



ANNUAL  
REPORT 22/23

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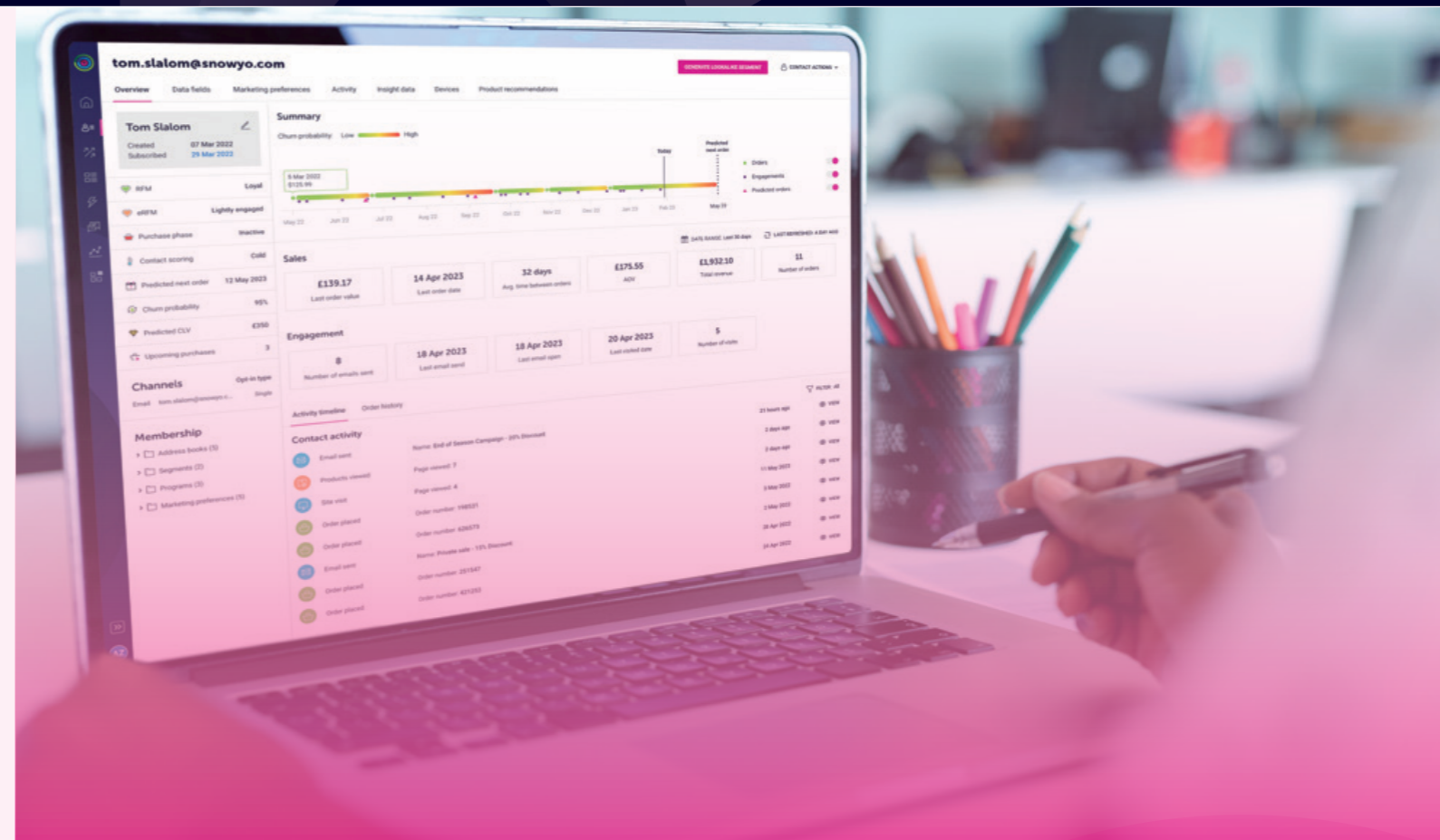
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## Corporate statement

**Dotdigital is an all-in-one customer experience and data platform (CXDP) that empowers marketing teams to exceed customer expectations with highly personalised cross-channel journeys. With powerful AI capabilities, Dotdigital makes it easy to automate deeply personalised experiences across web, email, SMS, WhatsApp, chat, push, social, ads, and more.**

| *Revenue  | *Adjusted profit before tax  | *Adjusted EBITDA   | Cash position   |
|---|--|--|---|
|  Up 10% from £62.8m<br><b>£69.2m</b> |  Up 6% from £14.5m<br><b>£15.4m</b> |  Up 2% from £21.7m<br><b>£22.0m</b> |  Up 20% from £43.9m<br><b>£52.7m</b> |

\* Adjusted for continuing operations for the prior year.

## Chairman's statement



**John Conoley**  
Non-Executive Chairman

Since we announced our FY22 results, Dotdigital Group Plc (Dotdigital) has made important steps forward and I am pleased to be able to report on a year characterised by solid commercial out-turn and, crucially, material advances in the development and delivery of our growth strategy. We have entered the new financial year in a strong position and are optimistic about the future.

**Optimal allocation of cash to accelerate growth and build long-term value**

I would first like to welcome our new colleagues that joined the business with the post-period acquisition of Fresh Relevance Ltd (Fresh Relevance), a leading cross-channel personalisation technology firm. (For further details see note 33 of the consolidated financial statements).

Behind the scenes, much of the financial year was spent refining our Customer Experience and Data Platform (CXDP) growth strategy and ensuring we have a crystal-clear picture of where we want to get to as a business and the deliverables required to achieve this.

We operate in an incredibly dynamic industry that is in a perpetual state of evolution, so it is important that we build out our offering at pace to cement our competitive advantage. The Fresh Relevance deal enables us to meet several deliverables that would have taken considerable time and resource to achieve organically, enabling us to leapfrog several of our competitors and bringing us closer to providing the most complete platform on the market.

Dotdigital is a highly cash generative business and has built up significant cash reserves for a company of its size. The Board firmly believes that using Dotdigital's balance sheet to fortify its strategic position and unlock higher growth potential will deliver the best long-term returns to shareholders. The acquisition of Fresh Relevance is aligned to this and, supported by a financial position that remains strong, we are continuing to explore M&A opportunities where we are confident it will further accelerate progress towards our goals.

**Established teams and steadily improving performance**

Since joining Dotdigital in July 2022, I have observed a steady continued improvement as the Group moved past the challenges of H1 FY22. In some ways the year prior was a period of transition with important personnel changes against an uncertain macroeconomic backdrop. We now have the right talented leadership in place and teams well-embedded across all regions, with activity ramping up as expected.

A return to growth in the US reflects the management's drive and the work they have done to enhance sales discipline. Our North American operations are now stable and there is a sense that momentum is building. Our venture into Japan, while still in its infancy, looks promising. For the team there to have achieved the level of sales traction they have at this stage is remarkable and bolsters the performance of an already strong Asia-Pacific region. (See note 3).

Geographic expansion remains a key pillar of our growth strategy and our overseas operations are now in excellent condition. The progress we are making overseas demonstrates the truly global appeal of our platform and we are confident of making further inroads as we elevate our offering and strengthen the channels and partners that underpin our growth ambitions.

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We operate in an incredibly dynamic industry that is in a perpetual state of evolution, so it is important we build out our offering at pace to cement our competitive advantage.

**Fostering a culture of responsibility**

FY23 was a year of material progress across our ESG strategy. The establishment of Dotvoice, our colleague-led programme comprising Dotwellbeing, Dotgreen, Dotcommunity and DotDEI, has helped bring clear direction and purpose to our efforts. Together these groups have been instrumental in building a culture of learning and engagement across our communities and make social responsibility an inextricable part of how we do business.

Dotwellbeing continues to be a beacon for our employees, supporting their wellbeing. Dotgreen has championed sustainability, achieving ISO14001 certification and actively contributing to our ambitious Net Zero 2030 target. DotDEI has made significant strides, ensuring diversity, equity, and inclusion remain at the heart of our organisational ethos. Dotcommunity, through impactful partnerships and initiatives, has reinforced our commitment to social responsibility.

**Dividend**

The Board will be maintaining its progressive dividend policy in line with Group EBITDA growth. Therefore, subject to approval at the AGM in December 2023, the Board proposes that the Group pay a final dividend of 1p per ordinary share (2022: 0.98p), payable at the end of January 2024.

**Well-positioned to take advantage of the wealth of available opportunities**

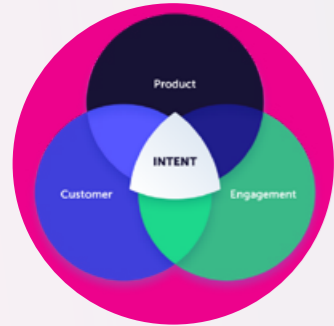
On behalf of the Board I would like to extend our gratitude to everyone at Dotdigital. Through their collective buy-in and dedication we have achieved important milestones in the year and are well set to make further progress.

The broader economic environment remains uncertain but with a meticulously mapped-out set of organic and inorganic deliverables, an increased focus and exceptionally capable teams, we will navigate it with confidence.

**John Conoley**  
Non-Executive Chairman  
7 November 2023

## Dotdigital CXDP

Unlocking customer data for unforgettable CX.



### Data enrichment

Unify data for a clearer picture of customers

Dotdigital's all-in-one CXDP platform breaks down data siloes to create a centralised data hub that delivers actionable insights. Connected data gives marketers a clear insight into customer behaviors, intent, preferred channels, all whilst making it actionable too.

### Decision-making

Insights made for acting on

Marketers can tap into customer insights and real-time performance metrics with Dotdigital's CXDP. An unforgettable customer experience goes beyond simple engagement tactics with behavioral modeling that deliver scalable personalised experiences every time.



### Customer experience

Unparalleled cross-channel reach

Dotdigital combines the power of automation with the benefits of a Customer data Platform (CDP) to help marketing teams deliver customer experiences driven by data, not by hunches. Deeper customer relationships that go beyond the expected are key to conversion and customer loyalty.

## The leading customer experience and data platform for marketers



### Connect

Data collection | Data capture | Deduplication | Data enrichment | Profile unification



### Empower

Single customer view | Audience analytics | Segmentation | Lifecycle modelling | Experience orchestration  
Cross-channel campaign management | Content & creative | Revenue and commerce reporting

### Communicate



### Outcomes



## Investment case

Dotdigital is the leading Software as a Service (SaaS) provider of an all-in-one customer experience and data platform that enables our clients to communicate with their customers at the right time, with the right message, to the right person through the right channel.

“““

The support we have received from Dotdigital has been fantastic so far and has allowed us to simplify our SMS campaigns with scope for utilising features such as segmentation. Through their proactive analysis both on and off the platform, we've been able to better identify and remove redundant contacts from our re-contacting phases.

Shani Pattni | Research Executive at Ipsos



### Strategy

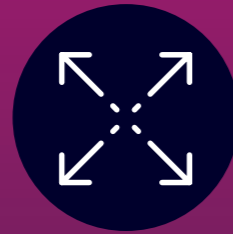
Clear and compelling strategy focussed on organic growth complemented with M&A

Focussed on both the B2B and B2C digital experiences for mid-market and enterprise companies.

Rapid product innovation supporting average revenue per customer expansion and driving return on investment for our customers.

International growth based on proven blueprint.

A focussed approach to brand success extended through global strategic partners.



### Scalable

Highly scalable platform for all sizes of customers with a predictable financial model

SaaS business model driving high margins.

Predictable and transparent financial model with high levels of recurring revenue.

Diverse customer base from size of business to industries they operate within.

Profitable growth with strong cash generation and no debt.



### Growth

Attractive industry growth with a change in sentiment post-COVID

Email marketing automation has a proven superior ROI for Marketeers from all digital marketing channels.

Global Marketing Automation spend is, according to Precient & Strategic Intelligence, showing double-digit growth and predicted to reach \$14.2bn by 2030.

Marketeers are predicted to accelerate adoption of omnichannel and digital marketing.

Digital marketing as a proportion of overall marketing budgets continues to accelerate.



### Independence

The successful Dotdigital culture

Highly talented and motivated people focussed on customer success.

A culture that is aligned to Company objectives and vision.

Unique industry position with many competitors distracted.

Flexible, extendable and effective product that drives retention.



### Leadership

Experienced management team

Executive team with a proven track record of success.

Strong Non-executive Board with experience of scaling businesses of this size.

Wider management team with the motivation to continue the profitable growth story.

All employees aligned to the strategic priorities of geographic expansion, product innovation and building strong strategic partnerships.



### Outlook

Strong growth prospects

Innovation to support marketing teams with their data challenges and move to omnichannel using personalisation and intelligence.

Ability to complement organic growth strategy with technology acquisitions to accelerate product expansion.

Attract more global strategic partners to increase addressable market.

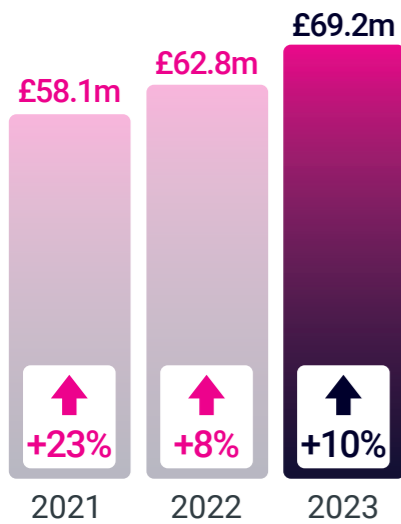
New geographic markets with greater potential than the UK alone.

