due and payable.
- (k) Subject to the principles applicable to guarantees and security scheduled to the Senior Facilities Agreement (the “**Security Principles**”), the Senior Facilities are, or will be, guaranteed and secured by the OpCo Company and certain of its subsidiaries. In addition, the Senior Facilities will benefit from certain transaction security granted by Titan Midco Limited, one of the new intermediate holding companies of the Group and the parent of Titan Bidco Limited (the “**Opco Parent**”). Under the Senior Facilities Agreement, subject to the Security Principles, on an annual basis, the Consolidated Pro Forma EBITDA (for the purposes of this paragraph, as defined in the Senior Facilities Agreement) of the guarantors (calculated on an unconsolidated basis and excluding all intra-group items and investments in subsidiaries of any member of the OpCo Group) shall comprise not less than 80% of Consolidated Pro Forma EBITDA (as defined in the Senior Facilities Agreement) (excluding (i) from the denominator, EBITDA (calculated on the same basis as Consolidated Pro Forma EBITDA (as defined in the Senior Facilities Agreement) of any member of the OpCo Group that is incorporated or established in an Excluded Jurisdiction (as defined in the Senior Facilities Agreement) or cannot become a Guarantor due to the provisions of the Security Principles, and (ii) from the numerator, the EBITDA of any member of the OpCo Group with negative EBITDA) (the “**Guarantor Coverage Test**”). In addition, under the Senior Facilities Agreement, subject to the Security Principles, on an annual basis, each wholly-owned member of the OpCo Group which has EBITDA (calculated on the same basis as Consolidated Pro Forma EBITDA (as defined in the Senior Facilities Agreement and calculated on an unconsolidated basis and excluding all intra-group items and investments in subsidiaries of any member of the OpCo Group) representing more than 5% of Consolidated Pro Forma EBITDA (as defined in the Senior Facilities Agreement) by reference to the most recent compliance certificate supplied by the OpCo

Company in respect of the latest annual financial statements delivered to the Agent shall accede as a guarantor (the “**Material Subsidiary Test**”).

- (l) Notwithstanding the foregoing, subject to other exceptions and the Security Principles, guarantees and security will not be required from or over the assets of, any joint venture or similar arrangement, any minority interest or any member of the OpCo Group that is not wholly owned by another member (or members) of the OpCo Group. Provided certain conditions are satisfied following Admission, certain transaction security (other than security over the shares in the Opco Company and loans owing by the Opco Company to its direct holding company) may be released and there shall be no subsequent requirement for new Material Subsidiaries to grant security. The Senior Facilities Agreement contains representations and warranties made, or to be made, by the OpCo Company and/or other obligors that are customary for agreements relating to facilities in the nature of the Senior Facilities.
- (m) The Senior Facilities Agreement contains undertakings that are customary for agreements relating to facilities in the nature of the Senior Facilities.
- (n) With regards to the Senior Facilities, commencing with the 12 month period ending on the last day of the second complete financial quarter after the SFA Closing Date, subject to certain equity cure provisions, the Senior Facilities Agreement requires the OpCo Company to ensure that the Consolidated Total Net Leverage Ratio (as defined in the Senior Facilities Agreement) in respect of each 12-month period ending on the last day of each financial quarter shall not exceed 4.50:1 (stepping down to 4.00:1 after 30 April 2022, 3.50:1 after April 2023) to be tested quarterly (or, provided certain conditions satisfied following Admission, semi-annually).
- (o) The Senior Facilities Agreement is governed by English law.

15.7 **Intercreditor Agreement**

- (a) On 7 January 2021, the OpCo Parent as parent and as third-party security provider and as original subordinated creditor, OpCo Company as company and as intra-group lender and as original debtor entered into an intercreditor agreement with Barclays Bank plc, Silicon Valley Bank, Crédit Agricole Corporate and Investment Bank, Investec Bank plc, Crédit Industriel et Commercial, London Branch, ING Bank N.V., London Branch, Santander UK plc, HSBC UK Bank plc, National Westminster Bank plc and J.P. Morgan Securities as arrangers, the financial institutions named therein as senior lenders, the Agent and the Security Agent (as amended and/or restated from time to time on or prior to the date of this document, the “**Intercreditor Agreement**”).
- (b) The Intercreditor Agreement is governed by English law.

16. **Material litigation**

- 16.1 Greetz was in a dispute with a retail pension fund (the “**Retail Pension Fund**”) in the Netherlands in relation to whether or not Greetz is obligated to participate in its compulsory pension fund scheme. The Retail Pension Fund claimed that Greetz is obligated to participate in the compulsory pension fund scheme, which Greetz contested. In December 2020, Greetz and the Retail 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, provided that Greetz pays approximately €0.7 million into its current pension scheme at Nationale Nederlanden and maintains this or another employer pension scheme that remains actuarially and financially equivalent to the Retail Pension Fund, and makes an insurance-related payment to the Retail Pension Fund of approximately €0.2 million. The share purchase agreement entered into by Horizon Bidco B.V. (the “**Purchaser**”) to acquire Greetz, provides an indemnity from the sellers to Purchaser, as well as its group companies (which includes Greetz), for certain pension related claims up to a maximum of €3.0 million (the “**Pension Indemnity**”). The Directors believe that the settlement described above results in an indemnity obligation of €1.6 million under the Pension Indemnity (the “**Pension**”).

