This document comprises a registration document (the "**Registration Document**") relating to Cards Holdco Limited (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**"). The Registration Document has been approved 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 Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is the subject of this Registration Document. Capitalised terms used in this document which are not otherwise defined have the meanings given to them in the section headed "*Glossary*".

The Company and its directors, whose names appear on page 30 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.

This document should be read in its entirety, including the section headed "*Risk Factors*" beginning on page 3, for a discussion of certain risks related to the Company and its subsidiaries (together with Company, the "Group").

Cards Holdco Limited

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 12170467)

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This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Regulation Rules. A prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. However, this Registration Document, where not combined with the securities note and summary to form a prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise. Nothing in this document constitutes an offer of securities for sale in any jurisdiction and is not for release, publication or distribution, in whole or in part, directly or indirectly, in or into or from the United States (including its territories or possessions, any state of the United States and the District of Columbia), Canada, Australia, Japan, South Africa or any other jurisdiction where such distribution is unlawful, subject to certain limited exceptions. 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. This document may only be distributed outside the United States in reliance on Regulation S and within the United States to "qualified institutional buyers" in reliance on Rule 144A.

The date of this document is 12 January 2021.

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RISK FACTORS

Investing in and holding the Ordinary Shares involves financial risk. If one or more of the following risks were to arise, the Group's business, financial condition, results of operations or prospects could be materially and adversely affected. 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 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 ended 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 ended 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. For the Group's operations in Guernsey, any disruption could require the Group to use 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. Furthermore, the Group's facilities in Amsterdam are leased, which leases will terminate on 31 January 2022 if a termination notice is provided by 31 January 2021. The Group is aware that its landlord in Amsterdam may decide to terminate the leases and the Group is currently in negotiations with the landlord to extend the term of the leases. If these negotiations are not successful and the landlord provides the Group with a termination notice, the Group would be required to find new premises as early as 31 January 2022. If this were to occur, the Group could experience capital expenditure outside the ordinary course to fit out a new property and if there were any delays in such fit out or in locating a new property, the Group could experience significant disruptions to its operations. 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. However, as a significant portion of the Group's revenue each year is attributable to peak periods, the Group has sought to rely on third-party suppliers so it can more easily flex production capacity to meet customer demand during peak periods and reduce fixed. As a result of the seasonality of its sales, any reduced customer spending in these peak periods, including due to any disruptions 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. For example, if interruptions were experienced at the Group's production or fulfilment facilities or at the third parties that perform these services for the Group, this 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. 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 with 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 to 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.

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 the HMRC and the customs and postal authorities of several countries, including the Channel Islands (the "**HMRC MOU**"). Under the 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 to EU States have been and are expected to be exempt from VAT until 30 June 2021. After the end of the transition period on 31 December 2020, import VAT will be 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:

- The Company 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 the Company 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**"), the Company 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 and subject to settlement discussions between the Purchaser and sellers. In parallel with these discussions, 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.

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.

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 91.

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 ended 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, one 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 "*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 or other applicable law, rules and regulations, 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 on the Company's website at http://www.moonpig.group, the contents of the Group's websites, including http://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.

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Nickyl Raithatha, *Chief Executive Officer* Andy MacKinnon, *Chief Financial Officer* Kate Swann, *Non-Executive Director*
Senior Management	Nickyl Raithatha, *Chief Executive Officer* Andy MacKinnon, *Chief Financial Officer*
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Registered office of the Company	10 Back Hill London EC1R 5EN United Kingdom
Legal advisers to the Company	Allen & Overy LLP One Bishops Square London E1 6AD United Kingdom
Auditors and Reporting Accountant	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom

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

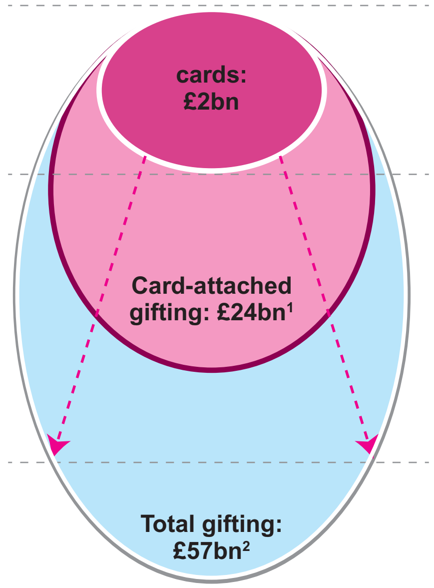
The Group operates in the large and underpenetrated gifting market (the "**gifting market**"), which includes the sale of greeting cards and gifts. According to OC&C, the overall value of customer spending on gifting in the UK, the Netherlands and the Republic of Ireland, which are the Group's core markets, 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).

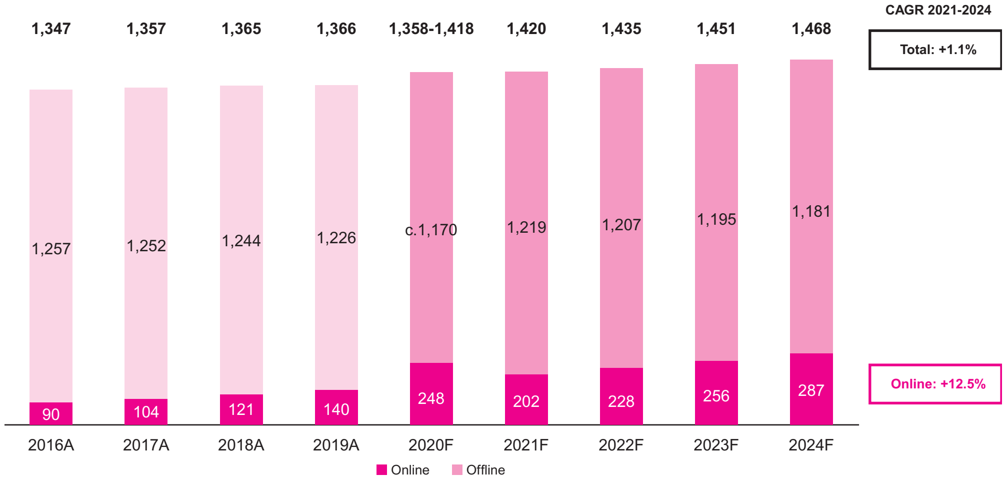
Clear transition from offline to online

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 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.