## Key performance indicators

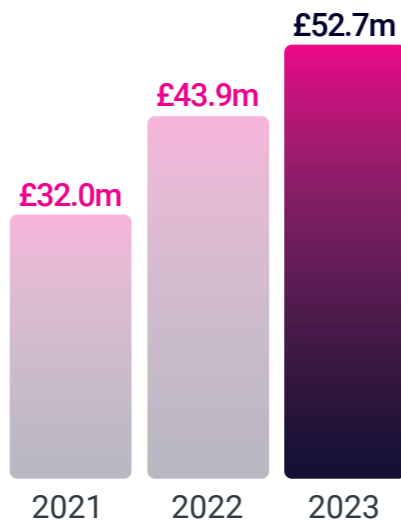
We use our key performance indicators (KPIs) to measure our business. These indicators provide us with the visibility of both our strategic and financial performance which is set by the Board at the start of every year.

### Financial

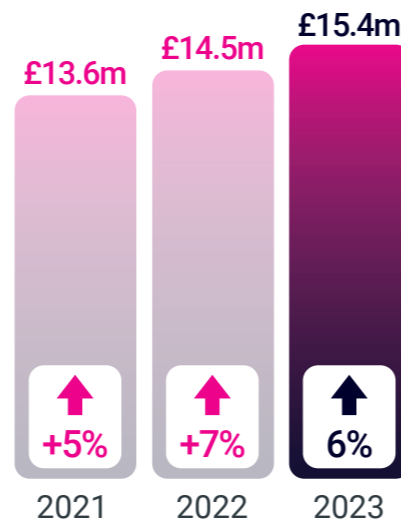
**Revenue (continued)**  
We aim to deliver double-digit organic revenue growth from continuing operations.



**Cash position**  
We aim to have a strong cash position.

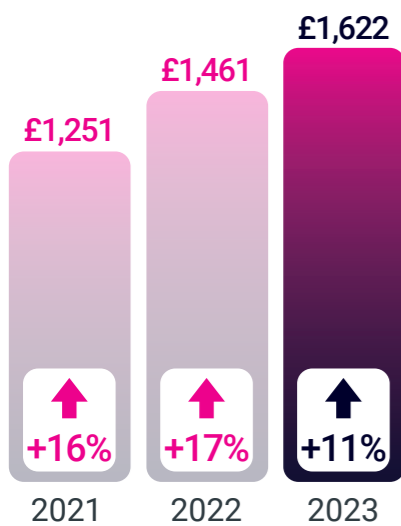


**Adjusted profit before tax (continued)\***  
We aim to have strong adjusted profit growth from normal business.

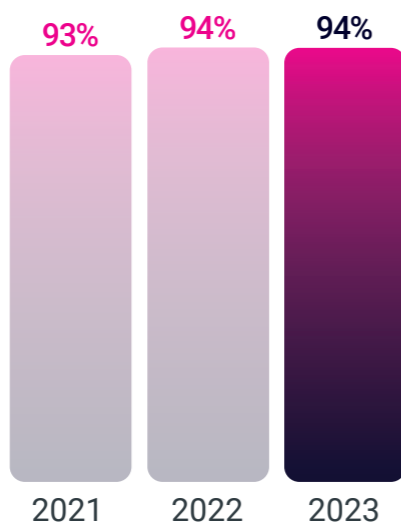


### Strategic

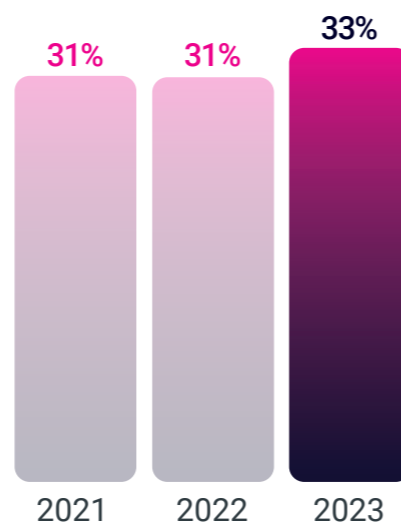
**ARPC**  
We aim to continue to grow Average Revenue Per Customer (ARPC).



**Recurring revenue**  
We aim to have recurring revenues of over 90%.



**International**  
We aim to expand revenue from outside the UK.

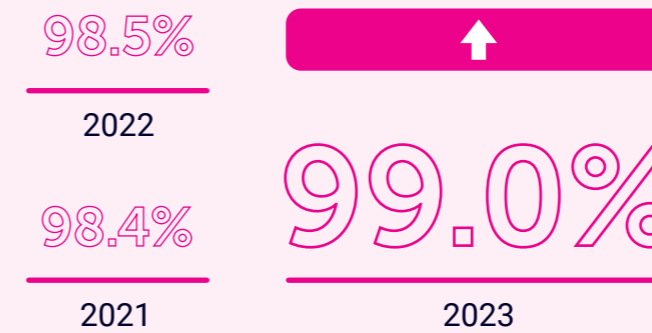


\* Adjusted profit before tax excludes share-based payment (note 29), exceptional costs (note 5) and amortisation of intangibles on acquisition (note 13).

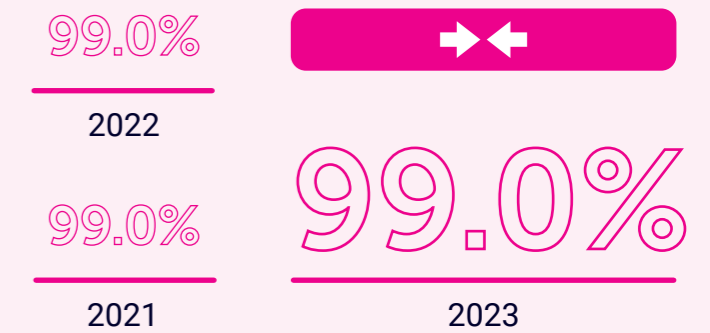
Our non-financial KPIs provide us with an indication of our platform's ability and a measurement of how successful we are in supporting our customers. Both elements being crucial to the success of our business. Employee remuneration is specifically linked to these KPIs.

### Non-financial KPIs

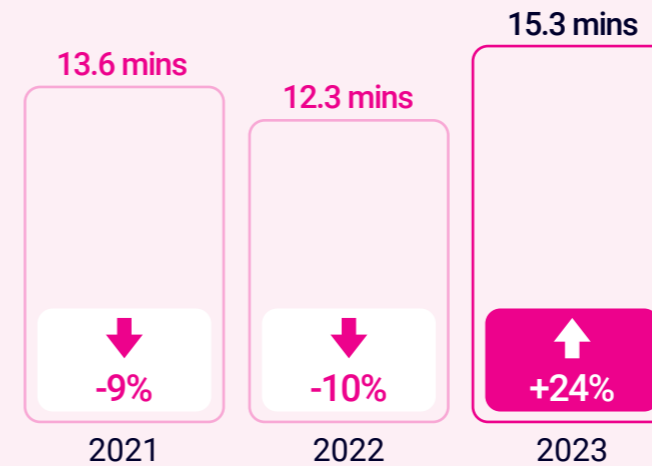
**Customer Support Customer Satisfaction score (CSAT)**  
CSAT is our main measure of customer satisfaction after an interaction with our support team has taken place. It is derived by taking positive ratings/total ratings x 100. We receive over 1000+ customer ratings every month, and this metric provides a good and regular pulse on how happy customers are with the support service that we provide. We regard maintaining levels of 98-99% month to month as world class.



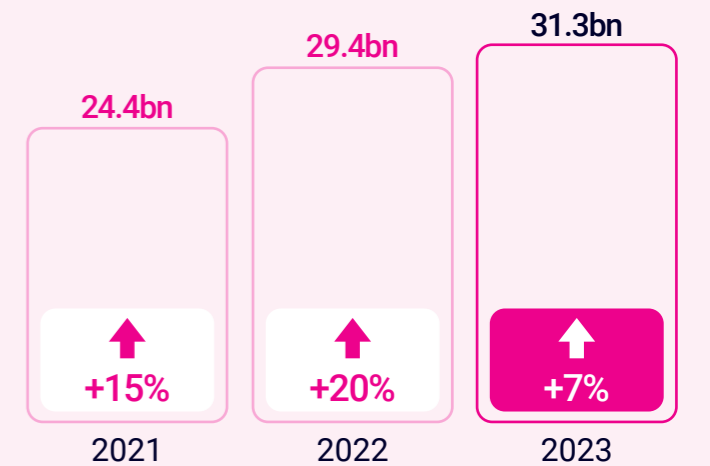
**Email delivery rate**  
Our email delivery rate shows the rate at which the emails that we send are accepted by receivers. Emails can be rejected for numerous reasons, including being detected as spam. It is therefore important that we monitor our email delivery rate and this metric shows that our infrastructure is both well configured and optimised.



**Mean email delivery time**  
This KPI shows the mean delivery time of emails successfully delivered. Delivery time is an important metric for our customers and some email campaigns can be time sensitive. This KPI enables us to see that we are delivering email quickly and meeting our customers' needs.



**Email sending volume**  
This is the total number of emails sent from our platform. It is an important metric for us to show that our customers are getting great value and outcomes from using our technology. It indicates that are customers can successfully address their business challenges using the Dotdigital platform.



Case study



**Parkdean Resorts turned first-time visitors into repeat customers using automation**

With over 60 holiday parks and multiple accommodation types in the UK, Parkdean Resorts knows how to maximise the use of Dotdigital's advanced personalisation features and Dotdigital partner Fresh Relevance to ensure every campaign is tailored to the individual customer.

**Challenge**  
Parkdean Resorts wanted to increase customer retention and drive bookings off the back of completed holidays at a resort.

88%

increased conversions

78%

return bookings

“““

With over 60 holiday parks and multiple accommodation types, we maximised the use of Dotdigital's advanced personalisation features to ensure we could tailor our email content for each customer.

Bradley Stokoe | Email Marketing Manager, Parkdean Resorts

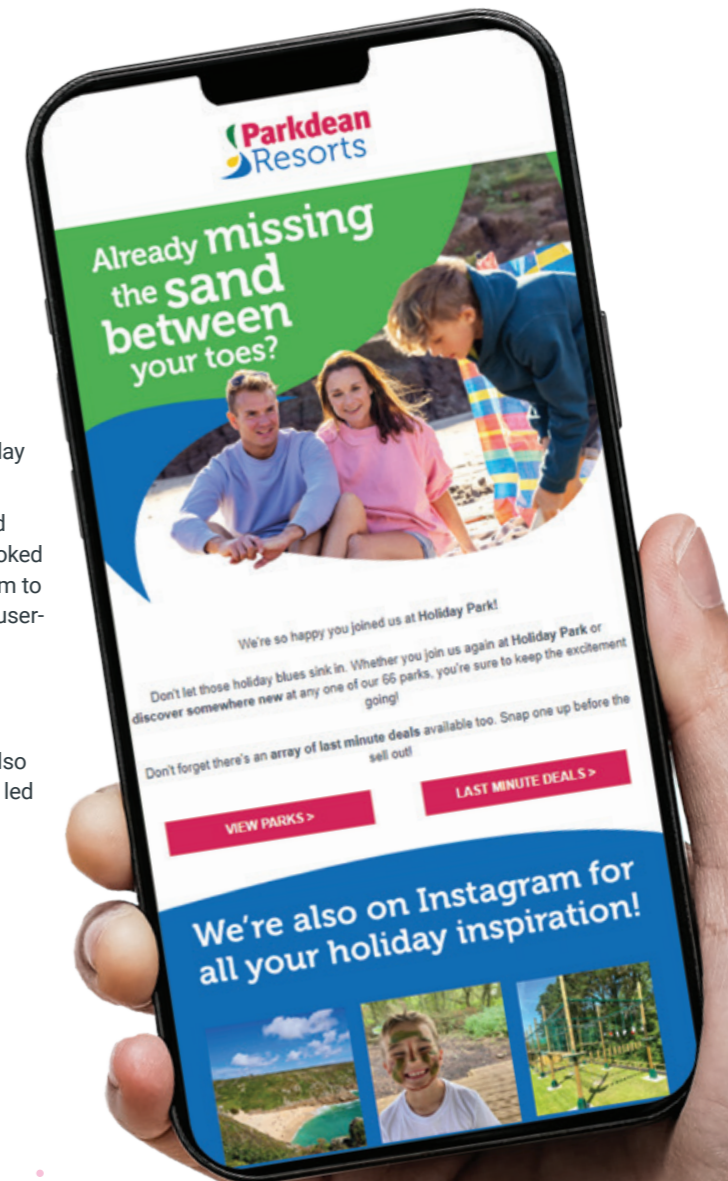
**Solution**

A new 'Welcome home' retention program was introduced, encouraging previous customers to book another holiday after a completed stay. Each message was hyper-personalised using insight data and creative components such as customised holiday types, tailored web pages and images relating to their past stay.

Parkdean included email and SMS in their outreach and targeted each customer on their preferred channel. When a customer booked through the campaign, they moved into a 'Future Booker' program to support their retention strategy, encouraging reviews and other user-generated content for social channels.

**Results**

Adding in the new SMS program allowed Parkdean Resorts to reach an additional 27,559 customers. Transaction rates have also increased by 27% since launching the program, and split-testing led to an additional increase in conversions of 88%.



## Chief Executive Officer's report and financial review



**Milan Patel**  
Chief Executive Officer

“““

The Group's technology platform, built from the ground up with analytics and data at its core, represents a compelling proposition in line with long-term trends and in differing market conditions.

### Overview

The Group delivered a robust performance in FY23, with double-digit revenue growth and strong cash generation. This follows healthy demand across the Group's diverse customer base as marketing professionals focus their budgets towards data-led marketing initiatives, together with a growing contribution from prior year investments which drove accelerating momentum in the second half.

The Group's roadmap of expanding Customer Experience Data Platform ("CXDP") capabilities and regular functionality enhancements continue to unlock new, higher value growth opportunities. This is reflected in the continued progression of Average Revenue Per Customer (ARPC) and functionality recurring revenue, both increasing 11% in the year, as customers expand their usage of the platform and the Group converts a larger pipeline of higher value enterprise deals.