Indemnity Obligation”), which represents the approximately €0.9 million in payments made by the Group in connection with its settlement with the Pension Retail Fund, approximately €0.4 million from estimated future losses arising from the settlement costs with the Retail Pension Fund claim (calculated in accordance with the agreed formula in the Pension Indemnity) and €0.2 million relating to reasonable costs incurred. The Purchaser withheld part of the deferred consideration owed to the sellers proportional to the Pension Indemnity Obligation to cover its claim. The Purchaser commenced proceedings in court for its claim under the Pension Indemnity related to the Retail Pension Fund dispute in November 2020. Whether the Pension Indemnity Obligation is recoverable under the Pension Indemnity is currently in dispute with the sellers. The Group intends to continue to vigorously pursue the claim in court, if necessary. As at 31 October 2020, the Group had a pension provision of £0.9 million recorded for the potential liability in relation to the Pension Indemnity Obligation.

- 16.2 Other than as set out in 16.1, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months preceding the date of this document which may have, or have had in the recent past significant effects on the Company and/or the Group’s financial position or profitability.

17. Significant change

Except as described below, there has been no significant change in the financial position or financial performance of the Group since 31 October 2020, the date to which the Group’s Historical Financial Information was prepared

- 17.1 On 8 January 2021, the Horizon Group Separation was completed where Cards Holdco Limited and its subsidiaries separated from Horizon Holdco Limited.

The Horizon Group Separation resulted in the settlement of the Group’s related party balances with the other Horizon Group entities. On 8 January 2021 the total settlement was £25.5 million of balances due to and £46.6 million of balances due from related parties. The corresponding balances as at 31 October 2020 were £25.5 million and £40.1 million, respectively.

- 17.2 On 7 January 2021, Titan Bidco Limited, one of the new intermediate holding companies of the Group, signed a Senior Facilities Agreement comprising Facility B of £175.0 million and the Original Revolving Facility of £20.0 million, provided by a syndicate of banks. On 8 January 2021, Facility B was utilised in full and £0 was outstanding under the Original Revolving Facility, with fees of approximately £7.5 million capitalised on the balance sheet.

The amount of £167.5 million drawn net of fees was paid to Horizon DebtCo Limited and used to refinance or otherwise discharge existing debt within the Horizon Group.

- 17.3 Subsequent to 31 October, share and cash based incentives have been awarded in relation to legacy Horizon Group compensation agreements for certain employees, senior management and Directors. In connection with the Horizon Group Separation, such shares have converted into separate awards for shares in Moonpig Group plc and other Horizon Group entities. It is anticipated that there will be a non-cash charge to the income statement for the year ending 30 April 2021 of approximately £26.0 million.

18. Working capital statement

In the opinion of the Company, taking into account the net proceeds receivable by the Company from the issue and sale of Subscription Shares in the Global Offering and the Senior Facilities available to the Group, the working capital available to the Group is sufficient for its present requirements; that is for at least the next 12 months following the date of this document.

19. Significant subsidiary undertakings

- 19.1 Following completion of the Pre-IPO Reorganisation, the Company will be the principal holding company of the Group. The following table sets forth a list of the Group's significant subsidiary undertakings:

Name	Country of incorporation and registered office	Class of share capital (issued and fully paid unless otherwise stated)	Proportion of capital held	Proportion of voting power held (if different from capital held)	Principal activity
Cards Holdco Limited	England and Wales, Herbal House, 10 Back Hill, London, EC1R 5EN	Ordinary shares	100%	100%	Holding company
Moonpig.com Limited	England and Wales, Herbal House, 10 Back Hill, London, EC1R 5EN	Ordinary shares	100%	100%	Online gifting
Horizon Bidco B.V	Netherlands, Laarderhoogtweg 20, 1101 EA, Amsterdam, Noord-Holland	Ordinary shares	100%	100%	Acquisition company
Venspro B.V	Netherlands, Laarderhoogtweg 20, 1101 EA, Amsterdam, Noord-Holland	Ordinary shares	100%	100%	Holding company and management services
Greetz B.V	Netherlands, Laarderhoogtweg 20, 1101 EA, Amsterdam, Noord-Holland	Ordinary shares	100%	100%	Online gifting
Greetz Base B.V	Netherlands, Laarderhoogtweg 20, 1101 EA, Amsterdam, Noord-Holland	Ordinary shares	100%	100%	Ownership of customer base and licenses
Full Colour B.V	Netherlands, Laarderhoogtweg 20, 1101 EA, Amsterdam, Noord-Holland	Ordinary shares	100%	100%	Production

20. Consents

- 20.1 PwC has given and has not withdrawn its written consent to the inclusion in this document of its accountants' reports set out under Section A of "*Historical Financial Information*" and Section A of "*Unaudited Pro Forma Financial Information*" and has authorised the contents of those parts of the Prospectus which comprise its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules. As the Ordinary Shares have not been and will not be registered under the US Securities Act, PwC has not filed and will not be required to file a consent under the US Securities Act.