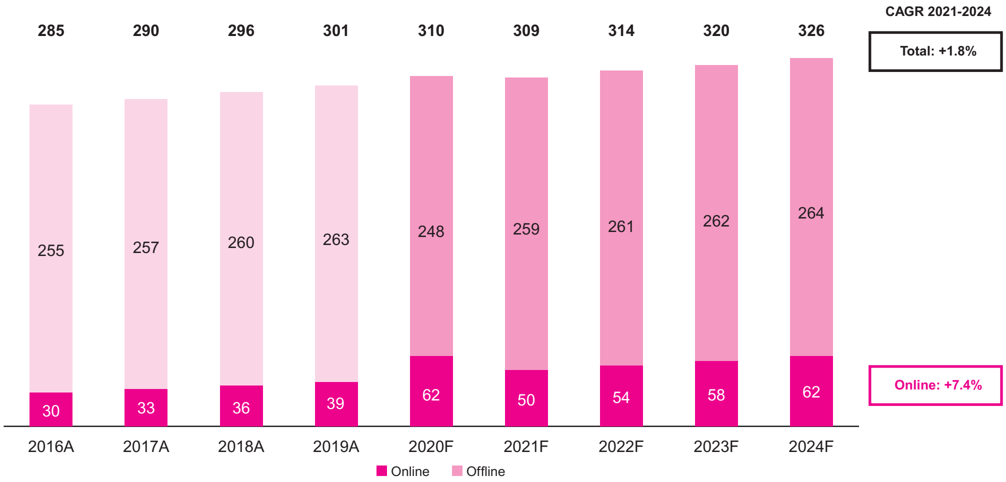
In the Netherlands, OC&C estimates online penetration was at approximately 13% in 2019, slightly higher than the UK but similarly, with substantial opportunity for future growth. OC&C forecasts that the online cards market in the Netherlands will grow at a CAGR of approximately 7.4% from 2021 to 2024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

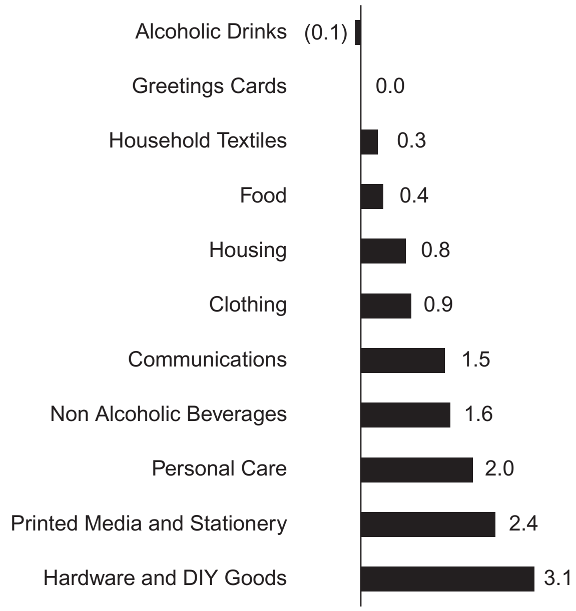
Large, stable and resilient cards market

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.

The Directors intend for a new holding company of the Group, Moonpig Group plc, (Moonpig Group plc together with the Group and the Moonpig Group plc's other subsidiaries, the "**New Group**") to apply to the FCA for the admission of Moonpig Group plc's (following the proposed Pre-IPO Reorganisation) shares to the premium listing segment of the Official List of the FCA and to the London Stock Exchange plc (the "**London Stock Exchange**") for the ordinary shares to be admitted to trading on the Main Market for listed securities. At the date of this document the Directors intend for Moonpig Group plc to make such application before the end of its financial year ended 30 April 2021.

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.

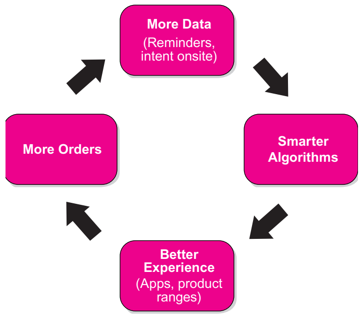
In 2018, the Group began a significant investment in technological improvements and innovations to its platforms in order to optimise the online customer journey and increase conversion rates, up-selling, attachment, repeat orders and retention. The Group also opened a technology hub in Manchester to 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 AUSD) 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 leases for the Greetz facilities will end 31 January 2022 if a termination notice is sent to the Group by 31 January 2021. The Group is currently in negotiations with the landlord to extend the terms of these leases. Should these negotiations not be successful and the landlord send a termination notice, the Group will be required to find new premises and will incur associated capital expenditure outside of the ordinary course.

Insurance

The principal risks covered by the Group's insurance policies relate to property damage, business interruption, employers, product and public liability, cyber security 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.

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.

The Board consists of the members listed below.

Name	**Age**	**Nationality**	**Position**	**Date of Appointment to Board**
Nickyl Raithatha	37	British	Chief Executive Officer	22 August 2019
Andy MacKinnon	46	British	Chief Financial Officer	22 August 2019
Kate Swann	56	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:

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.