Positive trading continues to translate into financial strength for the Group, which is governed by a resilient, profitable and cash generative business model with high levels of recurring revenues. For FY23,

Group revenue grew 10% to £69.2m (FY22: £62.8m), with recurring and repeat revenue representing 94% (FY22: 94%). Adjusted profit before tax was ahead of expectations at £15.4m (FY22: £14.5m) and adjusted EBITDA was in line with expectations at £22.0m (FY22: £21.7m), reflecting planned investment in headcount and operations. Strong cash generation continued through the period contributing to a cash balance of £52.7m at year end (FY22: £43.9m).

This provides the resource and flexibility for ongoing investment in the organic and inorganic growth opportunity, which is centred on building out the Group's CXDP offering. These efforts were accelerated post-year end with the acquisition of personalisation technology business, Fresh Relevance, adding highly complementary capabilities to the Group along with more than 300 customers and the ability to address a larger, higher value market opportunity.

The Group exited the year with positive trading momentum across all regions, a strong financial position and a clear product strategy. Investments into the Group's infrastructure, people and product

has delivered results as expected, and worked to create a strong platform to layer on the capabilities and talent from Fresh Relevance. The Group is now in a stronger position to pursue its growth ambitions, supported by a healthy pipeline and robust financial position.

### Business review

Dotdigital provides omnichannel marketing automation technology and customer data insights to digital marketing professionals. The Group's technology works to unify datapoints from across marketing stacks to create a single, trusted source from which marketing professionals can launch highly targeted, personalised and relevant campaigns to customers and prospects. The result is better customer experience and improved conversions, helping to drive revenue and business growth.

Dotdigital's solutions address a common marketing requirement across regions and sectors, with the Group's customer base comprising a spread of industry verticals. During the year, the Group saw particularly strong momentum in charity and not for profit, events and entertainment, health and fitness and travel sectors, with new customers including Shell Energy UK, CBRE, Lloyds Pharmacy, Britvic PLC, National Farmers' Union of England and Wales, RSA Conference LLC and Hawksmoor Group. The Group's global presence, its ability

### Key highlights

|                             | 30.06.23<br>(£m) | 30.06.22<br>(£m) | %   |
|-----------------------------|------------------|------------------|-----|
| Revenue                     | 69.2             | 62.8             | 10% |
| Adjusted profit before tax* | 15.4             | 14.5             | 6%  |
| Adjusted EBITDA**           | 22.0             | 21.7             | 2%  |
| Net assets                  | 80.3             | 69.8             | 15% |
| Cash                        | 52.7             | 43.9             | 20% |

\* Adjusted profit before tax excludes share-based payment, exceptional costs and amortisation of intangibles on acquisition.

\*\*Adjusted EBITDA excludes share-based payment, exceptional costs and amortisation of intangibles on acquisition.

to serve customers in multiple territories, its comprehensive offering and focus on customer support remain key differentiators.

### Market opportunity

The overarching shift toward digital marketing continues its progression, occupying a steadily increasing proportion of marketing budget and forecast to be double digit growth in the coming years according to Statista. Underneath this, the uncertain global economic backdrop through the year prompted more acute focus on retention marketing backed by clear demonstrable return on investment (ROI).

The Group's technology platform, built from the ground up with analytics and data at its core, represents a compelling proposition in line with long-term trends and in different market conditions. Customers of Dotdigital on average see a 409% ROI, \$21k of cost savings and \$1m increase in profit over a three year period according to Forrester's Total Economic Impact study that was commissioned by Dotdigital.

Through this, Email marketing maintains its place as one of the most cost-effective marketing channels, with email volumes growing 7% in the period, alongside the ongoing adoption of an omnichannel approach, including continued adoption of SMS with a pipeline increasing for WhatsApp and In-app Push messaging capabilities.

### Our core growth strategies



### Growth strategy

The Group's underlying growth is the result of continued execution against a consistent organic growth strategy, centred on three pillars: geographic expansion, product innovation and strategic partnerships.

In addition, the Board looks to complement the Group's organic growth through select acquisitions focused on the following key categories: adjacent CXDP-related technologies that will drive ARPC expansion and open up new markets; consolidation in the market for talent and brand to expand geographical coverage; and specialist functionality for target verticals.

### Geographic expansion

#### Regional breakdown reported in local currency

The Group delivered growth in all of its regions. Organic international revenue increased 18% to £22.8m (FY22: £19.2m), with international sales contributing 33% to total revenue (FY22: 31%).

The Group's largest region, EMEA, continued its upward trajectory, delivering growth of 9% to £52.3m (FY22: £48.2m). Contributing to this growth was new customer acquisitions, particularly in noncommerce related customers complemented by continued expansion within the existing base. Revenue growth in EMEA was somewhat offset by a lower level of professional



Chief Executive Officer's report and financial review continued

service fees due to slower decision making from organisations due to an uncertain macroeconomic backdrop.

As anticipated at the half year, North America saw a return to growth in the second half, delivering an overall performance for the year of US\$13.1m, an increase of 2% (FY22: US\$12.9m). This is the result of previous investments into the region now bearing fruit, including the establishment of a strong management team in-region, increased emphasis on enablement for our Sales and Customer Success teams, and early success in converting a reestablished and growing pipeline.

In APAC, the Group reported strong growth in revenues, up 19% to AUS\$10.8m (FY22: AUS\$9.1m). The standout performer was Japan, an area where the Group has made measured investments in increasing brand awareness across the region, establishing a solid partner network and making several appointments in the go to market team. This led to numerous customer wins in Q4 along with a stronger pipeline.

**Product innovation**

The core priority of the Group's R&D efforts is building out and enhancing its CXDP offering. This is designed to address the growing demand for more sophisticated marketing tools with a greater depth of analytics and personalised user experiences delivered via an all-in-one solution. In line with this vision, the focus areas of product development in the year were on: Connectivity and Data, culminating in the launch of a new data platform; Insights and Analytics, to support deeper actionable insights to drive a higher ROI and increasing efficiencies in the Marketing department; and Experiences, to facilitate more personalised customer journeys across any channel.

The first half of the year saw the launch of the Group's CXDP platform, an evolution

of the Dotdigital Engagement platform, incorporating cloud first data architecture to support unification across channels and support next generation Application Programming Interface (API). Alongside the platform launch, the Group unveiled a number of new packages and plans for existing customers to support their transition and platform adoption of the new CXDP functionality, with all Dotdigital customers now benefiting from a new and improved user interface and navigation. The result of this effort can be seen in the increased functionality recurring revenue and reduction in churn of clients. Programme enhancements have continued post period end including new features to enable easy conversion of email campaigns to SMS, and improved unified contacts capability.

In May 2023, the Group launched its WinstonAI intelligence engine within the Dotdigital CXDP platform, incorporating artificial intelligence and machine-learning capabilities to help marketers discover deeper insights and analytics, curate captivating content, and optimise communication for higher customer engagement. The platform's single customer view now includes WinstonAI's features such as predictive Customer Lifetime Value, predictive churn and predictive next order. The newly released capabilities have been one of the fastest adopted functionality features in the platform driving efficiencies within marketing teams.

The Group's acquisition of Fresh Relevance post period end marked a leap forward in the Group's CXDP growth journey, bringing together customer insights, cross-channel engagement, and on-site personalisation capabilities to provide marketers with the tools to exert greater influence across the customer journey. The result is a much-expanded addressable market opportunity, particularly within larger enterprises, as businesses consolidate their marketing tools and focus spend (see note 33).

**Strategic partnerships**

The Group's strategic partnerships refer to a partner where a customer using that technology integration has the potential to represent or accounts for 10% of Group revenue. This network is complemented by a broader general partner referral network which includes over 200 active global partners.

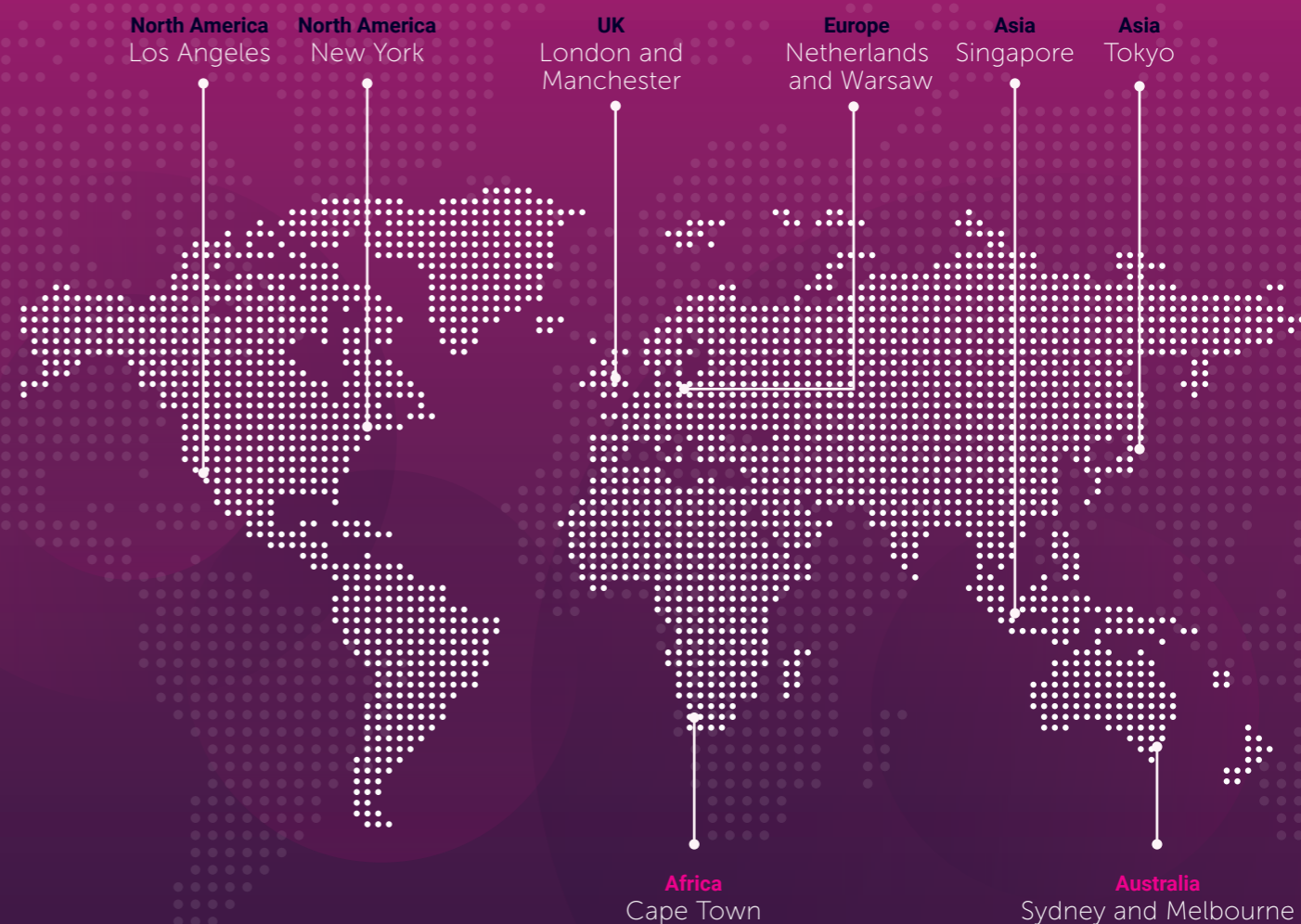
The main efforts of the Group's partnership expansion are on forming connectors into both ecommerce and CRM platforms, with the Group's core functionality able to serve a range of industry verticals. During the year, the Group has made significant additions to its technology integrations, enabling 'out of the box' connectivity to customers' existing technology stacks including Zendesk, TrustPilot, Shopify Hydrogen, Facebook Lead Ads and Google Analytics 4.

Revenue from strategic partners increased 8% to £31.2m (FY22: £28.9m), with new partnerships secured in the year including NetSuite and Shopware. Of the two market segments, the main growth driver was CRM connectors, which increased 22% to £9.8m following targeted investment. Relationships in the ecommerce segment remain solid with partners including Magento, BigCommerce and Shopify contributing to overall ecommerce partner channel revenue growth of 2% to £21.4m, where the pipeline remains strong but with a slightly lengthened sales cycle.