- 20.2 OC&C has given and has not withdrawn its written consent to the inclusion of the information from the report it prepared at the request of the Company in this document which has been sourced to OC&C. For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), OC&C accepts responsibility for the inclusion of the information in this document which has been sourced to OC&C. To the best of the knowledge of OC&C, such information is in accordance with the facts and contains no omission likely to affect its import. This declaration is included in this document in compliance with paragraph 1.2 of Annex 1 to the PR Regulation.

21. Third-party information

- 21.1 The Company confirms that all third-party information included in this document has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified. Where the Group has relied upon internally developed estimates, the information is identified as Company estimates or beliefs. All other market and industry information in this document is extracted from the OC&C Report.

22. General

- 22.1 The fees and expenses to be borne by the Company in connection with Admission including underwriting commissions (including the maximum amount of any discretionary commission), the FCA fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately £9.0 million (including VAT).
- 22.2 The financial information contained in this document does not amount to statutory accounts within the meaning of Section 434(3) of the Companies Act 2006.

23. Withdrawal Rights

- 23.1 In the event that the Company is required to publish a supplementary prospectus, applicants who have applied to purchase Offer Shares in the Global Offering will have at least two business days following the publication of the supplementary prospectus within which to withdraw their offer to acquire Offer Shares in the Global Offering pursuant to Article 23(2) of the UK Prospectus Regulation.
- 23.2 If the application is not withdrawn within the stipulated period, any offer to apply for Offer Shares in the Global Offering will remain valid and binding.

24. Mandatory bids and compulsory acquisition rules relating to Ordinary Shares

- 24.1 Other than as provided by the City Code on Takeovers and Mergers (the “**City Code**”) and Chapter 28 of the Companies Act 2006, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Company.

24.2 Rule 9 of the City Code

- (a) The City Code applies to the Company.
- (b) Rule 9.1 of the City Code states that, except with the consent of the Takeover Panel (the “**Panel**”), when:
- (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company; or
 - (ii) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company, but does not hold shares carrying more than 50% of such voting rights, and such person, or any persons acting in concert with him, acquires an interest in any other shares which

increases the percentage of the shares carrying voting rights in which he is interested, such person shall extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the City Code, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable and the Panel should be consulted in advance in such cases.

- (c) “Interests in shares” is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.
- (d) “Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.
- (e) Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

24.3 *Authority of the Company to redeem or purchase its own shares*

- 24.4 When a company redeems or purchases its own voting shares, under Rule 37 of the City Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the City Code. Rule 37 of the City Code provides that, subject to prior consultation, the Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the City Code is followed. Appendix 1 to the City Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the City Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company’s purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, concert parties with any of the directors. However, there is no presumption that all the directors (or any two or more directors) are concert parties solely by reason of a proposed purchase by a company of its own shares, or the decision to seek shareholders’ authority for any such purchase.
- 24.5 Under Note 2 on Rule 37 of the City Code, the exception in Note 1 on Rule 37 described above will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when they had reason to believe that such a purchase of their own shares by the company would take place. Note 2 generally will not be relevant unless the relevant person knows that a purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part).
- 24.6 The Panel must be consulted in advance in any case where Rule 9 of the City Code might be relevant. This will include any case where a person or group of persons acting in concert is interested in shares carrying 30% or more but do not hold shares carrying more than 50% of the voting rights of a company, or may become interested in 30% or more on full implementation of the proposed purchase by the company of its own shares. In addition, the Panel should always be consulted if the aggregate interests in shares of the directors and any other persons acting in concert, or presumed to be acting in concert, with any of the directors amount to 30% or more, or may be increased to 30% or more on full implementation of the proposed purchase by the company of its own shares.
- 24.7 Prior to Admission, and subject to certain limits, the Company will be seeking authority to purchase its own shares under the terms of the shareholder resolutions summarised in paragraph 3.6

of “—Share capital” (the “**Buyback Authority**”). The maximum number of shares that the Company may purchase under this authority will be 10% of the Company’s issued share capital immediately following Admission. The authority will expire at the conclusion of the first annual general meeting of the Company (or, if earlier, on the date falling 15 months after the resolution conferring it is passed).