Kate Swann *(Non-Executive Director)*

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.

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*".

THE BOARD AND CORPORATE GOVERNANCE

As an unlisted company, the UK Corporate Governance Code issued in July 2018 by the Financial Reporting Council, as amended from time to time, does not apply to the Company as at the date of this document. However, the Board is firmly committed to high standards of corporate governance.

The Board

The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the business of the Group. The Board is also responsible for approving strategic plans, financial statements, acquisitions and disposals, major contracts, projects and capital expenditure.

As at the date of this document, the Board consists of two Executive Directors and one Non-Executive Director.

Board Committees

As at the date of this document, the Company does not have any board committees.

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**
Other comprehensive income and expenses					
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
	2018	2019	2020	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
Adjustments for:					
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)
Changes in working capital:					
(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 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
				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)	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* *Unaudited*	*£'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* *Unaudited*	*£'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 *(audited)*		*£'000* *(unaudited)*	*£'000* *(audited)*
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**

	Year ended 30 April			Six months ended 31 October	
	2018	2019	2020	2019	2020
		£'000 (audited)		*£'000 (unaudited)*	*£'000 (audited)*
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 flow conversion	**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 revenue.

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*" for costs associated with entry into the Senior Facilities Agreement for additional costs expected for the year ending 30 April 2021.

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 the event of the Global Offering related to legacy share and legacy cash plans, certain other awards and through an all-employees IPO award, but includes the impact of cash and share based awards that the Group expects to award under any public company plans on an ongoing basis in the event of the Global Offering and once the Group becomes a public company.

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)]	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
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
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**
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
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**
	Unaudited	
£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 ended 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 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 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.

- 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 and the amount of £168,000,000 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. The Group expects its total finance costs to be approximately 4% to 5% of gross borrowings. See "*Additional Information—Material Contracts—Senior Facilities*".

- The Group incurred non-recurring items of approximately £7.0 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.

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 its 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		
	2019	2020	% Change
	£'000 (unaudited)	*£'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		
	2019	2020	% Change
	£'000 (unaudited)	*£'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		
	2019	2020	% Change
	£'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		
	2019	2020	% Change
	£'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		
	2018	2019	% Change
	£'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		
	2018	2019	% Change
	£'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 to be approximately £10 million to £11 million for the year ended 30 April 2021 and for capital expenditure thereafter to grow proportionately with revenue.

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 7 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 (the "**Agent**") and U.S. Bank Trustees Limited as security agent (the "**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.

The Company 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. Card 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.

On 7 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*".

HISTORICAL FINANCIAL INFORMATION

Section A: Accountants' Report in Respect of the Historical Financial Information

pwc

The Directors
Cards Holdco Limited
10 Back Hill
London
EC1R 5EN

12 January 2021

Dear Ladies and Gentlemen

Cards Holdco Limited

We report on the historical financial information for the three years ended 30 April 2020 and for the six months ended 31 October 2020 set out in Section B (the "**Financial Information Table**"). The Financial Information Table has been prepared for inclusion in the registration document dated 12 January 2021 (the "**Registration Document**") of Cards Holdco Limited (the "**Company**") on the basis of the accounting policies set out in note 1.2 to the Financial Information Table. This report is required by item 18.3.1 of Annex 1 of 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 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 Registration Document 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 1.2 of Annex 1 to the PR Regulation 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 Registration Document.

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

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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.

Opinion

In our opinion, the Financial Information Table gives, for the purposes of the Registration Document dated 12 January 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 International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of item 1.2 of Annex 1 to the PR Regulation we are responsible for this report as part of the Registration Document 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 Registration Document 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

		Year ended 30 April			Six month period ended 31 October	
	Note	2018	2019	2020	2019	2020
		£'000	*£'000*	*£'000*	*£'000* *Unaudited*	*£'000*
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* *Unaudited*	*£'000*
Profit for the year	**3**	**15,857**	**13,595**	**30,698**	**8,798**	**27,840**
Other comprehensive income and expenses						
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations		–	(16)	23	271	**(253)**
Subtotal items that may be reclassified						
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 2018	30 April 2019	30 April 2020	31 October 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 2018	2019	2020	Six month period ended 31 October 2019	2020
		£'000	*£'000*	*£'000*	*£'000* *Unaudited*	*£'000*
Cash flow from operating activities						
Profit before taxation		15,907	13,920	31,775	9,378	32,990
Adjustments for:						
Depreciation, amortisation & impairment	8, 9	2,061	6,036	10,394	4,917	5,717
Gain on disposal of non-current assets		–	–	(4)	–	–
Net finance expense/(income)	5	(399)	51	1,333	363	733
R&D tax credit		(431)	(415)	(296)	(220)	(168)
Changes in working capital:						
(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	8	(3,117)	(4,118)	(6,420)	(3,124)	(4,016)
Purchase of property, plant and equipment	9	(4,091)	(1,804)	(1,236)	(877)	(1,016)
Acquisition of subsidiary, net of cash acquired	19	–	(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	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 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* *Unaudited*	*£'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* *Unaudited*	*£'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 assets[1]	**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 & amortisation[2]	**(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* *Unaudited*	*£'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[1]	–	2,466	4,463	2,285	2,251
Group depreciation & amortisation[2]	**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.

		Year ended 30 April			Six month period ended 31 October	
	Note	**2018**	**2019**	**2020**	**2019**	**2020**
		£'000	*£'000*	*£'000*	*£'000* *Unaudited*	*£'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	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* *Unaudited*	*£'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* *Unaudited*	*£'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 Facility 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 Unaudited*	*£'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 Unaudited*	*£'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 Unaudited*	*£'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 Unaudited*	*£'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 Unaudited*	*£'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 Unaudited*	*£'000*
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* *Unaudited*	*£'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* *Unaudited*	*£'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.