**Investing in people**

A key aspect of Dotdigital's differentiation is the Group's reputation for high levels of customer support and handling, alongside its innovative technology offering, a position achieved by the Group as a result of the work of its dedicated and talented team. The Group's workforce of over 400 employees across 8 countries are fundamental to the Group's continued success, and we were delighted to see the result of the team's hard work culminate in the Dotdigital Summit post period end in

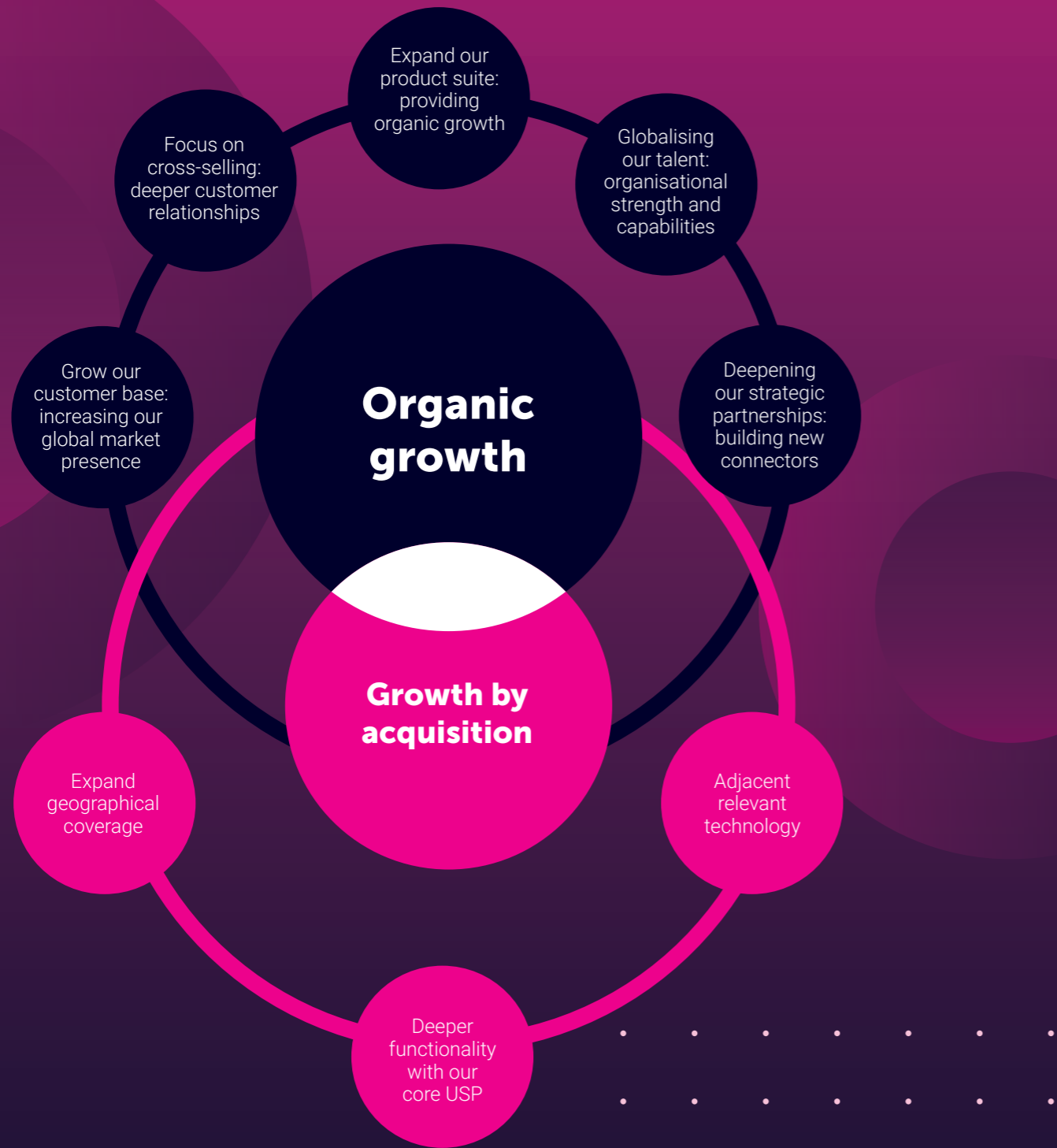
Our people presence



Chief Executive Officer's report and financial review *continued*

**Growth strategy**

Our strong financial position and management team mean we are ideally placed to add growth by acquisition.



“““

Bringing Fresh Relevance's industry-leading cross-channel personalisation capabilities to Dotdigital's customer experience and data platform will help marketers better engage with their customers, drive repeat purchases and build lifelong loyalty across all touch points.

Mike Austin | SVP Personalisation

October, showcasing Dotdigital's leadership position by bringing together over 900 professionals from across the industry sharing insight on the ever changing landscape of digital marketing.

We have continued to invest in our people and regional teams during the year, seizing the opportunity to add talent and expertise at a time when other businesses took stock of their prior expansion plans. Headcount grew 15% in the year, with a focus on bolstering the Group's international footprint.



**Update on Fresh Relevance acquisition**

Post year end we were delighted to welcome our new colleagues from Fresh Relevance to the team following its acquisition. With the two organisations having worked together as partners for five years, with circa 60 joint customers and with a strong cultural alignment, the team integration has progressed well.

The existing integration between the Dotdigital and Fresh Relevance platforms facilitates the smooth transfer of web personalisation data from the Fresh Relevance platform into Dotdigital to deliver even more targeted campaigns.

Looking ahead, the integration roadmap focuses on enabling new and joint customers to seamlessly log into and move between the platforms, making it easier for customers to access all capabilities across both. Work will also begin on enhancing the data flow between both platforms to leverage the combined data sets to enable personalisation, segmentation, orchestration and content creation.

From the cost synergies that have been identified and the interest from higher value prospects and existing customers, we expect the acquisition to support the growth of higher margin recurring revenue and have a similar profitable profile to the group in the medium term.

**Current trading and outlook**

The Board is pleased to confirm that

positive trading has continued through the start of the new financial year, in line with expectations, alongside the continuation of increasing average order value and building momentum in new industry verticals.

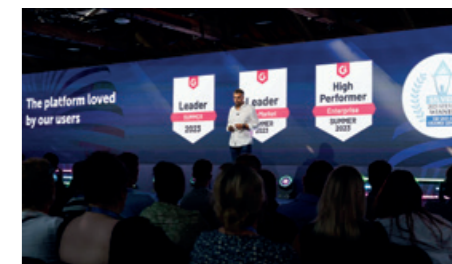
The Group's product positioning, enhanced through the acquisition of Fresh Relevance, is resonating in the market with increased pipeline, particularly for larger value deals. The Board is pleased to confirm that the integration of the two teams is on track to complete, and the combined Group has secured its first brand new customer taking both capabilities. We have also seen an increase in interest from our existing customers from the additional capabilities Fresh Relevance brings to the Dotdigital platform.

The robustness of the Group's financial model and a healthy pipeline gives the Board comfort in the ongoing investment plans as the Group seizes the market opportunity. The Group continues to demonstrate its resilience and capacity to execute strategic progress, and the Board remains confident in the Group's continued growth prospects.

**Financial review**

**Business model**

The Group generates circa 80% of its revenues from software and annual message plans which are recognised evenly over the life of the contract. New customers are typically sold one of three packages of



modules which are designed to address the most common customer personas, with pricing driven by the functionality adopted, the number of contacts, and the volume of messages a customer intends to send. These contracted volumes are committed; however, we of course allow customers to upgrade through their contract period as they recognise value in the platform and require more capacity.

The best value is available to those customers who take advantage of additional functionality and integrations which help them leverage their customer data – this is evidenced by the very low churn we see amongst those customers who have invested in the full power of the product. We have a small amount of professional service revenue (less than 5% of total group revenues) which is recognised as work is delivered. These services relate to both the initial deployment of software, design services, training and support to customers who want to maximise value from the product.

**Chief Executive Officer's report and financial review** continued



FY23 saw the business change from a period of consolidation, as a rebuilt North American sales team ramped up and a new CFO was appointed, into a period of growth with many new hires to drive both sales and development productivity.

In this context, and against the backdrop of challenging macroeconomic in which many businesses reported slowing growth, we are proud to deliver revenue, profit before tax, Earnings per share and Cash slightly ahead of market expectations.

**Revenue and gross margin**

Our recurring and diversified revenue base proved to be resilient and thus we exit the year in a strong position to continue delivering in FY24. We saw a reduction in customer churn particularly in North America and over 94% of our revenues continue to be predictably repeating or contractually recurring.

Revenue increased by 10% FY23 to £69.2m (FY22: £62.8m), driven by SaaS and contracted marketing SMS revenue uplift of £4.7m (10%) and transactional SMS revenue uplift of £1.9m (20%). EMEA remains our largest region with revenue of £52.3m (FY22: £48.2m), however our growth rate in APAC of 19% continues to show the strength of our proposition in that market. Although the weakening pound through H1 has supported our interim revenues, these benefits largely reversed through H2.

Gross margin on our core software product continues to be close to 90% but is diluted by SMS which is typically under 50%. Gross



margin of 79.3% in the year reported was marginally lower than FY22 (81.6%) due to a small increase in transactional SMS volume.

**Operating expenses**

Despite high inflationary environment in all regions and significant investment in sales and development capacity to strengthen all the regions, we maintained a good adjusted operating margin at 21% (FY22: 23%). FY23 operating expenses of £40.4m (FY22: £36.7m) grew primarily because we increased net headcount by 54 and offered inflationary pay increases earlier in the year. This investment has resulted in declining staff attrition through the year, reducing to 12% on a 12 month rolling basis by June 2023.

**Balance sheet**

The business continues to generate cash in line with profitability and maintain a healthy working capital profile such that we end the year with £52.7m cash (FY22: £43.9m). We have implemented new cash treasury management processes through the year and so have benefited from the higher interest rates that have been available for fixed term cash deposits than in recent history. While after the

balance sheet date we completed the acquisition of Fresh Relevance and this reduced our cash balance by circa £20m, we continue to hold over £30m.

**Tax**

Our effective tax rate is 12.4% (FY22: 13%). This continues to be significantly lower than the mainstream UK corporation tax rate because of our Research & Development tax claim.

**EPS**

Adjusted Diluted EPS has grown by 6% to 4.43p (FY22: 4.18p). There has been only marginal movement in the number of shares in issue and share options granted in the year, so this reflects underlying profitability growth.

**Dividend policy**

Consistent with our progressive dividend policy we have increased our proposed final dividend in line with EBITDA growth to 1p in FY23 from 0.98p in FY22.

**Milan Patel**  
Chief Executive Officer  
7 November 2023

**Alistair Gurney**  
Chief Financial Officer  
7 November 2023

**The Dotdigital difference**



**Trusted**

Over 4,000 of the world's leading organisations trust Dotdigital as their partner of choice for delivering exceptional customer experiences, thanks to our uncompromising commitment to service and support. Whether you're a fast-growing business or an established global brand, we provide best-in-class solutions to enhance marketing effectiveness, helping you connect the dots between customer success and business outcomes.

**Future-proof**

You're constantly thinking about 'what's next?', and so are we. Future-proof your marketing engagements and drive revenue with a platform designed for scale. Dotdigital empowers marketing teams to make data-driven decisions by providing a single customer view, helping you to gain a 360-understanding of your customer's journey.



**Connected**

When it comes to engaging your audiences, we know there's no one-size-fits-all solution. That's why our marketing platform is designed to service market-specific and global needs, backed by a dedicated support team to help connect you with your customers no matter where they are. We believe in connected systems. The Dotdigital platform is extensible via integrations, giving you solutions that deliver cross-channel experiences and keep your data in sync.



Case study



# ScentAir sees an impressive 18% rate for abandoned carts, in just six months

ScentAir provides best-in-class ambient scent marketing solutions to many of the world's most recognised brands. ScentAir is based in Charlotte, North Carolina, USA, with corporate offices in the United Kingdom, France, Netherlands, China, Hong Kong, and Australia. The company's 425+ global team members service customers in 119 countries through its dedicated global supply chain and manufacturing operations in North America, Europe, and Asia.

**Challenge**

ScentAir came to the Dotdigital Americas team looking to provide a better ecommerce customer experience for its existing US consumer audience, and support in its ecommerce expansion into other regions. Finding a customer experience platform that offers support in various international regions was crucial to the company's growth. Dotdigital has a strong market presence in the US, across EMEA, and in APAC. This global positioning naturally comes with in-region support and expertise, so it was a perfect fit.

ScentAir needed support in managing the various customer data privacy laws around the globe. It was important to the brand that data privacy laws and best practice were followed in each region, to ensure deliverability and that the overall brand reputation remained positive.

In addition to supporting its ecommerce needs, ScentAir also uses Salesforce to manage its B2B automation needs. Dotdigital is one of the few marketing providers that has great integrations to both industries.

300%

in repeat purchase customers

200%

increase in sales

**Solution**

The Dotdigital regional teams were able to work with ScentAir to understand and meet the various regulations and data privacy laws in place across the globe. The Dotdigital Customer Success team suggested a multi-store set up using the Adobe Commerce integration, which allows ScentAir to separately manage the customer lists for each region.

Our premier partnership with Adobe Commerce meant our connector is able to sync customer account information to the correct database sets. Our Salesforce integration was also incredibly valuable, simplifying data management and syncing leads to and from Salesforce for ultimate cross-platform collaboration.

When it comes to seeing results, Dotdigital offers reporting at account level, per region, and per regional storefront. Cross-account analytics also mean that the global management team can see marketing performance across the entire business. This flexibility allows brands to create whatever set up makes sense for them. It's the best of both worlds; separation when you need it, with no compromise when it comes to the bigger picture.

**Results**

ScentAir has seen some incredibly encouraging results since joining Dotdigital. After just six months its US store saw an increase of over 300% in repeat purchasers. This clearly demonstrates the impact a positive customer experience will have on shoppers when it comes to choosing your brand over competitors and in a climate of high acquisition costs, these are especially significant results.

Marketing automation also proved very successful for the brand. ScentAir saw an impressive 18% recovery rate for abandoned carts in just six months. The brand also saw a huge 200% increase in sales overall, a fantastic achievement in times of economic struggle around the globe.

**Looking ahead**

ScentAir is now expanding and applying its learnings to all other regions following on from its success in the US. Using Dotdigital's advanced personalisation tools, ScentAir is able to create tailored campaigns with dynamic content to ensure accurate messaging is delivered to customers in each region – all while recognising and adapting to varying time zones.

Having seen such encouraging results from email marketing automations, ScentAir is now expanding into other channels. The brand is currently trialing SMS for promotional messages and will soon add transactional SMS, available through the Adobe Commerce integration, to their capabilities to further the brand's cross-channel strategy.

To capitalise on the increasing loyalty the brand has already seen, ScentAir is also working with Dotdigital integration partner Yotpo to build out a personalised loyalty program for its clients.

ScentAir won the Best Newcomer award at the US Dobbies 2022, an accolade to the team's fantastic achievements in such a short space of time. With such strong results early on, and plans to utilise the Dotdigital platform even more, we're excited to see what comes next.