- 24.8 If, prior to such expiry: (a) the Company were to exercise the Buyback Authority in full; (b) the aggregate percentage beneficial shareholding of Exponent in the Company immediately following Admission is approximately 26.6% of the issued share capital of the Company, assuming no exercise of the Over-allotment Option, or approximately 24.5% if the Over-allotment Option is exercised in full; and (c) none of the Ordinary Shares which Exponent holds are purchased by the Company under the Buyback Authority and no Ordinary Shares have been newly issued by the Company between the date of Admission and the date that the authority is fully exercised, then the shareholding of Exponent in the Company would increase to approximately 29.5%, assuming no exercise of the Over-allotment Option, and approximately 27.2% if the Over-allotment Option is exercised in full. This increase would be less to the extent that: (i) any of the Ordinary Shares of Exponent are purchased by the Company; and (ii) as noted below, the Stabilising Manager had exercised the Over-allotment Option by acquiring further Ordinary Shares from Exponent.
- 24.9 In respect of the period from Admission up to the close of business on 1 May 2022 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2021, the Panel Executive has confirmed that notwithstanding Rule 37.1 of the City Code, this potential increase in the shareholding of Exponent in the Company due to the Buyback Authority will not require Exponent to make a mandatory offer pursuant to Rule 9 of the City Code, and therefore a whitewash resolution of the independent shareholders will not be necessary.
- 24.10 This confirmation has been given on the basis that (a) the Buyback Authority was passed on 1 February 2021 and (b) the consequences of such a buyback have been fully disclosed in this document. However, following the close of the annual general meeting of the Company to be held in 2021 or, if earlier, 15 months from the date on which the resolution was passed, to the extent that authority for share buybacks may be sought in future, approval for a whitewash resolution will be sought from the Panel and from the independent shareholders of the Company at that time to the extent necessary.
- 24.11 The Company currently expects to seek renewal of that authority from shareholders at the first annual general meeting of the Company following Admission and to seek independent shareholder (for the purposes of the City Code) consent to an equivalent waiver in respect of any renewed authority to purchase Ordinary Shares that is sought. The granting of the waiver will then also be subject to renewed approval from the Panel, without which Rule 9 of the Takeover Code will apply with respect to increases in interests in the Ordinary Shares caused by the purchase by the Company of its own shares.
- 24.12 ***Stabilisation arrangements in connection with the Offer***
- (a) Under the stabilisation arrangements described in “*Details of the Global Offering*”, the Stabilising Manager may borrow Ordinary Shares (representing in aggregate up to 10% of the total number of Offer Shares (prior to any exercise of the Over-allotment Option)) from the Over-allotment Shareholders under the terms of the Stock Lending Agreement for the purposes of satisfying over-allotments of Ordinary Shares. The Stabilising Manager will, within 30 calendar days of the date of the commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange, redeliver to the Over-allotment Shareholders equivalent securities in respect of any borrowing it makes under the terms of the Stock Lending Agreement by transferring the same number of Ordinary Shares to the Over-allotment Shareholders as the Stabilising Manager has borrowed from the Over-allotment Shareholders. The Stabilising Manager may also utilise the Over-allotment Option to acquire Ordinary Shares representing in aggregate up to 10% of the total number of Offer Shares (prior to the utilisation of the Over-allotment Option) from the Over-allotment Shareholders whereupon the

Over-allotment Shareholders will be obliged to transfer such Ordinary Shares to the Stabilising Manager.

- (b) As a result of the combined effect of lending Ordinary Shares pursuant to the Stock Lending Agreement and granting the Over-allotment Option, each Over-allotment Shareholder's shareholding in the Company can only remain the same or decrease from what its shareholding would be if it were not party to any stabilisation arrangements. In particular, each Over-allotment Shareholder's shareholding in the Company will return to its original level when the loan is repaid and then decrease if the Stabilising Manager acquires Ordinary Shares from it pursuant to utilisation of the Over-allotment Option. The Panel Executive has confirmed that, pursuant to Note 4 on the definition of "Interests in securities" and Note 18 on Rule 9.1 in the City Code, none of the Over-allotment Shareholders will be treated as having disposed of an interest in any Ordinary Shares when it lends Ordinary Shares to the Stabilising Manager under the Stock Lending Agreement and will not therefore be treated as having increased its interest in Ordinary Shares upon the redelivery of the lent Ordinary Shares. Accordingly, no Rule 9 mandatory offer obligation will arise under the stock lending arrangements.
- (c) An announcement will be made by the Company or by the Stabilising Manager on its behalf following utilisation of the Over-allotment Option, and a further announcement will be made to record the movements that have taken place in the Over-allotment Shareholders' shareholding in the Company consequent upon the arrangements referred to above.

24.13 *Squeeze-out rules*

Under the Companies Act 2006, if a "takeover offer" (as defined in Section 974 of the Companies Act 2006) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

24.14 *Sell-out*

The Companies Act 2006 also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% in value of the shares and not less than 90% of the voting rights carried by the shares in the Company, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his or her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

25. Documents available for inspection

25.1 Copies of the following documents are available for inspection on the Company's website at <https://www.moonpig.group> and during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months from the date of publication of this document at the registered office of the issuer:

- (i) the Articles;
- (ii) the accountants' report from PwC set out under "*Historical Financial Information*";
- (iii) the Historical Financial Information of the Group as of and for the three years ended 30 April 2018, 2019 and 2020 and the six months ended 31 October 2020;
- (iv) the OC&C Report;
- (v) the consent letters referred to in "*Additional Information—Consents*"; and
- (vi) this document.

GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

active customer	means someone who has transacted in the past twelve months (as at 30 April 2019 the Group has included active customers at Greetz, which includes customers acquired prior to the Group's acquisition of Greetz)
Admission	admission of the Ordinary Shares to the Official List and to trading on the main market for listed securities of the London Stock Exchange becoming effective in accordance with LR 3.2.7G of the Listing Rules and paragraph 2.1 of the Admission and Disclosure Standards published by the London Stock Exchange
Annual Exemption	the level of the annual allowance of tax-free gains in that UK tax year
Articles	the Company's Articles of Association to be adopted conditional upon Admission
attach rate	the proportion of card orders for which the customer adds a gift to their purchase
B2B	business-to-business
Banks	the Joint Global Coordinators, the Joint Bookrunners
BlackRock	means funds and accounts managed by BlackRock, Inc.
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
Cards HoldCo Group	Cards HoldCo Limited and its subsidiaries
Citigroup	Citigroup Global Markets Limited
City Code	City Code on Takeovers and Mergers
Closing Date	8.00 a.m. (London time) on 5 February 2021
Code	US Internal Revenue Code of 1986, as amended
Company	Moonpig Group plc from 8 January 2021, and prior to that, Project Titan plc
Company Secretary	Link Market Services Limited
Cornerstone Investment Agreements	means the cornerstone investment agreements each dated 18 January 2021 and entered into between the Company, Exponent and each of BlackRock and Dragoneer respectively
Cornerstone Investors	means BlackRock and Dragoneer
Covid-19	a novel strain of coronavirus causing Covid-19 disease

CREST	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK and Ireland limited is the operator
customer cohort	a collection of customers organised by the fiscal year in which such customer made their first purchase, which the Group tracks to monitor customer retention over time
Deeds of Election	share sale election deeds entered into by the Individual Selling Shareholders pursuant to which, among other things, the Individual Selling Shareholders have irrevocably instructed the Company to agree the sale of Sale Shares as agent for and on behalf of the Individual Selling Shareholders
Default Share	any share that has been given Section 793 Notice
Directors	the directors of the Company whose names appear on page 44 of this document
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules produced by the FCA and forming part of the handbook of the FCA as, from time to time, amended
Dragoneer	means Dragoneer Global Fund II, L.P.
existing customer	means someone who has ever transacted with the Group
EUWA	European Union (Withdrawal) Act 2018
Exponent	Exponent Private Equity Partners III (SPV), LP
FCA	the UK Financial Conduct Authority
frequency	refers to the purchase frequency of customers; within the context of measuring the increase in purchase frequency on the app, this is measured by looking at the purchase frequency of customers who downloaded the app for the three months after migrating to the app, compared to customers who did not migrate to the app
FSMA	the UK Financial Services and Markets Act 2000, as amended
Global Design Platform	the Group's Global Design Platform, which was launched in June 2020 to expand the number and diversity of its card designs, licenses card designs created by established and new independent freelance designers and publishers
Global Offering	the proposed offer of Ordinary Shares to certain institutional and professional investors
Governance Code	UK Corporate Governance Code issued by the Financial Reporting Council
Greetz	Venspro B.V. and its subsidiaries
Group	Refers to the Group defined in Note 1.2 of Section B of “ <i>Historical Financial Information</i> ”, and the entities and predecessors to such Group (as the context requires), and from 7 January 2020 in connection with the Horizon Group Separation refers to Titan Holdco Limited and its subsidiaries, and following the Pre-IPO Reorganisation, refers to the Company and its subsidiaries

Guernsey	the Bailiwick of Guernsey
Guernsey Border Agency	The law enforcement body charged with administering the customs and immigration systems for Guernsey
Headquarters of the Group or Group's Headquarters	10 Back Hill, London EC1R 5EN, United Kingdom
Historical Financial Information	the selected combined and consolidated information of the Group as at and for the three years ended 30 April 2018, 2019 and 2020 and as at and the six months ended 31 October 2020
HGHL	Horizon Group HoldCo Limited
HHL	Horizon HoldCo Limited
HMRC	Her Majesty's Revenue and Customs, the UK tax department
Horizon Group	Horizon Holdco Limited and its consolidated subsidiaries and subsidiary undertakings
Horizon Group Separation	as defined in " <i>Additional Information—Horizon Group Separation</i> "
Horizon Shareholders	the existing shareholders of Horizon HoldCo Limited
IFRS	International Financial Reporting Standards as adopted by the EU
Individual Selling Shareholders	Members of the Company's management, former management and Photobox Group management who hold shares in the Company on the date of publication of this Prospectus who have elected to make available Sale Shares for sale in the Global Offering
Joint Bookrunners	the Joint Global Coordinators, HSBC Bank plc, Jefferies International Limited, Jefferies GmbH and Numis Securities Limited
Joint Global Coordinators	Citigroup and J.P. Morgan.
J.P. Morgan	J.P. Morgan Securities plc (which conducts its investment banking activities as J.P. Morgan Cazenove)
Listing Rules	the listing rules of the FCA relating to admission to the Official List
London Stock Exchange	London Stock Exchange plc
LVCR	the EU's Low Value Consignment Relief
Main Market	the London Stock Exchange's main market for listed securities
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
Member State	Each member of the European Economic Area
Moonpig	Moonpig.com Limited
Net Promoter Score or NPS	the percentage of customers rating their likelihood to recommend a company
new customer	means someone who has not previously transacted with the Group
Nil Rate Amount	the first GBP 2,000 of dividend income received by individual Shareholders in a tax year