Moonpig CGU	**30 April 2018**	**30 April 2019**	**30 April 2020**
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	**30 April 2019**	**30 April 2020**
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	Plant and machinery	Fixtures and fittings	Leasehold improvements	Computer equipment	Assets under construction	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'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	Plant and machinery	Fixtures and fittings	Leasehold improvements	Computer equipment	Assets under construction	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'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
	2018	2019	2020	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**
Less: Provision for write off of:				
– 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
	2018	2019	2020	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
	2018	2019	2020	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 2018	30 April 2019	30 April 2020	31 October 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 2018	30 April 2019	30 April 2020	31 October 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 it's 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
	2018	**2019**	**2020**	**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
	Number	*Number*	*Number*	*Number Unaudited*	*Number*
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
	£'000	*£'000*	*£'000*	*£'000 Unaudited*	*£'000*
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 31 October
	2018	2019	2020	2020
	£'000	*£'000*	*£'000*	*£'000*
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* *Unaudited*	*£'000*
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, one of the new holding companies of the Group entered into the Senior Facilities Agreement and drew down in full the Senior Facilities 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 £7,000,000 capitalised on the balance sheet. See further details below. The amount of £168,000,000 drawn net of fees was remitted to the Horizon Group in order to repay the existing external 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, one of the new holding companies of the Group signed a Senior Facilities Agreement comprising of a sterling Term Loan 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. The Term Loan facility for Cards Holdco Limited 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 ended 30 April 2022, 4.0x until and including the year ended 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 ended 30 April 2021 of approximately £26,000,000.

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.

	Proportion of voting rights and shares directly held				% Equity interest			
	30 April			31 October	30 April			31 October
Name of Company	**2018**	**2019**	**2020**	**2020**	**2018**	**2019**	**2020**	**2020**
Subsidiaries:								
UK								
Herbal House, 10 Back Hill, London, EC1R 5EN								
Moonpig.com Limited	100%	100%	100%	100%	–	–	–	–
Netherlands								
Laarderhoogtweg 20, 1101 EA, Amsterdam , Noord-Holland								
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.

ADDITIONAL INFORMATION

1. Responsibility

The Directors of the Company, whose names appear on page 30 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 22 August 2019 as a private company limited by shares under the Companies Act 2006 with registered number 12170467. The Company's LEI is 213800QQYCNZO3ALH702.

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 holding company of the Group.

2.5 By a resolution of the Directors dated 1 June 2020, 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 1.00 each..	3	GBP 3.00

3.2 The Company was incorporated on 22 August 2019 as a private limited company limited by shares. The issued share capital at the time of incorporation of the Company was GBP 1.00 which was issued to Horizon Bidco Limited, the initial subscriber to the Company's memorandum.

3.3 Since incorporation, the Company's share capital has been issued in conformity with the laws of England and Wales.

3.4 The following changes have occurred in the share capital of the Company since its incorporation (each of which has been duly authorised or approved pursuant to the applicable articles of association of the Company):

(a) on 9 April 2020, the Company allotted and issued a further 2 Ordinary Shares of GBP 1.00 per share to Horizon Bidco Limited;

(b) on 7 January 2021, in connection with the Horizon Group Separation (as defined and further described in paragraph 13 of this section):

(i) the entire share capital of the Company was transferred to Horizon DebtCo Limited;

(ii) the entire share capital of the Company was then transferred from Horizon DebtCo Limited to Horizon Group HoldCo Limited ("**HGHL**");

(c) on 8 January 2021, in connection with the Horizon Group Separation (as defined and further described in paragraph 13 of this section):

(i) the entire share capital of the Company was then transferred from HGHL to Titan Holdco Limited (“**THL**”);

(ii) the entire share capital of the Company was then transferred from THL to Titan Debtco Limited;

(iii) the entire share capital of the Company was then transferred from Titan Debtco Limited to Titan Midco Limited; and

(iv) the entire share capital of the Company was then transferred from Titan Midco Limited to Titan Bidco Limited,

so that, at the date of this document, the entire share capital of the Company is held by Titan Bidco Limited.

4. Dividend Policy

The Company generally retains any future earnings to finance the operation and expansion of its business, save for the payment of exceptional one-off dividends where deemed appropriate.

5. Articles of Association

The articles of association (the “**Articles**”), which were adopted on 18 December 2019 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.

5.1 *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.

5.2 *Rights attaching to shares*

(a) *Voting rights of members*

A resolution put to the vote at a general meeting must be decided on a show of hands, unless a poll is duly demanded. A poll may be demanded in advance of the general meeting where it is to be put to the vote, or at a general meeting either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is determined. A poll may be demanded by the chairman of the meeting, the directors, two or more persons having the right to vote on the resolution, or a person or persons with not less than one tenth of the total voting rights of all members with a right to vote on the resolution.

A shareholder may appoint a proxy by a written proxy notice. A person entitled to attend, speak or vote at a general meeting remains entitled to do so even if a valid proxy has been delivered to the Company on behalf of that person.

(b) *Capitalisation of reserves*

The board may, with the authority of an ordinary resolution of the Company: (A) resolve to capitalise any sum standing to the credit of the share premium account or capital redemption reserve, or any profits of the Company not required for the payment of any preferential dividend (whether or not they are available for distribution); and (B) appropriate that sum to the persons who would have been entitled to it if it were distributed by way of a dividend and in the same proportions. Capitalised sums may be applied in paying up new shares of a nominal value equal to the capitalised sum (or, in the case of capitalised profits, new debentures) which are then allotted credited as fully paid to the persons entitled or as they may direct.

(c) *Issue of shares*

Subject to the Articles and without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as determined by ordinary resolution. Shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder and the directors may determine the terms, conditions and manner of redemption of such shares.