“”

Our partnership with Dotdigital has helped enhance our cross-channel platform capabilities and improve our end-to-end integrations. The collaboration with our customer success manager and Dotdigital support team has helped us maximise performance and discover new functionalities.

Megan Fallaw | CRM Lead, ScentAir

## Principal risks, impact and mitigations

Our risk management framework enables a consistent approach to the identification, management and oversight of risks. This consistency is valuable as it allows us to take a holistic approach to risk management and to make meaningful comparisons of the risks we face and how we manage them across the globe, which is essential to achieve our strategic objectives.

Using our risk management framework, we identify the risks that could affect the strategy and operations in order to implement risk mitigation plans. Departments within the organisation identify the risks that could affect their strategic and

operational plans. The risks are consolidated under a single Group-wide risk register. These risks are scored based on impact and likelihood and reviewed on a regular basis. Principal risks scored over a threshold are highlighted and reviewed by the Group's Operational Risk Committee. Members of the Operational Risk Committee are assigned to principal risks and they become executive owners who are responsible for confirming that adequate controls are in place and the necessary action plans are implemented. The Chairman of the Operational Risk Committee (Steve Shaw, Chief Product and Technology Officer (CPTO)) reports on the principal risks to the main Group Board.

The Board has also approved a change to the remit of the audit committee, which now includes more extensive oversight of risk management. In particular the committee will assist the Board in its assessment of the Group's principal and emerging risks and their disclosure in the annual report and accounts and will monitor developments in the Group's risk management processes by reviewing reports from the executive operational risk committee. This change to the committee's terms of reference was approved by the Board and became effective from the commencement of the financial year from 1 July 2023. The risk management framework as described above remains unchanged.

| Strategic  | Financial   | Technological   | Operational                                       |
|--|---|---|---|
| The influence of stakeholders and industry on our business | Our financial status, standing and continued growth | Our platform, technology, business systems and the data they hold | The ability to achieve our optimal business model |

| Risk area  | Impact   | Mitigation of risk  |
|--|--|---|
| <p><b>Global economic disruption</b></p> <p><b>Financial</b></p> <p><b>Movement:</b><br/>Decreased</p>                   | Disruption caused by global external events, such as pandemics, economic downturns, and war have the potential to impact our financial performance.            | <ul style="list-style-type: none"> <li>Continued building of recurring contracted revenue stream</li> <li>Sufficient liquidity resources so that we can cope with a prolonged period of time without accessing the capital markets</li> <li>Continued investment into Business Continuity Planning (BCP) to enable staff availability, building accessibility and for hardware failure</li> <li>BCP for office and remote staff working in an event there are energy supply disruptions</li> <li>Providing power stations and batteries in regions where rolling power cuts have been enforced.</li> </ul>  |
| <p><b>Optimising and growing high-performance teams</b></p> <p><b>Operational</b></p> <p><b>Movement:</b><br/>Stable</p> | Failure to attract, hire in a timely manner and develop, support and retain high-performing individuals will reduce the ability to achieve our business goals. | <ul style="list-style-type: none"> <li>Additional investments in the HR team resource; not only within the talent acquisition team but internationally too. This included the hiring of a HR Manager for the APAC region to support the local businesses in Australia, Singapore and Japan. Providing localised support for direct hiring, local guidance and support to help retain and develop local talent</li> <li>Successfully hired our first Global Learning &amp; Development Manager with a focus on driving the development of all employees globally. The responsibilities include the strategic ownership of our global employee learning platform, developing company-wide, department and manager learning paths</li> <li>Continued investment in our people engagement platform, enabling us to integrate with important business tools such as our talent acquisition platform</li> <li>Continued monitoring and tracking of employee churn to manage it closely. This includes surveying of employees on their company engagement so we can track its ongoing health score</li> <li>Implemented measures to continue the reduction in employee churn. Initiatives included benefits reviews, cost of living awards, company bonuses, manager support, and career development, resulting in a reduction in employee churn.</li> </ul> |

| Risk area  | Impact   | Mitigation of risk  |
|--|--|---|
| <p><b>Geography-specific market and political environments</b></p> <p><b>Financial and operational</b></p> <p><b>Movement:</b><br/>Increased</p> | Reliance on revenues and resources relating to a single region increases the risk to our financial performance if that region were to experience an economic decline, war or political unrest.   | <ul style="list-style-type: none"> <li>Revenue growth in territories beyond EMEA, North America and ANZ including South America, Singapore and Japan</li> <li>Constant review by our executive team for growth opportunities in additional territories</li> <li>Monitoring of the market conditions and political environment in regions where we have staff, offices, target prospects and customers</li> <li>Continue to distribute critical staff and engineering teams across regions for resilience</li> <li>The Belarus software development operation was closed within the period with many engineers successfully relocating to Poland.</li> </ul>   |
| <p><b>Data privacy</b></p> <p><b>Operational</b></p> <p><b>Movement:</b><br/>Stable</p>  | <p>As we operate in many territories, both as a data controller and a data processor. The complex data protection landscape continues to evolve with additions and alterations to international legislation.</p> <p>While there have been developments making UK/EU data transfers to the US easier, there will continue to be focus and scrutiny on international data transfers as past legal challenges of similar agreements continue to cause uncertainty.</p> <p>Failure to keep up with changes, and comply with legal or regulatory requirements may result in reputational damage, fines, or other adverse consequences.</p> <p>Failure to build and adapt privacy related product features needed for the compliance programs of customers may result in the loss of business to competitors offering a wider range of features.</p> | <ul style="list-style-type: none"> <li>Provisioning of global instances of our platforms, allowing customers to meet data sovereignty requirements</li> <li>Maintained our ISO 27701 certified Privacy Information Management System (PIMS), aligning our policies, processes and procedures with requirements of international data protection legislation</li> <li>The ongoing internal and external auditing of the PIMS ensures that policies, processes, and controls continue to meet the requirements of ISO 27701 and international legislation</li> <li>Additional resource has been made available to continue to bolster the Privacy team; providing more capacity for operational tasks, and strategic planning</li> <li>Ongoing data security and privacy training published to all staff</li> <li>Maintenance of a public-facing Trust Centre and support documentation communicating important compliance information for prospects, customers, and partners</li> <li>Continue to build our product with privacy-by-design in mind and provide privacy features to customers to enable their own compliance, even to regions where new data protection legislation is emerging.</li> </ul>   |
| <p><b>Environmental</b></p> <p><b>Operational</b></p> <p><b>Movement:</b><br/>Stable</p>   | <p>The impact of the climate emergency is becoming increasingly apparent around the globe. While our business model revolves around digital services, we recognise that our operations, including cloud computing, office spaces, and employee commuting, still contribute to our environmental impact.</p> <p>Customers, partners, and investors are increasing focusing on ensuring that the businesses they deal with are meeting environmental legislation and taking their ESG responsibilities seriously.</p> <p>As we grow in staff and revenue numbers, we will be in scope of more environmental legislation.</p>   | <ul style="list-style-type: none"> <li>We have maintained an ISO 14001 certified Environmental Management System (EMS), which is used to assess operational aspects and impacts, set objectives, and drive continual improvement.</li> <li>We operate as a carbon neutral business and we include additional scopes in our carbon offsetting which includes GHG emission scopes 1, 2 and 3 (business travel, data centres, major cloud vendors, remote workers, transmission and distribution (T&amp;D) losses related to office electricity and well-to-tank for fuels including electricity generation and T&amp;D losses)</li> <li>Dotdigital's compute infrastructure is hosted in industry leading cloud service providers; meaning all our products now run on 100% renewable energy cloud providers</li> <li>An internal group (Dotgreen) of representatives from around the business own the Environmental Management System, and are empowered to initiate and promote new environmental and sustainability initiatives within the Company, with partners and customers, and in the wider community</li> <li>A dedicated Sustainability page (<a href="https://dotdigital.com/sustainability/">https://dotdigital.com/sustainability/</a>) is published to promote our Green credentials and initiatives</li> <li>Energy Saving Opportunity Scheme (ESOS) energy audits have been completed in preparation for the ESOS Phase 3 deadline.</li> </ul> |

## Risks, impact and mitigations continued

| Risk area   | Impact  | Mitigation of risk   |
|---|---|--|
| <p><b>Evolving technology and customer requirements</b></p> <p><b>Operational</b></p> <p><b>Movement:</b><br/>Increased</p>   | <p>Failure to anticipate, respond to evolving customer requirements, to introduce competitive enhancements or maintain existing products may impact growth and customer retention.</p>  | <ul style="list-style-type: none"> <li>A product roadmap that facilitates the implementation of rapidly advancing technologies such as Generative AI and ChatGPT</li> <li>Investment into a future-ready underlying architecture, data platform and modern API (Application Programming Interface) to cater for advancing customer data requirements</li> <li>A balanced roadmap of new enhancements and maintaining the existing products to a high standard both for new business acquisition and retention</li> <li>Continued investment into research and development by growing the engineering and product teams</li> <li>Quarterly marketing led releases that enable our customers and prospects to see how our products continue to evolve.</li> <li>Constantly reviewing technology acquisition opportunities that can further strengthen our go-to-market</li> <li>A constant focus on enabling customer growth through the breadth, ease of use and flexibility of integrations.</li> </ul>  |
| <p><b>Internet service providers (ISPs), reputation, internet browser-related and device risks</b></p> <p><b>Strategic and Technological</b></p> <p><b>Movement:</b><br/>Stable</p> | <p>A significant portion of our revenue is generated by charging customers per email or SMS message sent on their behalf. Consequently, changes in the industry or any inability to deliver messages or track engagement can have a substantial impact on our business.</p> <p>Factors that may hinder this include:</p> <ul style="list-style-type: none"> <li>Internet browsers, ISPs, anti-spam filtering or mailbox providers flagging campaign hyperlinks as threats</li> <li>The blocking or throttling of messages by ISPs, SMS aggregators, SMS carriers, anti-spam filtering, or mailbox providers</li> <li>The listing of domains and IP addresses on blocklisting providers</li> <li>Varying global legislation on SMS sending</li> <li>A change in relationship with one or more SMS suppliers, or one or more of these suppliers no longer being able to operate, could impact profitability</li> <li>Outages with upstream SMS suppliers</li> <li>Any infrastructure challenges causing the inability to send messages for a prolonged period will result in sub optimal service, potentially leading to a loss in revenue</li> </ul> <p>Additionally, changes to consumer privacy functionality by manufacturers of computing devices, internet browsers, or operating system software could adversely affect the performance of our products, potentially deviating from their intended services.</p> | <ul style="list-style-type: none"> <li>Provision of, and investment into platform functionality to help customers comply with industry best practices and global anti-spam regulations as well as onboard faster, block trial account sign-ups, automated bots and artificially inflated traffic</li> <li>Demonstration of commitment to anti-abuse through admittance to various industry groups, such as the Messaging, Malware and Mobile Anti-Abuse Working Group (M3AAWG) and the Email Sender and Provider Coalition (ESPC)</li> <li>Increased presence in the SMS industry raising awareness of who we are, resulting in trust and closer partnerships with Tier 1 providers and carriers. Specifically with the Cellular Telephone Industries Association (CTIA), Mobile Ecosystem Forum (MEF) and International Telecoms Week (ITW)</li> <li>Continued risk-based vetting approach of prospective customers and their data acquisition practises for all messaging channels</li> <li>A unified collaborative approach to SMS and email with continued investment in a deliverability, anti-abuse and compliance team, under the leadership of our messaging operations team</li> <li>Ongoing monitoring of changes to the technology landscape impacting privacy, improvement of risk mitigations and product changes that have been put in place with a focus on continued learning and educating our customers on the changes where necessary</li> <li>Maintain multiple connections with upstream SMS/MMS providers, reducing the impact of an issue with individual providers. In addition to this, we frequently review the most profitable upstream supplier routing options, and negotiate contracts regularly based on current and anticipated volume</li> <li>Tracking of message metrics regularly reviewed and monitored by the executive team.</li> </ul> |