Non-IFRS Measures	see “ <i>Presentation of Financial and Other Information—Non-IFRS Information</i> ”
Non-US Holder	a beneficial owner of Ordinary Shares that is neither a US Holder nor a partnership
Offer Price	the price at which each Offer Share is to be sold under the Global Offering
Offer Shares	up to 154,391,580 Ordinary Shares being offered by the Company and the Selling Shareholders in the Global Offering (including 14,035,599 Ordinary Shares under the Over-allotment Option)
Offer Size	means the total number of Offer Shares
Official List	the Official List maintained by the FCA
Ordinary Shares	ordinary shares of £0.10 each in the capital of the Company
Over-allotment Option	The allotment option to purchase up to a maximum of 10% of the total number of Offer Shares (before exercise of the Over-allotment Option) during the period commencing on the date of commencement of conditional dealings of the shares on the London Stock Exchange and ending no later than 30 calendar days thereafter at the Offer Price to cover Over-allotments, if any, made in connection with the Global Offering and to cover any short positions resulting from stabilisation transactions
Over-allotment Shareholders	each of the Principal Selling Shareholders
payback period	the time to recoup the funds expended to acquire the customer
PFIC	passive foreign investment company for US federal income tax purposes
Photobox or Photobox Group	Photo Holdco Limited, and its subsidiaries and affiliates, as the context may require
platforms	the Group’s platforms consist of its Moonpig websites (for desktop and mobile, including Moonpig’s websites for the UK, US and Australia markets), the Greetz websites (for desktop and mobile), the Moonpig and Greetz apps and the systems underlying the Group’s websites and apps (which include back-end systems for data and fulfilment (with fulfilment including the systems that manage the Group’s production, fulfilment of gifts and shipping)
PR Regulation	means the UK version of Commission Delegated Regulation (EU) 2019/980 (supplementing Regulation (EU) 2017/1129) which is part of UK law by virtue of the EUWA
Pre-IPO Reorganisation	the reorganisation of the Group’s corporate structure prior to Admission and as further described in “ <i>Additional Information</i> ”
previously acquired customers	means customers acquired prior to the period
Principal Selling Shareholders	means Exponent, LCP VIII Holdings LP, Strategic Partners VII Investments L.P (Series D), Hampshire County Council as administering authority of the Hampshire Pension Fund, Perpetual Corporate Trust Limited as custodian for ROC Capital PTY Limited as Trustee for Q Private Equity Trust, Perpetual Corporate Trust

	Limited as custodian for ROC Capital PTY Limited as Trustee for MU Private Capital Trust, PE2 LP, Crown Premium Private Equity VI Master SCS SICAV- FIS, Crown Global Secondaries IV PLC, Crown European Markets IV PLC, Crown Global Opportunities VI PLC, GoldPoint Partners Select Manager Fund III LP and GoldPoint Partners Select Manager Fund IV LP, Storebrand International Private Equity 15 Limited and K Athena Investments No 4 Limited
Prospectus	this prospectus
Prospectus Regulation	Regulation (EU) 2017/1129
Prospectus Regulation Rules	the prospectus regulation rules of the FCA made under Section 73A of the FSMA
QIB	qualified institutional buyer as defined in Rule 144A
Registered office of the Company	10 Back Hill London EC1R 5EN, United Kingdom
Registrar	Link Market Services Limited
Regulation S	Regulation S under the US Securities Act
Remaining Horizon Group	Horizon Group (excluding the entities that are part of Photobox Group and the Group)
Rule 144A	Rule 144A under the US Securities Act
SEC	US Securities and Exchange Commission
Selling Shareholders	the selling shareholders listed with the table in “ <i>Details of the Global Offering—Selling Shareholders</i> ”
Stabilising Manager	J.P. Morgan Cazenove
Stabilisation Period	no later than 30 calendar days after the date of commencement of conditional dealings of the Ordinary Shares on the London Stock Exchange
Stock Lending Agreement	the stock lending agreement entered into by the Stabilising Manager and the Over-allotment Shareholders pursuant to which the Stabilising Manager will be able to borrow from the Over-allotment Shareholders a number of Ordinary Shares equal in aggregate to up to 10% of the total number of Offer Shares prior to any exercise of the Over-allotment Option.
THL	Titan HoldCo Limited
upsell	the volume share of large/giant cards and extra stem for flowers on total cards and flower purchases
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Prospectus Regulation	the UK version of the Prospectus Regulation, which is part of the UK law by virtue of the EUWA
underlying EBITDA	for the definition of underlying EBITDA and its reconciliation from profit for the year to underlying EBITDA for each of the periods presented, see “ <i>Selected Financial Information—Non-IFRS Financial and Operating Data</i> ”.