(d) *Alteration of share capital*

The Articles do not restrict the Company's ability to increase, consolidate or subdivide its share capital. Therefore, subject to the Companies Act 2006, the Company may by ordinary resolution increase, consolidate or sub-divide its share capital.

(e) *Transfer of shares*

A member may transfer all or any of his shares by an instrument of transfer in any usual form or any other form approved by the directors. An instrument of transfer shall be executed by or on behalf of the transferor. The directors may refuse to register any instrument of transfer, and, if they do so, must return the instrument of transfer to the transferee with a notice of refusal, unless they suspect that the proposed transfer may have been fraudulent. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

(f) *Communications by the Company*

A document or information may be supplied by or to the Company in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of the Companies Act 2006 to be sent or supplied by or to the Company.

(g) *General Meetings*

The Articles do not specify the requisite quorum for general meetings of the Company. Accordingly, pursuant to the Companies Act 2006, the requisite quorum where the Company has only one member, is one qualifying person, and, in any other case, is two qualifying persons. A qualifying person is: an individual who is a member of the Company; a corporate representative; or a proxy.

(h) *Directors*

(i) Appointment and removal
Directors may be appointed by ordinary resolution or by a decision of the directors.

(ii) Remuneration
Directors are entitled to such remuneration as the directors determine for their services to the Company as directors and for any other service which they undertake for the Company. In addition to any remuneration to which the directors are entitled under the Articles, they may be paid reasonable expenses properly incurred in connection with their attendance at board meetings or shareholder meetings, or otherwise in connection with the exercise of their powers and discharge of their responsibilities in relation to the Company.

(iii) Conflicts of interest
If a situation arises in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests (directly or indirectly) of the Company or would otherwise constitute a breach of duty under section 175 of the Companies Act 2006, the directors (other than the conflicted director) may resolve to authorise such situation and confirm that the existence of such situation will not give rise to a breach of duty under section 175 of the Companies Act 2006.

(iv) Indemnity

As far as the applicable statutory provisions allow, the Company may:

(A) indemnify any director of the Company (or of an associated company) against any liability in connection with any negligence, default, breach of duty or breach of trust relating to the Company or an associated company;

(B) indemnify any director of the Company (or of an associated company) against any liability in connection with the activities of the Company (or an associated company) in its capacity as a trustee of an occupational pension scheme;

(C) indemnify any director of the Company (or of an associated company) against any other liability incurred by that director as an officer of the Company or an associated company;

(D) purchase and maintain insurance for any director or former director of the Company or an associated company for any loss or liability which has been or may be incurred by he or she in connection with his or her duties or powers in relation to the Company, an associated company or any pension fund or employees' share scheme of the Company or an associated company.

(v) 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. Notice of a directors' meeting must indicate the proposed date and time, where it is to take place, and (if it is anticipated that directors participating in the meeting will not be in the same place) how it is proposed that they should communicate with each other. Directors participate in a directors' meeting when the meeting has been called and takes place in accordance with the Articles, and they can communicate to the others any information or opinions they have on any particular item of business.

The quorum necessary for the transaction of the business of the board, unless fixed by the directors at any other number, shall be two.

The directors may appoint a chairman to chair their meetings and such appointment may be terminated by the directors at any time. If the chairman is not present within ten minutes of the time fixed for the holding of the meeting, the directors present shall appoint one of themselves 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.

5.3 ***Dividends***

(i) *Declaration of dividends*

Subject to the provisions of the Companies Act 2006, 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, but no dividend shall exceed the amount recommended by the board.

(ii) *Interim dividends*

Subject to the provisions of the Companies Act 2006, the board may pay interim dividends. If the share capital is divided into different classes, the board may not pay an interim dividend on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. If the board acts in good faith, it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares with deferred or non-preferred rights.

(iii) *Calculation and currency of dividends*

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be declared and paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

(iv) *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 terns of issue of the share, or the provisions of another agreement between the shareholder and the Company.

(v) *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 other securities of any other company.

(vi) *Unclaimed dividends*

Any dividend unclaimed for a period of twelve years after having been declared shall be forfeited and cease to remain owing by the Company.

6. Directors and Senior Management

6.1 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*".

6.2 The Directors can be contacted at the Company's registered office address at 10 Back Hill, London EC1R 5EN, United Kingdom.

6.3 In addition to their directorships of the Company and other members of the Group, the Directors and members of 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
Andy MacKinnon	LateRooms Limited	No
	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
Kate Swann	IVC Evidensia	Yes
	IVC Evidensia	No
	Secret Escapes	Yes
	Parques Reunidos	Yes
	EQT AB	Yes
	SSP Plc	No
	University of Bradford	Yes
	England Hockey	Yes
	Babcock Plc	No

6.4 None of the Directors and members of Senior Management has any business interests, or performs any activities, outside the Group which are significant with respect to the Group.

6.5 At the date of this document, none of the Directors and members of Senior Management has at any time within the last five years:

(a) had any convictions in relation to fraudulent offences;

(b) been declared bankrupt or been the subject of any individual voluntary arrangement;

(c) been associated with any bankruptcy, receivership or liquidation in his or her capacity as director or senior manager;

(d) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);

(e) been disqualified by a court from acting as a director;

(f) 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;

(g) 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;

(h) 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

(i) 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.

6.6 Save as set out below, there are:

(a) 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

(b) no arrangements or understandings with the Shareholders, members, suppliers or others pursuant to which any Director or members of Senior Management was selected.

6.7 Each of the Directors holds an indirect interest in Photobox, who 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 in Farringdon, London. Photobox and the Company also have an ongoing contractual arrangement, pursuant to the Demerger Agreement and the Tax Matters Agreement, and the Company may have ongoing obligations to Photobox under those documents.