| Risk area  | Impact  | Mitigation of risk  |
|--|---|---|
| <p><b>Competitive environment</b></p> <p><b>Strategic</b></p> <p><b>Movement:</b><br/>Stable</p>                   | <p>The sector we operate in is competitive. The impact of competitors having more features, new solutions, increased financial backing, lower pricing, better brand recognition and better global coverage increases the risk to our business. The increasing number of competitors adds further risk and becomes harder to differentiate our business.</p>   | <ul style="list-style-type: none"> <li>Continually evaluate the maturity curve of our market to be ahead of the competition and develop products that add differentiation and offerings for markets that are less mature</li> <li>A focussed approach providing marketing solutions in specific verticals; retail, commerce, government, higher education, not for profit, charities and D2C - reduces the competitive landscape</li> <li>Investment in new differentiated product features, best-in-class 24/7 customer support and service offerings, enhanced brand recognition and improved service delivery</li> <li>Continual reviewing of the attractiveness and competitiveness of our product pricing and packages to suit customer needs.</li> <li>Further roadmap development of our USPs to focus on niches where we win new customers</li> <li>Expanding our partner ecosystem, its resources available and visibility for both service and technology partners</li> <li>Increasing our regional account and customer success teams, the feature usage data they have access to, to drive product adoption, delivering further value for our customers using our product.</li> </ul> |
| <p><b>Key messaging channel integrations</b></p> <p><b>Strategic</b></p> <p><b>Movement:</b><br/>Stable</p>        | <p>We are increasingly investing in integration with third-party platforms to provide an enhanced product feature set – for example Meta, Twitter and Google. These platforms all have various contractual bases for access and we maintain our obligations carefully. However, any future change in the terms granting access may impact our continued ability to integrate our product with these platforms.</p>  | <ul style="list-style-type: none"> <li>Maintain strong relationships with these platforms</li> <li>Ensuring our platform policies align with the third parties</li> <li>Continued investment into the development of each key integration, to ensure continued relevancy for customers and compliance with any third-party or statutory changes.</li> </ul>   |
| <p><b>Loss of a strategic partnership</b></p> <p><b>Strategic</b></p> <p><b>Movement:</b><br/>Increased</p>        | <p>Revenues could be impacted if a strategic technology partner was acquired, changed contractual terms, has lost market share or their customers en masse. In such an event, customers may re-platform to a technology partner who we do not have an integration with.</p> <p>If a strategic technology partner significantly changed partner terms, blocked access to or no longer accepted a connection to our products, there is also the risk that customers may leave or migrate to a competitor who has a connection, rather than re-platforming away from the technology partner.</p> | <ul style="list-style-type: none"> <li>Maintained agreements with all key strategic partners and reviewed targets for potential new</li> <li>Dedicated resources for strategic partnerships, development of our partner strategy and program</li> <li>Expansion of our service &amp; technology partner program to support a partner first approach</li> <li>Diversification of approach to connect to more ecommerce platforms outside of just the market share leaders</li> <li>Continued investment into product and development that builds integrations into a wide range of marketing &amp; ecommerce technologies within our customers' SaaS ecosystem</li> <li>Schemes, extensibility development and dedicated resources to encourage technology partners to build integrations into our products.</li> </ul>  |
| <p><b>Use of public cloud service suppliers</b></p> <p><b>Technological</b></p> <p><b>Movement:</b><br/>Stable</p> | <p>We utilise public cloud suppliers to host our platforms and products. An event resulting in multiple cloud data centres failing, for any significant period, or termination of services by a cloud supplier, may negatively impact our business, operating results and financial condition.</p> <p>The nature of public cloud computing means that the underlying infrastructure is used to host many organisations assets; increasing the likelihood of the infrastructure or cloud service provider being targeted in cyber attacks.</p>   | <ul style="list-style-type: none"> <li>Informed choice of best-of-breed cloud computing suppliers (we utilise Microsoft Azure, Cloudflare, Amazon AWS, and Google Cloud Platform), the architecture and contracts of which facilitates high uptime Service Level Agreements (SLAs) and a quick recovery in the event of a single region failure</li> <li>Resilient global instances of the platform to serve local customers and avoid global customer impact in the event of a regional outage</li> <li>Replication of data to secondary facilities within each region</li> <li>Hot stand-by databases; resulting in a faster platform Recovery Time Objective (RTO)</li> <li>Regular simulation of Disaster Recovery plans ensuring the plan continues to meet the defined Recovery Time Objectives (RTO), and Recovery Point Objectives (RPO)</li> <li>Use of modern platform agnostic technologies; allowing easier migration to alternative cloud service providers.</li> </ul>  |

## Risks, impact and mitigations continued

| Risk area   | Impact   | Mitigation of risk   |
|---|--|--|
| <b>Acquisitions</b><br><br><b>Strategic</b><br><br><b>Movement:</b><br>New                                | A strategic focus of the business is to pursue acquisitions. While this offers significant opportunities for diversification and increased market presence, we recognise that they also present potential risks. These risks may include integration challenges, cultural differences, unforeseen liabilities, and potential impacts on our financial performance.   | <ul style="list-style-type: none"> <li>Extensive financial, legal, privacy, security and technology due diligence processes from internal and external resources</li> <li>Dedicated integration planning and execution resources for increased management bandwidth</li> <li>Detailed integration plans across all impacted areas of the organisation designed pre-acquisition, ready for execution post transaction. Including communication, people, go-to-market, change management, product, engineering, business operations and synergy plans</li> <li>Warrantees and indemnity insurances taken based on levels of risk.</li> </ul>   |
| <b>Information security and cyber risks</b><br><br><b>Technological</b><br><br><b>Movement:</b><br>Stable | Cyber security risks have become an increasingly critical concern for businesses across all industries. The past year has seen a significant rise in cyber threats, including sophisticated phishing campaigns, ransomware attacks, and data breaches being reported in the media.<br><br>As a Company, we recognise that safeguarding our digital assets, customer information, and operational infrastructure is paramount to maintaining trust in our brand; supporting strategic goals, and financial targets. | <ul style="list-style-type: none"> <li>Dotdigital has built, and continue to invest in a dedicated internal Information Security &amp; Privacy function</li> <li>We have maintained an ISO 27001 certified Information Security Management System (ISMS), aligning our policies, processes and procedures with globally recognised industry best practice</li> <li>We continue to maintain certification to the UK government-backed Cyber Essentials Plus scheme</li> <li>Regular internal and external auditing of security controls policies and procedures are in place to ensure the ISMS continues to function well, meeting the requirements of ISO standards</li> <li>The proactive testing of security posture through third-party Penetration Testing, Vulnerability Scanning, and social engineering exercises</li> <li>The transference of some risk by the maintenance of Cyber Insurance.</li> </ul> |

## Streamlined energy and carbon reporting

The Group is committed to reducing its environmental impact. The Streamlined Energy and Carbon Reporting (SECR) regulations requires reporting on energy use and Scope 1 and 2 Greenhouse Gas (GHG) emissions. The Group goes further by voluntarily reporting on, and offsetting Scope 3 emissions related to the following impacts and aspects:

- Major computer and infrastructure cloud providers
- Business travel (rail, air and road)
- Employee remote working
- Transmission and distribution (T&D) losses
- Well-to-tank for fuels plus electricity generation and T&D losses

The Group's Scope 1 and 2 GHG emission sources are from office building energy use as the Group has no business fleet vehicles.

An independent third party is used to help collate the report in line with the requirements under SECR highlighted by UK DEFRA and DBEIS and uses the GHG Protocol methodology for GHG emissions reporting.

### Energy use and GHG emissions

|                                       | Current reporting year<br>1 July 2022 – 30 June 2023<br>Energy Usage (kWh) | Previous reporting year<br>1 July 2021 – 30 June 2022<br>Energy Usage (kWh) |
|---------------------------------------|--|---|
| Natural gas                           | 146,258  | 111,171   |
| Electricity                           | 545,481  | 391,988   |
| Other fuels (stationary) <sup>1</sup> | 0  | 0   |
| Other fuels (mobile) <sup>1</sup>     | 18,697   | 7,490   |
| <b>Total energy</b>                   | <b>710,435</b>   | <b>510,649</b>  |
| <b>of which in the UK</b>             | <b>81%</b>   | <b>82%</b>  |

|  | GHG emissions<br>(tonnes of CO2e) | GHG emissions<br>(tonnes of CO2e) |
|--|-----------------------------------|-----------------------------------|
| <b>Scope 1&amp;2 gross CO2e</b>        | <b>159.4 (+30.9%)</b>             | <b>121.8</b>                      |
| <b>of which in the UK</b>              | <b>75%</b>                        | <b>77%</b>                        |
| <b>Scope 3 gross CO2e</b>              | <b>338.2 (+74.6%)</b>             | <b>193.7</b>                      |
| <b>Total gross CO2e</b>                | <b>497.7 (+57.7%)</b>             | <b>315.5</b>                      |
| Scope 1&2 net CO2e                     | 127.3                             | 62.5                              |
| Scope 3 net CO2e                       | 333.6 (+72.2%)                    | 193.7                             |
| Total net CO2e (before carbon offsets) | 460.9 (+54.7%)                    | 256.2                             |
| Purchased carbon offsets               | 465                               | 300                               |
| Total net CO2e                         | -4.1                              | -43.8                             |

|  | Current reporting year<br>1 July 2021 – 30 June 2022<br>Intensity Ratios<br>(kilograms of CO2e) | Previous reporting year<br>1 July 2020 – 30 June 2021<br>Intensity Ratios<br>(kilograms of CO2e) |
|--|---|--|
| <b>Per turnover*</b>                   |   |  |
| <b>Scope 1&amp;2 CO2e gross figure</b> | <b>2.31 (+19.1%)</b>  | <b>1.94</b>  |
| Per turnover*                          |   |  |
| Total CO2e gross figure                | 7.20 (+43.4%)   | 5.02   |
| <b>Per employee**</b>                  |   |  |
| <b>Scope 1&amp;2 CO2e gross figure</b> | <b>395 (+16.9%)</b>   | <b>338</b>   |
| Per employee**                         |   |  |
| Total CO2e gross figure                | 1,232 (+50%)  | 874  |

### Baseline and previous year comparison

<sup>1</sup> The baseline year (2019/20) and previous year (2021/22) energy consumption and carbon emissions are reported from the Dotdigital SECR 2021/22 report. However, the stationary and mobile fuel usage

have been revised in order to consider some data corrections. As a consequence, fuel and energy related activities not included in Scopes 1 and 2 were reduced; resulting in the following corrections:

- 2021/22 total gross GHG emissions are now 12% lower than previous estimates
- 2019/20 total gross GHG emissions are now 8% lower than previous estimates

As a result, the offsets acquired by the Group in prior reporting periods have rendered the total net CO2e increasingly net negative.

### Intensity measurement

\* Scope 1 and 2 emissions in tonnes of CO2e per thousand £ of turnover, was chosen as a reference for intensity measurement. Turnover at the end of June 2023 was 69,100 thousand £.

\*\* Additionally, the Group also report Scope 1 and 2 emissions in tonnes of CO2e per FTEE. FTEE at the end of June 2023 was 404.

### Energy and emissions summary

The Group's total energy usage increased by 39% from the previous year (+31% compared to the baseline year). The total gross GHG emissions have increased by 58% from the previous year (+33% on the baseline year). This is due to:

- The lifting of COVID-19 restrictions had a profound impact in travel. Therefore Scope 3 emissions have increased dramatically compared to the previous year. However, this increase in line with pre-COVID patterns as highlighted in the baseline year data.
- The UK offices have been audited for compliance with phase 3 of the Energy Saving Opportunity Scheme (ESOS). The audit has improved the methodology for the energy usage estimation, which now uses floor area combined with UK typical energy usage for a standard air conditioned office per m2 per year.
- Grey fleet mileage was not included in previous years calculations.
- The Group employs more FTEE compared to the previous year.

### Initiatives during the reporting period

- Dotdigital's SaaS platforms fully ran on 100% renewable energy.
- Undertook ESOS energy audits to better understand office energy usage.
- Based on ESOS audits, changed methodology for more accurate usage estimates.
- Using the improved methodology, revised past office energy usage estimations.
- Over 29,000 trees have now been planted in total, an increase of 4,000 within the period, through various initiatives such as corporate gifting and donations. <https://ecologi.com/dotdigital>.
- Our Environmental Management System (EMS) was re-certified against the internationally recognised ISO 14001 standard.
- Renewed Woodland Trust corporate membership and continued to be a donor.
- Internal sustainability advocacy group (Dotgreen) continued to publish awareness information on topics such as personal carbon offsetting, moving to solar and battery systems at home, and ways to have a greener festive season.
- Instigated a project to promote our partners who meet our sustainability standards - incentivising wider adoption of environmental improvements outside Dotdigital.
- Instigated a project to review the feasibility and potential uptake of an EV (Electric Vehicle) benefit scheme for UK staff.
- Closure of the Belarusian office.
- Downsizing of the New York office.

## Section 172 report

The Board of directors of Dotdigital Group PLC consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members and shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Group.

As part of a Director's induction they are briefed on their duties and they can access professional advice on these, either from the Company Secretary, the NOMAD or any other independent advisor if necessary. The directors fulfil their duties partly through a governance framework that delegates day-to-day decision making within authority levels to senior employees of the Group.

The following paragraphs summarise how the Directors fulfil their duties:

### Risk management

We provide business critical technology for our clients across many industries and sectors. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management. An Operational Risk committee exists within the business that meets bi-monthly to make sure all aspects of risks are registered, mitigated or solutions are found and executed to reduce these.

For details of our principal risks and uncertainties, and how we manage our risk environment, please see pages 22 to 26.

### Our people

The Group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of our business. The Group has found the balance in culture to succeed along with managing our people's performance and development and bringing through the talent while ensuring we operate as efficiently as possible. We continue to ensure we share common values that inform and guide our behaviour, so we achieve our goals in the right way. For further details on our people, please see page 14.

### Business relationships

Our strategy prioritises organic growth, driven by cross-selling and upselling our services to our existing customers, as well as recommending our partners, to help our customers to drive a better return on investment from their digital marketing and bringing new clients into the Group. To do this, we need to develop strong relationships with both the customers and the strong partner ecosystem we have built. We value our suppliers and have multi-year contracts with our key suppliers. We have a goal in the business to make sure we aim to pay all our suppliers within their credit terms to help develop a healthy relationship. For further details on how we work with our clients, please see page 4.

### Community and environment

The Group's approach is to use our position of strength to create positive change for the people and communities with which we interact. The Group has maintained its ISO 14001 certificate and has continued to operate as a carbon neutral business. We have also met the criteria of ESOS phase 3 which enables us to complete energy audits for the UK environment agency.

As part of our DotCommunity initiative we aim to raise money and awareness for many charitable causes. During the year we became a corporate partner of The Girl's Network, who work to create mentorship programmes that empower and inspire. We also have a close partnership with the Kids Haven charity in South Africa.

For further details on how we interact with communities and the environment, please see pages 29 to 31.

### Shareholders

The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with institutional investors, private or employee shareholders. It is important to us that our stakeholders understand our strategy and objectives, so these must be explained clearly, feedback heard, and any issues or questions raised, properly considered. For further details on how we engage with our shareholders, please see page 34.

## Environmental, Social and Governance (ESG) statement

We look back on a year of material progress across our ESG strategy and Dotvoice groups.

This year we maintained a continuous commitment to being a proactive partner in our community through the delivery of various ESG-centred activities. Learning has been a key theme across the various groups that make up Dotvoice as we seek to educate our employees, customers, partners, and community on what our ESG strategy is and how they can get involved and play an active role in it.