underlying EBITDA Margin	for the definition of underlying EBITDA Margin and its reconciliation from profit for the year to underlying EBITDA Margin for each of the periods presented, see “ <i>Selected Financial Information—Non-IFRS Financial and Operating Data</i> ”.
Underwriting Agreement	the Underwriting Agreement entered into between the Company, the Directors, the Selling Shareholders and the Banks
US or United States	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
US Holder	a beneficial owner of Ordinary Shares that is for US federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation created in, or organised under the laws of, the United States or any state thereof, including the District of Columbia; (iii) an estate the income of which is includible in gross income for US federal income tax purposes regardless of its source; or (iv) a trust subject to the control of one or more US persons and under the primary supervision of a US court or that has validly elected to be treated as a domestic trust for US federal income tax purposes
US Securities Act	the United States Securities Act of 1933, as amended
VAT	value added tax
VAT Directive	Article 1 of Council Directive (EU) 2017/2455 modifying Directive 2006/112/EC
VAT Implementing Regulation	Council Implementing Regulation (EU) 2459/2017 modifying Regulation (EU) 282/2011

SCHEDULE OF CHANGES

The registration document published by Cards Holdco Limited on 12 January 2021 (the “**Registration Document**”) contained the information required to be included in a registration document for equity securities by Annex 1 to the UK version of Commission Delegated Regulation (EU) 2019/980 (supplementing Regulation (EU) 2017/1129) which is part of UK law by virtue of the EUWA (the “**PR Regulation**”). The Prospectus, which otherwise contains information extracted without material amendment from the Registration Document (except as set out below), also includes information required to be included in a securities note for equity securities as prescribed by Annex 11 to the PR Regulation and summary information for equity securities as prescribed by Article 7 of the UK Prospectus Regulation. The Prospectus updates and replaces in whole the Registration Document. Any equity investor participating in the Global Offering should invest solely on the basis of the Prospectus, together with any supplement thereto.

This schedule of changes to the Registration Document (the “**Schedule of Changes**”) sets out, refers to or highlights material updates to the Registration Document.

Capitalised terms contained in this Schedule of Changes shall have the meanings given to such terms in the Prospectus unless otherwise defined herein.

Purpose

The purpose of this Schedule of Changes is to:

- (a) highlight material changes made in the Prospectus, as compared to the Registration Document;
- (b) highlight the new disclosure made in the Prospectus to reflect information required to be included in a Securities Note; and
- (c) highlight the new disclosure made in the Prospectus to reflect information required to be included in a Summary.

1. REGISTRATION DOCUMENT CHANGES

- 1.1 The information under the risk factor entitled “*Application of existing tax laws, rules or regulations are subject to interpretation by taxing authorities*” on pages 20 and 21 of the Registration Document has been updated in the Prospectus to address the potential risk of a stamp duty tax in connection to transactions undertaken as part of the Horizon Group Separation and to be taken as part of the Pre-IPO Reorganisation should HMRC not grant the Company a relief. Please see pages 31 and 32 of the Prospectus.
- 1.2 A new risk factor entitled “*The Group will incur increased costs and regulatory burden and devote substantial management time as a result of being a listed company*” has been added into the Prospectus, describing the substantial time that the Group’s management will be required to devote to new compliance matters and the additional costs that the Group will incur as a newly listed company. Please see pages 35 to 36 of the Prospectus.
- 1.3 The information under the section “*Directors, Secretary, Registered and Head Office and Advisers*” on page 30 of the Registration Document has been updated in the Prospectus to reflect the details of the Directors, the Company Secretary, and the Advisers. Please see pages 44 and 45 of the Prospectus.
- 1.4 The information under the heading “*Directors, Senior Management and Corporate Governance*” on page 59 of the Registration Document has been amended and replaced in its entirety in the Prospectus to reflect Moonpig Group plc as the Company, as opposed to Cards Holdco Limited in the Registration Document, and the Company’s expected corporate governance structure following Admission, which reflects the implementation of changes to the Company’s corporate governance arrangements appropriate for a listed company. Please see pages 76 to 80 of the Prospectus.
- 1.5 The information under the heading “*Costs Associated with the Horizon Group Separation*” on pages 77 to 78 of the Registration Document has been amended and supplemented in the Prospectus

to include information on the costs associated with the Pre-IPO Reorganisation and the Global Offering and public company expenses under the heading “*Costs Associated with the Horizon Group Separation, the Pre-IPO Reorganisation and the Global Offering and Public Company Expenses*”, including those associated with cash and share awards relating to Legacy Items and the All-Employee IPO Awards and stamp duty that would be applicable in the event stamp duty relief for the Pre-IPO Reorganisation is not granted by HMRC. Please see pages 97 to 100 of the Prospectus.