6.8 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 5 above).

6.9 There are no family relationships between any of the Directors and members of Senior Management.

7. Directors' and Senior Management's interests in the Company

7.1 As at the date of this document, no Director or member of Senior Management has any interest in any class of shares in the Company. However, the Directors hold the following interests in THL, the indirect parent company of the Company, resulting in an indirect interest in the Company.

Director	No. of ordinary shares	% of voting rights
Kate Swann	12,949	1.29%
Nickyl Raithatha	22,000	2.20%
Andy MacKinnon	3,500	0.35%

None of the above interests represents voting interests in the Company.

7.2 The number of ordinary shares and percentage of voting rights stated above are prior to completion of the proposed Pre-IPO Reorganisation which will result in significant dilution of the interests disclosed in the above table. For more information on the proposed Pre-IPO Reorganisation, see "*Additional Information—Proposed Pre- IPO Reorganisation*".

7.3 In addition, 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.

8. Significant shareholders' interests in the Company

8.1 As at the date of this document, and insofar as it is known to the Company, the following persons are, directly or indirectly interested (within the meaning of the Companies Act 2006) in 3% or more of the Company's issued share capital:

Shareholder	No. of ordinary shares(1)	% of voting rights(2)
Exponent Private Equity Partners III (SPV), LP	412,847	41.28%
LCP VIII Holdings LP	189,545	18.95%
LGT Capital Partners(3)	56,864	5.72%
Strategic Partners VII Investments L.P (Series D)	51,611	5.16%
Aberdeen Standard Investments(4)	33,360	3.34%

(1) Numbers reflect the number of ordinary shares held in THL, the indirect parent company to the Company.

(2) Percentages reflect the percentage of voting rights held in THL, the indirect parent company to the Company.

(3) 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.

(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.

8.2 Save as disclosed above, insofar as is known to the Directors, there is no other person who (i) is or will be, 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.

8.3 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 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.

9. Directors' and Senior Management's remuneration

9.1 This section 9 provides information on the service agreements and remuneration arrangements for the Directors and members of Senior Management of the Company.

9.2 The aggregate amount of remuneration paid (including any contingent or deferred compensation), and all benefits in kind granted to the Directors and members of Senior Management, consisting of three individuals, by the Company and its subsidiaries for services in all capacities for the year ended 30 April 2020 was GBP 1,311,428.

9.3 Under the terms of their service contracts 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)
Nickyl Raithatha	Chief Executive Officer	343,333	597,726
Andy MacKinnon	Chief Financial Officer	174,583	101,587
Kate Swann	Non-Executive Director	90,545	4,155

9.4 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.

9.5 The Company has two Executive Directors who are not determined to be independent:

Name	Position	Date of appointment to the Board
Nickyl Raithatha	Chief Executive Officer	22 August 2019
Andy MacKinnon	Chief Financial Officer	22 August 2019

9.6 ***Executive Directors***

(a) On 10 January 2021, the Company entered into new service contracts with Nickyl Raithatha, who has been employed by the Group as CEO since June 2018, 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 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 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. The Company 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 the Company's written notice of termination. The Company 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 the Company 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) The Company 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. The Company 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 the Company's written notice of termination. The Company 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 the Company 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) The Company 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.

9.7 ***Non-Executive Director***

(a) On 10 January 2021, Kate Swann entered into a new letter of appointment.

(b) Pursuant to her letter of appointment, Kate Swann is entitled to receive an annual fee of GBP 230,000. In addition, she is entitled to be reimbursed for reasonable expenses necessarily incurred arising from the performance of her duties.

(c) Kate Swann's appointment is terminable on 3 months' notice. The Group has the ability to terminate her appointment with immediate effect without paying compensation. Kate Swann is not entitled to participate in any share scheme or any bonus or pension schemes upon termination.

(d) Kate Swann's appointment is for an initial term of three years from the date of appointment (the "**Initial Term**"), unless terminated earlier, and is also subject to annual re-election at any general meeting of shareholders.

(e) Kate Swann is subject to confidentiality undertakings without limitation in time. She is not subject to non-compete restrictive covenants.

9.8 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.

10. 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.

11. Related Party Transactions

Save as disclosed in Note 23 of Section B of "*Historical Financial Information*", 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.

12. Properties, investments, assets

For further information on the Group's principal properties refer to "*Business Description—Property*".

13. Horizon Group Separation

In preparation for a potential 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 the 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) THL as the indirect parent company of the Company (which holds the Group).

Overview

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, the Company became a direct subsidiary of HGHL.

Thereafter, and following the issue and cancellation of bonus shares by HGHL (as detailed below) HGHL transferred its shareholding in the Company 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 the Company (which holds the Group) as they held in HGHL, the indirect parent company of Photobox (which holds the Photobox Group).

First share for share exchange

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).

Intercompany debt consolidation and waivers

As part of the Horizon Group Separation, the Horizon Group consolidated various intercompany loans between Horizon Group entities such that there was only one net intercompany balance between the Photobox Group and the Group following the Horizon Group Separation. The Horizon Group anticipates that this net intercompany balance will be settled as part of the proposed Pre-IPO Reorganisation (see paragraph 15 of this section below).

Issue of bonus shares, capital reduction and second share for share exchange

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 Group and carrying rights to the entire issued share capital of the 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 the Company 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 the Company down a series of wholly-owned entities.

14. 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.

14.1 ***Demerger Agreement***

Overview of the Demerger Agreement

(a) On 7 January 2021, the Company, 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) the 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) The Group will benefit, in certain circumstances, from any insurance policies taken out by a member of the Remaining Horizon Group; and

(iii) the 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 Group, Photobox Group or Remaining Horizon Group will remain with the relevant group unless it relates to the business of another of the 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.