### Dotvoice summary

**David Aldrich,**  
**Chief Human Resources Officer (CHRO)**  
Dotvoice is our established employee lead programme which has four key employee groups: Dotwellbeing, Dotgreen, Dotcommunity, and DotDEI.

This year has seen the groups go from strength to strength in educating, engaging and supporting our employees by delivering on multiple key initiatives.

The groups come together under Dotvoice which enables full cooperation and collaboration and has helped us deliver huge value to our clients, partners, employees and the charities we work with.

In recognition of the commitment from all parts of Dotvoice, we are proud and honoured to have sponsored the 'Responsible Marketing Award' at this year's Dotties awards. The Dotties are a celebration of all the great work delivered by our partners and clients in partnership with Dotdigital.

The award for 'Responsible Marketing' recognises clients whose approach ensures they not only meet their customers' needs but also have a positive impact on the community with emphasis on sustainable, ethical, and philanthropic marketing.

This year the Responsible Marketing Award went to the University of Nottingham's campaign and Alumni Relations Office who are responsible for generating philanthropic and volunteering support for the future

development and success of the university. They raised thousands of pounds for causes such as scholarships to help disadvantaged students; medical research, and mental health support. Their campaign helped them re-engage multiple donors who had not engaged with them for years.



### Dotwellbeing

*Mission: To implement wellbeing initiatives and encourage open discussion, provide support and education, and to provide employees with the tools to manage their own wellbeing.*

Dotwellbeing is our employee-led group that seeks to raise awareness and education and provide support to employees across the following key pillars; physical, mental, financial, emotional, and social.

Drawing on the success of last year's inaugural 'On your feet Dotdigital' initiative, the Dotwellbeing group launched a similar campaign this year. 'On your feet Dotdigital 2023' continues to encourage our employees across the globe to record their walk and share videos and photographs on the Company-wide Slack group. New for this year, colleagues were asked to record how far they walked. As a Company, we collectively walked 625 miles, exceeded our goal of 500 miles and donated to the following charities as a result; £500 to AimUp in the UK, \$500 to the Trevor Project in the US and \$500 to Variety in the APAC region.

Mental Health for People Managers was a series of learning workshops for our managers. Led and delivered by our Global L&D Manager, these sessions helped better equip our managers with tools and knowledge to better support all their employees.

In recognition of World Mental Health Day, Dotwellbeing shared a series of our employee videos from across the globe in which they presented their own stories and insights on mental health issues that have either affected them directly or someone close to them. The aim in sharing these very personal accounts was to help bring an end to the stigma around speaking about our mental health in both the workplace and at home.

The wellbeing app 'My Possible Self' was introduced and made available to all colleagues this year. The app contains a wealth of content and information which the group shared with employees in support of our initiatives, awareness events, and education days across a wide range of wellbeing areas. This included Women's Health Week, World Menopause Day, Nutrition and Hydration Week and Movember.

The high level of interest and passion for wellbeing has meant we continue to see new members join, be they brand new or existing colleagues who become ambassadors, promoting the wellbeing mission of the groups across all regions.

Dotdigital remain firmly committed to actively supporting our employee wellbeing. The actions and initiatives from this group are a key part of how we provide that support alongside corporate programmes. Initiatives include two wellbeing days per year and an annual wellbeing award through which employees are encouraged to purchase items and activities in support of their wellbeing.



**Environmental, Social and Governance (ESG) Statement** *continued*



**dotgreen**

**DotGreen**

*Mission: To conduct our operations with minimal negative impact on the environment and to promote positive environmental behaviours. This is our part in mitigating the climate crisis and ecological emergency. With a target to hit Net Zero by 2030.*

Our Dotgreen group have continued to educate customers, partners and staff to generate awareness around environmental issues and promote a culture of sustainability. We have provided internal guides to staff around the greenest way to travel and how they can become more sustainable at home, advising on solar power and battery technologies. We are also reviewing proposals on creating a new EV (Electric Vehicle) benefit scheme that could be made available to UK staff.

The group successfully maintained its ISO14001 certification as part of its triennial re-certification process. The group now meets the criteria of ESOS (Energy Savings Opportunity Scheme) phase 3, and so it has completed its energy audits to the UK environment agency by the 5 June 2024 deadline.

We are proud that all of the Dotdigital products within the period used by our customers were running on 100% renewable energy. The final physical data centres in use were migrated to the cloud in July 2022.

We have continued to support our long-standing partner and customer the Woodland Trust as a member and donor and have now extended our 'Dotforest' of planted trees to over 29,000. Education and awareness is a big proponent of the Dotgreen mission and as such Steve Shaw (Dotgreen executive sponsor) was invited onto 'The ISO Show' podcast to educate businesses on Dotdigital's journey of creating a culture of sustainability. We have also revised our own partner program to review our partner's sustainability and provide a badge for those who meet the same high standards as Dotdigital. This will help raise awareness to both our customers and the wider partner ecosystem.

Looking ahead we have been working hard to adopt the core principles of sustainability, alongside privacy and security, across the latest AI developments that span our platform. WinstonAI, Dotdigital's cutting-edge marketing intelligence engine powering many of the platform's connectivity, insights, content and communications, is running on the same sustainable cloud infrastructure powered by renewable energy. We have therefore continued to operate as a carbon neutral business. For details of our streamlined energy and carbon reporting please see page 27.



**DotDEI - Diversity, Equality, Inclusion**

*Mission: To create a diverse, inclusive and respectful workplace through education, awareness and conversation.*

DEI has been a big focus across the whole business in the last 12 months; we're proud

of the steps we've taken to progress on our DEI journey. DotDEI has been working closely with the other Dotvoice committees, the Human Resources and the Talent Acquisition teams this year. In addition to this, everyone at Dotdigital has had the opportunity to engage in events and activities.

Some of the highlights from last year include:

- An all-company, week-long celebration for International Women's day and Pride, including panel Q&A sessions, employee storytelling and marching in this year's Pride Parade.
- The appointment of a Global Learning and Development Manager to provide further opportunities for all employees to develop their skills and progress their careers. A DEI training course was delivered and all existing employees took part in the learning, and all new employees cover the course as part of their onboarding.
- A review took place of our recruitment processes leading to anonymous applications being launched in our applicant tracking system to tackle unconscious bias, providing a Diversity hiring managers guide and ensuring our job adverts are inclusive.
- A partnership with The Girls Network was launched, enabling our employees to provide mentoring to school-age girls interested in STEM subjects.
- Employee surveys were run to allow all employees to feedback on their thoughts relating to DEI.
- A new employee anonymous reporting tool was launched to allow employees to ask questions or raise concerns directly to senior management.

Diversity, Equity and Inclusion remains a top priority for the entire business at all levels and we look forward to continuing our journey.



**dotcommunity**

**Dotcommunity**

*Mission: To work on and organise internal events, focus on improving corporate social responsibility and social mobility by organising fundraising events, partnering with charities and organising volunteering days for employees.*

Dotcommunity has had a great year with initiatives being held all over our global locations. We were very excited to become one of ten corporate partners of The Girls' Network in the UK. The Girls' Network aims to inspire and empower girls from the least advantaged communities by connecting them to a mentor and a network of professional female role models. We currently have six mentors across the UK.



In partnership with The Girls' Network, we hosted 25 schoolgirls from a school near Brighton for an office day which included a team energiser activity, an office tour, a panel discussion by ten of our female colleagues in different roles, a training session on our platform which then concluded in five groups of five students working together to build their own email campaign with their newly



Doing the right thing has always been part of Dotdigital's DNA. Our ESG strategy and Dotvoice program ensures we take everyone with us as the company continues to grow.

David Aldrich | CHRO

acquired skills. We had fantastic feedback from the students who came away with a feeling of excitement and were excited about the prospect of a career in tech.

Another charity we have a close partnership with is Kids Haven in South Africa. We attended a Careers Expo earlier this year which promoted the tech world and what we do at Dotdigital to a disadvantaged youth community in Johannesburg.

During March, we ran a series of initiatives throughout the business to raise awareness and promote International Women's Day. Together with the other Dotvoice groups, we dedicated a week to the event. We promoted women-specific charities, we held a panel discussion in each region, we ran a series of interviews with colleagues and concluded the week with a quiz about famous women.

Dotcommunity are looking forward to the year ahead with a successful Women's Day event held in South Africa in August, our Breast Cancer Awareness Month initiatives in October, and a continued strengthening of our partnership with our existing charities.

**Governance**

Our corporate governance framework is well established and the details of these can be seen on pages 34 to 36 within this report. However, we realise the value of high standards of governance throughout our organisation and so have implemented a robust framework of policies, underpinned by training and controls, to ensure our people continue to meet and exceed the expectations of our customers and shareholders at all times.

In the Board, we have added more structure to our governance framework with an updated Board authority matrix and an unwavering focus on ensuring all decisions are made with appropriate scrutiny to ensure that they are in the best interest of the Group and its shareholders.

This year we have reviewed and revised all significant internal policies from health and safety through to anti-slavery, money laundering, fraud and information security. New training material has been prepared which is now delivered to all staff and new joiners and experts have been identified internally to both assist with compliance and enforcement. All of these policies were reviewed by the Board prior to formal adoption.

We note in particular that we fully support the Modern Slavery Act 2015 and do not engage in any form of slavery or human trafficking activities. Additionally, we uphold a zero tolerance approach to both bribery and corruption and are committed to acting in the most professional manner in all our business dealings.

Similarly, Dotdigital remains committed to maintaining the highest levels of privacy and security operations for both our employees and our customers hence why we continue to be ISO27001, ISO 27701 and Cyber Essentials Plus certified.

**Strategic report**

The Strategic report was approved by a duly authorised committee of the Board of Directors on 7 November 2023 and signed on its behalf by:



**Milan Patel**  
Chief Executive Officer

## Board of Directors



**Milan Patel FCCA ACA BFP**  
Chief Executive Officer

Milan joined the Group in 2007 and was appointed Group Company Secretary in 2009, CFO in 2015 and CEO in 2016. Milan is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He has been responsible for the Group's admission to ISDX (now Aquis - AQSE) and the Group's listing onto AIM.

Milan was responsible for the Group's functions in financial management and reporting, regulatory compliance, legal and corporate governance prior to being made permanent CEO of the Group over seven years ago. He also brings substantial strategic financial and commercial experience to the Board. As well as financial acumen, he has developed a broad range of operational competencies, a grasp of and execution of strategic objectives, clear leadership, international business development, mergers and acquisitions and strong decisive management skills.

Milan is responsible for leading the executive team, its vision, and the growth strategy for the business. More specifically Milan is leading our international growth strategy, accelerated product innovation, developing strategic partnerships and executing on the acquisition strategy. He has a strong track record of delivery of performance against plan through the life of the Company on the public markets.



**Alistair Gurney FCA**  
Chief Financial Officer

Alistair joined the board on 19 September 2022 as CFO, bringing experience of senior finance leadership roles in international technology businesses. At Dotdigital he leads the finance and legal teams and uses his experience to improve productivity and accelerate growth through sound commercial and strategic decisions. Alistair also plays a leading role in driving the Group's M&A programme.

He was previously at Unit4 Business Software, where he revised the Group's management reporting and business partnering processes. Additionally, he led the financial due diligence process in Advent's sale of the business to TA Associates and Partners Group.

Previously he held a Finance Director role and led the Group Commercial Finance team at Iris Software Group, having supported the sale of the Group in 2018.

Alistair is a Chartered Accountant (FCA ICAEW), having trained in Deloitte's corporate finance practice, working primarily on financial restructuring projects.



**John Conoley**  
Non-Executive Chairman

John was appointed as Non-Executive Chairman of the Board on 5 July 2022, following the resignation of the previous Non-Executive Chairman. He brings significant executive and non-executive Board-level experience of both fully-listed and AIM-quoted businesses.

He began his career in the IT industry with IBM in 1983 where he worked in a range of industries in technical, sales and marketing roles. Since then, John has held general management and director-level roles in small and medium-sized private and public companies. Recent public company roles include Chief Executive Officer of Psion PLC, the fully-listed international mobile device company, from April 2008 to October 2012 when it was acquired by Motorola; Non-Executive Director of NetDimensions (Holdings) Limited, the AIM-quoted human capital management software company, from October 2016 to April 2017 when it was acquired by Learning Technologies plc. In addition he was Non-Executive Chairman of Wameja Limited, the AIM and ASX-quoted innovative mobile financial services company that was acquired by Mastercard in 2021. He was Executive Chairman of the AIM-listed FireAngel Safety Technology Group PLC until June 2023.



**Boris Huard**  
Non-Executive Director

Boris joined the Board on 26 March 2019 and is the EMEA Managing Director for GBG Plc, bringing present day experience of running software, big data and analytics businesses – topics of key importance to Dotdigital.

Boris joined GBG in 2020, having previously held roles in the technology industry for 20 years, ranging from divisional Managing Director at Logica, Board Director with Maxima Plc, Chief Executive at Sword CTSpace and UK&I Executive Board at Experian.

During those years, he delivered sustainable organic growth and executed bolt-on acquisitions. From turnaround to successful public to public exit transactions, Boris drove performance through hands-on P&L management, international business development, cross-continent operations, mergers and acquisitions and Company restructurings and integrations.



**Elizabeth (Liz) Richards ACA**  
Non-Executive Director

Liz joined the Board on 1 May 2020 and also chairs the Audit Committee. She is a highly experienced executive and Non-Executive Director with a career spanning the Financial Services, Data and Software sectors. After an early career with Lloyds Bank, Liz qualified as a Chartered Accountant with Ernst & Young.