- 1.6 The information entitled “*Share Capital*” on pages 138 to 139 of the Registration Document has been updated in the Prospectus to reflect the Company’s expected share capital structure immediately prior to publication of the Prospectus and immediately following Admission. Please see pages 194 to 198 of the Prospectus.
- 1.7 The information under the subsection entitled “*Proposed Pre-IPO Reorganisation*” on pages 153 to 155 of the Registration Document has been updated in the Prospectus under the subsection entitled “*The Pre-IPO Reorganisation*” to describe the share for share exchange that will occur prior to Admission and to reflect the corporate reorganisation undertaken by the Group to be taken upon Admission. Please see pages 199 to 201.
- 1.8 The subsection entitled “*Articles of Association*” on pages 139 to 142 of the Registration Document has been amended and replaced in its entirety in the Prospectus, to reflect the articles of association of the Company that will be in effect at Admission. This subsection includes information regarding the rights attaching to shares, the Company’s ability to issue ordinary shares from time to time and variation of class rights among other details. Please see pages 201 to 209 of the Prospectus.
- 1.9 The subsection entitled “*Directors and Senior Management*” on pages 142 to 143 of the Registration Document has been updated to include directorships held by Directors and information about the Company Secretary. Please see pages 209 to 212 of the Prospectus.
- 1.10 The subsection entitled “*Directors’ and Senior Management’s interests in the Company*” on page 144 of the Registration Document has been updated in the Prospectus to reflect the interests of the Directors and Senior Management in the share capital of the Company at the date of this document and immediately following Admission. Please see pages 212 to 213 of the Prospectus.
- 1.11 The new subsection entitled “*Overview of remuneration strategy and policy*” has been added into the Prospectus and describes the Company’s remuneration policy. Please see pages 214 to 216 of the Prospectus.
- 1.12 The subsection entitled “*Directors’ and Senior Management’s remuneration*” on pages 145 to 146 of the Registration Document has been updated in the Prospectus to detail the Directors’ and Senior Management’s remuneration and to describe the fees to be paid to the Non-Executive Directors of the Company. Please see pages 216 to 218 of the Prospectus.
- 1.13 The subsection entitled “*Share Incentive Plans*” has been added into the Prospectus and details the Company’s share incentive plans in connection with and following Admission. Please see pages 219 to 228 of the Prospectus.
- 1.14 Changes have been made to the subsection entitled “*Material Contracts*” on pages 148 to 152 of the Registration Document, including the addition of the following new material contracts: (i) Underwriting Agreement; (ii) Cornerstone Investment Agreements entered into between the Company, Exponent and the Cornerstone Investors and (iii) Relationship Agreement with Exponent. Please see pages 228 to 237.
- 1.15 The subsection entitled “*Significant subsidiary undertakings*” on page 156 of the Registration Document has been updated in the Prospectus to reflect the significant subsidiaries of the Company at Admission. Please see page 239 of the Prospectus.

2. SECURITIES NOTE INFORMATION

- 2.1 A new section entitled “*Risks Relating to the Global Offering and the Ordinary Shares*” has been added into the Prospectus to describe the risks relating to the Global Offering and the Ordinary Shares, including risks relating to an active trading market or the trading price of the Ordinary Shares, dilution risks, dividend risks, risks relating to the Group’s largest Shareholder and risks relating to overseas Shareholders in the United States. Please see pages 36 to 39 of the Prospectus.
- 2.2 New sections entitled “*Expected Timetable of Principal Events and Offer Statistics*” and “*Details of the Global Offering*” have been added into the Prospectus, describing the means through which the Ordinary Shares will be offered to institutional investors pursuant to the Global Offering. Please see pages 46 and 47 and pages 169 to 184 of the Prospectus. The “*Details of the Global Offering*” disclosure also includes: (i) the arrangements entered into between the Company and the Banks, among other parties, pursuant to which the Underwriters agreed to underwrite the Offer; (ii) the lock-up arrangements that have been entered into or will be entered into ahead of Admission; and (iii) the Relationship Agreement entered into between the Company and Exponent.
- 2.3 A new section entitled “*Capitalisation and Indebtedness*” has been added into the Prospectus, describing the consolidated capitalisation of the Group as at 31 October 2020 and its unaudited indebtedness as at 30 November 2020. Please see pages 114 to 115 of the Prospectus.
- 2.4 A new section entitled “*Unaudited Pro Forma Financial Information*” have been added into the Prospectus. Please see pages 164 to 168 of the Prospectus.
- 2.5 A new section entitled “*Taxation*” has been added into the Prospectus to provide a general guide to certain U.K. and U.S. federal tax considerations relevant to the acquisition, ownership and disposition of Ordinary Shares. Please see pages 185 to 193 of the Prospectus.
- 2.6 A new paragraph entitled “*Working capital statement*” has been added into the Prospectus, confirming the adequacy of the Group’s working capital. Please see page 238 of the Prospectus.
- 2.7 A new subsection entitled “*Mandatory bids and compulsory acquisition rules relating to Ordinary Shares*” has been added into the Prospectus describing certain provisions under the Takeover Code as applicable to the Company from Admission. Please see pages 240 to 243 of the Prospectus.

3. SUMMARY INFORMATION

- 3.1 A new section entitled “*Summary Information*” has been added into the Prospectus, to reflect the addition of a Summary as required by Article 7 of the UK Prospectus Regulation. Please see pages 6 to 12 of the Prospectus.