14.2 ***Tax Matters Agreement***

The Company 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, the Company and Horizon Bidco Limited have agreed in the Tax Matters Agreement that:

(i) 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.

(ii) In relation to the former membership of the Company 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 the Company or Moonpig.com Limited; and (ii) Horizon Bidco covenants to pay to the Company or Moonpig.com Limited any VAT that they suffer due to their joint and several liability for the Photobox VAT group's VAT.

(iii) 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.

(a) 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.

(b) The Company 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.

14.3 ***Senior Facilities***

Senior Facilities Agreement

(a) On 7 January 2021, Titan Midco Limited (the "**OpCo Parent**") as parent and 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:

- 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;

- 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;
- 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
- 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 obligations of the OpCo Parent and the obligors regarding the Senior Facilities are, or will be, guaranteed and secured by the OpCo Company and certain of its subsidiaries. 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 any 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.

(m) The Senior Facilities Agreement contains representations and warranties made, or to be made, by the OpCo Parent, the OpCo Company and/or other obligors that are customary for agreements relating to facilities in the nature of the Senior Facilities.

(n) The Senior Facilities Agreement contains undertakings that are customary for agreements relating to facilities in the nature of the Senior Facilities.

(o) 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 any Admission, semi-annually).

(p) The Senior Facilities Agreement is governed by English law.

Intercreditor Agreement

(q) 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**").

(r) The Intercreditor Agreement is governed by English law.

14.4 ***Shareholders' Agreement***

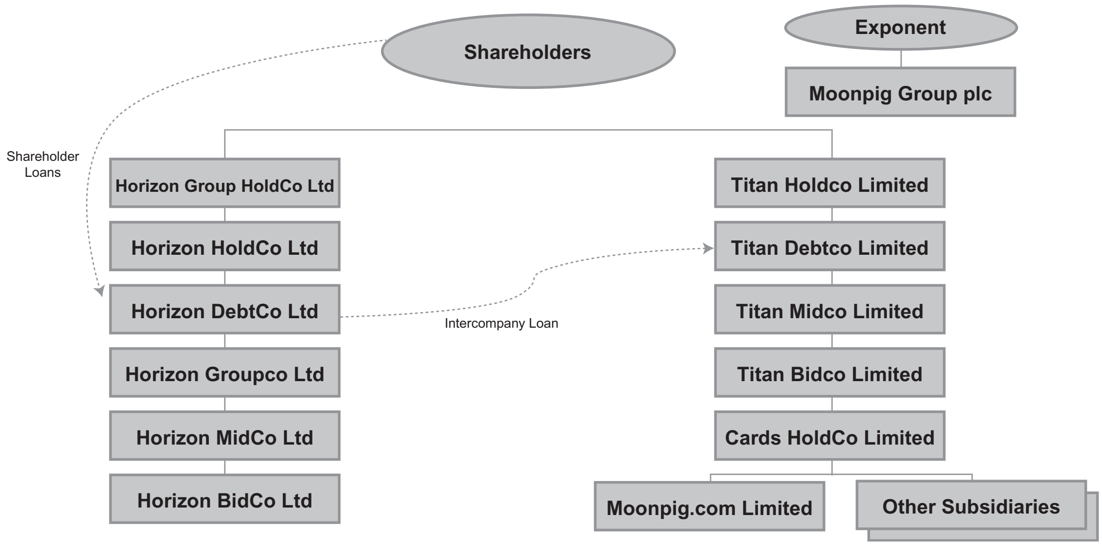
(a) THL and its shareholders, including Exponent and certain managers, and other connected parties are party to a shareholders' agreement dated 8 January 2020 (the "**Shareholders' Agreement**"). The Shareholders' Agreement regulates the relationship between the parties as indirect shareholders of the Group.

(b) The Shareholders' Agreement contains provisions that govern matters such as: decisions requiring consent of certain shareholders; THL and Group governance; pre-emptive rights; transfers of securities by the shareholders; pre-public offering reorganisations; and exit events (including sale processes and initial public offerings). Other than certain surviving provisions, the Shareholders' Agreement shall terminate upon such an exit event.

15. Proposed Pre-IPO Reorganisation

15.1 *Proposed Pre-Reorganisation Structure*

The diagram below sets out the simplified New Group to which the Group is anticipated to belong to prior to the date of the potential Admission.



On 23 December 2020, Exponent (as sole shareholder) incorporated Project Titan plc (which was renamed Moonpig Group plc on 8 January 2021) with a nominal share capital of GBP 50,000.

Following the Horizon Group Separation (as further described in paragraph 13 of this section), it is anticipated that Moonpig Group plc, Exponent and the other shareholders of Titan Holdco Limited will enter into implementation deeds (the "**Implementation Deeds**") pursuant to which the parties will agree 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.

15.2 *Steps intended to be taken prior to any potential Admission under the proposed Pre-IPO Reorganisation*

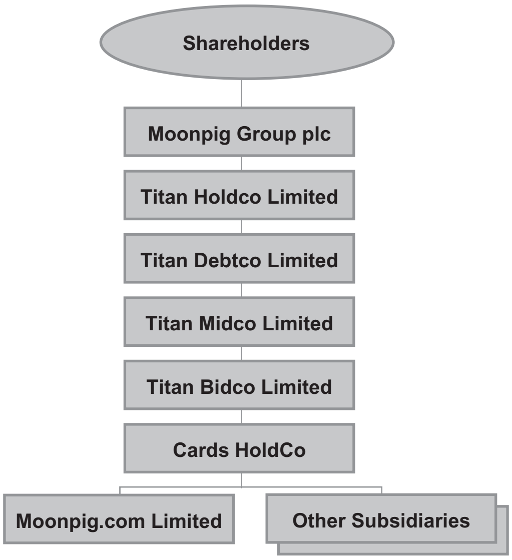
Pursuant to contractual obligations set out in the Implementation Deeds the following steps would take place prior to any potential Admission:

(i) Moonpig Group plc 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 Moonpig Group plc to the shareholders of Titan Holdco Limited, thereby making Moonpig Group plc the holding company of the New Group;

(ii) Horizon DebtCo will subsequently repay 80 per cent. of the outstanding shareholder loan notes due by Horizon DebtCo to the existing shareholders of Moonpig Group plc (leaving the balance of the shareholder loan notes outstanding) by transferring the intercompany receivable due from Titan Debtco Limited to the existing shareholders of Moonpig Group plc and, using that intercompany receivable as consideration, those shareholders will then subscribe for additional Ordinary Shares in Moonpig Group plc,

each of the foregoing steps comprising and being the pre-IPO reorganisation (the "**Pre-IPO Reorganisation**").

The diagram below sets out the New Group structure expected on the date of the potential Admission:

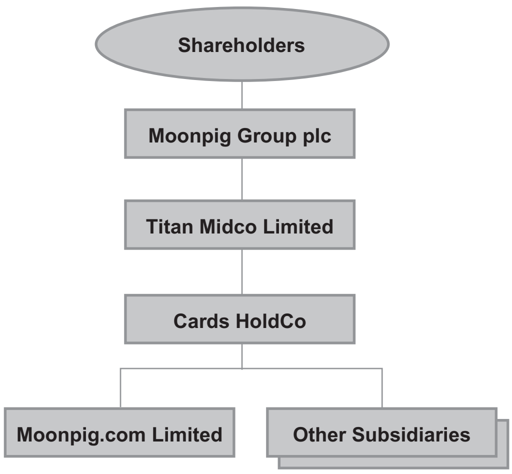


Following the potential Admission:

(a) it is anticipated that Moonpig Group plc will increase its share capital through the capitalisation of its merger reserves which will be used to fund a bonus issue of Ordinary Shares of £0.10 each to the shareholders of Moonpig Group plc pro-rata to their previous holdings; Moonpig Group plc shall subsequently undertake a court approved reduction of capital in which the Ordinary Shares issued as described above will be cancelled in order to create distributable reserves following the potential Admission;

(b) following the capital reduction it is anticipated that Moonpig Group plc will undergo further steps to consolidate the New Group by placing Titan Holdco Limited, Titan Debtco Limited and Titan Bidco Limited (each companies incorporated to facilitate the Horizon Group Separation) in members voluntary liquidation (such entities no longer being required by the New Group) in order to create a more efficient group structure,

and following completion of the steps described in (a) and (b) above, the New Group structure is anticipated to be as set out in the diagram below:



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 and subject to settlement discussions between the Purchaser and sellers. In parallel with these discussions, 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

17.1 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.

17.2 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.

17.3 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 £7.0 million capitalised on the balance sheet.

The amount of £168.0 million drawn net of fees was paid to Horizon DebtCo Limited and used to refinance or otherwise discharge existing debt within the Horizon Group.

17.4 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. Significant subsidiary undertakings

The Company is the 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
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

19. Consents

19.1 PwC has given and has not withdrawn its written consent to the inclusion in this document of its Accountants' Report on the Financial Information Table set out under Part A of "*Historical Financial Information*" and has authorised the contents of those parts of the document which comprise its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

19.2 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.

20. Third-party information

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.

21. Documents available for inspection

Copies of the following documents are available for inspection on the Company's website at http://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:

(a) the Articles;

(b) the accountants' report from PwC set out under "*Historical Financial Information*";

(c) 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;

(d) the OC&C Report;

(e) the consent letters referred to in "*Additional Information—Consents*"; and

(f) 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
attach rate	the proportion of card orders for which the customer adds a gift to their purchase
B2B	business-to-business
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
Company	Cards Holdco Limited (and its predecessor)
Covid-19	a novel strain of coronavirus causing Covid-19 disease
customer cohort	a collection of customers organised by the fiscal year in which such customer made their first purchase, which the Group tracks to monitor customer retention over time
Default Share	any share that has been given Section 793 Notice
Directors	the directors of the Company whose names appear on page 30 of this document
EUWA	European Union (Withdrawal) Act 2018
existing customer	means someone who has ever transacted with the Group
Exponent	Exponent Private Equity Partners III (SPV), LP
FCA	the UK Financial Conduct Authority
frequency	refers 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
Greetz	Venspro B.V. and its subsidiaries
Group	Refers to the Group defined in Note 1.2 of Section B of "*Historical Financial Information*", and the entities and predecessors to such Group (as the context requires)
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 for 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 *"Additional Information – Horizon Group Separation"*
Horizon Shareholders	the existing shareholders of Horizon HoldCo Limited
IFRS	International Financial Reporting Standards
Remaining Horizon Group	the Horizon Group (excluding the entities that are part of Photobox Group and the Group)
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
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 "*Presentation of Financial and Other Information—Non-IFRS Information*"
Official List	the Official List maintained by the FCA
Ordinary Shares	ordinary shares of £1.00 each in the capital of the Company

payback period	the time to recoup the funds expended to acquire the customer
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 proposed reorganisation of the Group's corporate structure prior to the potential Admission described in "*Additional Information – Pre-IPO Reorganisation*"
previously acquired customers	means customers acquired prior to the period
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
Regulation S	Regulation S under the US Securities Act
Member State	each member of the European Economic Area
Rule 144A	Rule 144A under the US Securities Act
SEC	US Securities and Exchange Commission
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 "*Selected Financial Information—Non-IFRS Financial and Operating Data*".
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 "*Selected Financial Information—Non-IFRS Financial and Operating Data*".
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 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