Liz was Chief Financial Officer for Callcredit (now Transunion), a successful consumer data business, where as a founder member, she oversaw its rapid growth from start-up in 2000 to a £150m revenue business by 2015. During that period, she was instrumental in the purchase and integration of several successful acquisitions and has end-to-end experience of significant private equity and trade corporate transactions.

Liz is also currently a Non-Executive Director and Audit Committee Chair at Tracsis plc, an AIM-listed software business in the transportation sector. She is also a Trustee and Chair of Finance and Investment for Yorkshire Cancer Research. Previous NED and Audit Chair roles have included LINK Scheme, the ATM operator, and Leeds Trinity University.

She brings experience of high-growth acquisitive business, and financial, audit and governance expertise to the Board at Dotdigital.

## Corporate governance report

### Chairman's introduction to governance

The Board is fully committed to achieving high standards of governance in line or ahead of those expected for the size and stage of development of the Group and I believe this contributes to our ability to deliver long-term shareholder value. As an AIM-quoted company, the Board has elected to comply with the Quoted Companies Alliance (QCA) Corporate Governance Code and will report annually on our compliance with the code and any exceptions. The QCA Code identifies ten principles to be followed to deliver growth in long-term shareholder value by ensuring that the management framework is efficient, effect and dynamic. This in turn is supported by good stakeholder communication to promote confidence and trust.

The sections that follow describe how the 10 principles of the QCA Code are applied to deliver medium to long-term success without preventing innovation and entrepreneurial spirit, together with any areas on non-compliance.



**John Conoley**

Non-Executive Chairman

It should also be noted that Michael O'Leary was the Chairman until his resignation on 5 July 2022 when John Conoley took over. Also during the period Paraag Amin resigned as Chief Financial Officer on 31 March 2022.

### Compliance statement

#### 1. Establish a strategy and business model which promotes long-term value for shareholders (fully complies)

The strategy and business operations of the Group are set out in the Strategic report on pages 2 to 31 of the Group's annual report. The risk section of the Annual Report is on pages 22 to 26 and deals with the challenges the business faces and how these challenges are mitigated/addressed.

The Chief Executive is responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval and then executing the approved strategy. You can find a full description of the roles of the Board at [www.dotdigitalgroup.com](http://www.dotdigitalgroup.com).

Our simple and transparent business model has consistently delivered value to our shareholders.

#### 2. Seek to understand and meet shareholders' needs and expectations (fully complies)

The Group seeks regular dialogue with both existing and potential new shareholders, either through the management team, investor relations or through the Company analysts, ensuring its strategy, business model and performance are clearly understood as well as to understand the needs and expectations of shareholders.

The Chief Executive and Chief Financial Officer meet regularly with investors and analysts via investor roadshows and attend investor conferences to provide them with updates on the Group's business and obtain feedback regarding the market's expectations of the Group through the brokers or direct feedback to the management team.

The Board invites communication from its private investors and encourages participation by them at the Annual General Meeting (AGM) and through webinars offered during the semi-annual roadshows. All Board members are present at the AGM and are available to answer questions from shareholders. Notice of the AGM is at the least 21 clear days and the business of the meeting is conducted with separate resolutions, voted by proxy and with the result of the voting being clearly indicated throughout the meeting. The results of the AGM are subsequently published on the Company's corporate website and are announced through a regulatory information service.

All Non-Executive directors are available to shareholders where concerns have not been resolved through the normal channels of communication with the Board and for when such contact would be inappropriate.

The Board believes that they have successfully engaged with their shareholders in the past and will continue to do so going forward.

#### 3. Take into account wider stakeholder and social responsibilities and their implications for long-term success (fully complies)

We are committed to meeting with customers to seek their regular feedback to ensure a high level of customer service and to improve our platform. We have various channels for customers and prospects to communicate with the Group, whether it be through the messaging channels or the customer success managers. The feedback is then reviewed on a regular basis by the senior management team of the Group.

The Group is mindful of its corporate social responsibilities and the need to build and maintain strong relationships across a range of stakeholder groups. As a Company, we regard this as a key principle in what we do. The Group has established a Dotcommunity that consists of employees across all departments and seniority levels to engage with stakeholders to help enrich communities. The Environmental, Social and Governance report can be found on page 29 to 31.

The Group is fully committed to encouraging the 'employee voice' and acting on the feedback we receive. Whether by informal discussion or by our annual employee satisfaction survey, the opinion and feedback provided by our employees is vital to shaping the business. Our employees are at the heart of our business and we consistently strive to train and develop them for career progression.

The Board closely monitors the results of the Company's Employee Engagement Survey to address where possible any concerns raised and ensure the alignment of interests between the Company and its employees. This alignment is vital to shaping the business.

|                                | Board    |       | Audit Committee |       | Operational Risk Committee |       | Remuneration Committee |       | Nomination Committee |       |
|--------------------------------|----------|-------|-----------------|-------|----------------------------|-------|------------------------|-------|----------------------|-------|
|                                | Attended | Total | Attended        | Total | Attended                   | Total | Attended               | Total | Attended             | Total |
| <b>Executive Directors</b>     |          |       |                 |       |                            |       |                        |       |                      |       |
| Milan Patel                    | 12       | 12    | -               | -     | 5                          | 5     | 2                      | 2     | -                    | -     |
| Alistair Gurney                | 10       | 10    | 2               | 2     | 4                          | 4     | 2                      | 2     | -                    | -     |
| <b>Non-Executive Directors</b> |          |       |                 |       |                            |       |                        |       |                      |       |
| Boris Huard                    | 12       | 12    | 3               | 3     | -                          | -     | 2                      | 2     | 1                    | 1     |
| John Conoley                   | 12       | 12    | 1               | 1     | -                          | -     | 2                      | 2     | 1                    | 1     |
| Elizabeth Richards             | 12       | 12    | 3               | 3     | -                          | -     | 2                      | 2     | 1                    | 1     |

#### 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation (fully complies)

The Group's system of internal controls, identification of significant risks and reviewing its effectiveness are the responsibility of the Board. These systems are designed to mitigate the risk of failure to achieve the business objectives. These systems can only provide reasonable, but not absolute, assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the Group's significant risks and this is regularly reviewed by the Operational Risk Committee and the Board. The Group also keeps an active risk register which is also formally reviewed by the Committee on a quarterly basis.

The internal control procedures are delegated to Executive Directors and senior management in the Group, operating within clearly defined terms set by the Operational Risk Committee. The Board regularly reviews the internal control procedures in light of the ongoing assessment of the Group's significant risks and is reviewed on a quarterly basis.

Effective from 1 July 2023 the board agreed to extend the responsibilities of the audit committee to include a more extensive oversight of risk management. For further details see page 37.

On a monthly basis, the management accounts, including a comprehensive financial report, are reviewed by the Board in order to provide effective monitoring of financial performance.

A summary of the principal risks and uncertainties facing the Group, as well as mitigating actions, are set out on pages 22 to 26.

#### 5. Maintain the Board as a well-functioning, balanced team led by the Chair (fully complies)

The Group is managed by a Board of directors chaired by John Conoley. The Board is responsible for taking all major strategic decisions and also addressing any significant operational matters. In addition, the Board reviews the risk profile along with the Operational Risk Committee of the Group and ensures that an adequate system of internal control is in place. Management information systems are in place to enable the Board to make informed decisions to properly discharge their duties. A formal schedule of Matters Reserved for the Board was adopted as at the Board on 23 January 2023.

The Board currently consists of two Executive Directors and three Independent Non-Executive Directors. The Non-Executives spend a minimum of two days a month on Dotdigital Group business matters. The Independent Non-Executive Directors are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement in accordance with the QCA Code.

The Board believes it is appropriate to have a Senior Independent Non-Executive Director and Boris Huard currently fulfils this role. Boris is available to shareholders where concerns have not been resolved through the normal channels of communication with the Board and for when such contact would be inappropriate.

The Board has sufficient members to contain the appropriate balance of skills and experience to effectively operate and control the business.

The roles of the Chairman and the Chief Executive are separate, with their roles and responsibilities clearly defined and set out in writing and these can be found on the corporate website. The Chairman's main responsibility is the leadership and management of the Board and its governance. He meets regularly and separately with the Executive and Non-Executive Directors to discuss matters for the Board.

The Chief Executive is responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval and executing the approved strategy.

The Board aims to meet monthly and more frequently if necessary. In addition to this the Board attends an annual strategy meeting which also includes senior managers outside of the Board. The table at the top of this page shows attendance for the period July 2022 to June 2023.

#### 6. Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities (fully complies)

The Board considers its current composition and overall size to be both appropriate and suitable with the adequate skills, experience and capabilities to make informed decisions, evaluate performance and constructively criticise strategy.

The composition of the board is reviewed annually by the Nomination Committee. The Board is fully committed to the appointment of the right skillsets that are required to grow shareholder value. One third of the directors retire at the AGM in rotation in accordance with the Company's Articles of

## Corporate governance report continued

Association, thereby providing shareholders with the ability to decide on the election of the Company's Board. Non-Executive directors that do not meet the independence criteria will also stand for election annually, which will allow shareholders to voice their opinion. Their biographical details can be found on pages 32 and 33.

The Nomination Committee, through a thorough evaluation of the skills, knowledge and experiences of a proposed new Director, makes recommendations to the Board who then make the final decision on the appointment of a new member.

Throughout the year, the Directors receive updates on corporate governance matters from either the Company Secretary or the Company's nominated advisors.

To ensure that the Board continue to develop their skills and keep up to date with market developments, they have access to independent professional advice, which will be at the expense of the Company. In addition, all members of the Board have access to the support and advice of the Company Secretary who is responsible for the induction programme of new members.

**7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement (partially complies)**

Though regular meetings with all members of the Board, the Chairman continuously appraises the performance of each other Board member. The Group's corporate objectives were agreed early in the year following the appointment of the new CFO, and from these objectives, the terms of reference, matters reserved and authority matrix documents, the objectives of each Board member are clear.

The Nominations Committee is responsible for formal Board evaluation. The Committee has previously carried out formal Board performance evaluations including the circulation of questionnaires to each Board member to assess whether the capabilities of the Board and ensure it complied with this principle. The learnings from this process have been discussed by the Board and been addressed. The Committee's intention has been to continue to conduct an internal evaluation on an annual basis, with the same process being repeated for each of the Committees of the Board as normal. This internal evaluation is currently in progress with the findings to be discussed at a future Board meeting.

**8. Promote a corporate culture that is based on ethical values and behaviours (fully complies)**

We are committed to acting ethically and with integrity in all our business relationships and with all our people. The Company wants the myriad benefits of a diverse workforce and is committed to providing a working environment that is free from discrimination. The Company seeks to promote the principles of equality and diversity in all its dealings with employees, workers, job applicants, clients, customers, suppliers, contractors, agencies and the public. Our people are the difference - hence we aim to hire, retain and train the best. We continue to encourage our unique and supportive culture, which we believe sets us apart from other companies. Our comprehensive set of policies and procedures are regularly updated and communicated to employees to help us to be compliant with our ethical and cultural values.

**9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board (fully complies)**

The Board is supported by a Remuneration Committee, Audit Committee and Nomination Committee. Any matters that fall outside of the responsibility of these committees are then dealt with by the Board. The role and responsibilities of the Chairman, Chief Executive and other Directors can be found separately. The details of the Committee are contained within their written terms of reference which can be found on the Group's website.

Throughout the year the Chairman of each committee feeds back to the Board any issues which require further consideration by the Board. Each of the Board committees has the ability to use external advisors as they see fit in furtherance of the duties which are at the Company's expense. Further details of the composition and meetings of these committees can be found within the annual report.

**10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders (fully complies)**

The Company is committed to open communication with all its shareholders. Communication with shareholders is predominantly through the Annual Report and AGM. The last AGM results can be found on the Group's website. Other communications are in the form of full-year and half-year announcements, periodic market announcements (as appropriate), one-to-one meetings and investor road shows. The Remuneration committee report is included on pages 38 to 42.

The Group's website [www.dotdigitalgroup.com](http://www.dotdigitalgroup.com) is regularly updated and users can register to be alerted via email when announcements or details of presentations and events are posted on the website. Annual reports and notices of meetings for at least the last five years can be found on the Group's website.

## Audit Committee report

### Responsibilities and scope of the Audit Committee

The Audit Committee is a sub-committee of the Board. The responsibilities of the Committee include:

- Reviewing the half-year and full-year accounts and results announcements of the Group, any other formal announcements relating to the Group's financial performance and recommending them to the Board for approval;
- Reviewing the reports from the Group's auditors relating to the systems of internal financial control and risk management;
- Considering the appointment of the external auditors, overseeing the process for their selection and making recommendations to the Board in relation to their appointment; and
- Monitoring and reviewing the effectiveness and independence of the external auditors, agreeing the nature and scope of their audit, agreeing their remuneration, and considering their reports on the Group's accounts.

### Composition of the Committee

The members of the Committee are independent Non-Executive Directors and it comprises Elizabeth Richards as Chair and Boris Huard. In addition, John Conoley, Milan Patel, Alistair Gurney and the external auditor attend meetings as appropriate. The Committee also meets separately with the external auditors without management being present.

The Secretary to the Committee is the Group Company Secretary George Kasparian.

### Main activities of the Committee during the year

- The Committee met three times during the financial year.
- At its meeting on 1 November 2023 the Committee reviewed the Group's preliminary announcement of its results for the financial year to 30 June 2023 and the draft report and accounts for that year.
- It received reports from the external auditors on the conduct of their audit, their review of the accounts, including accounting policies and areas of judgement, and their comments on risk management and control matters.

- It considered and reviewed the report from a routine audit quality review carried out by the Financial Reporting Council on the auditors Moore Kingston Smith's audit of the Group's financial statements for the year ended 30 June 2022.

- It reviewed its terms of reference and recommended to the Board that more extensive oversight of risk management should be added to its responsibilities. This change was approved by the Board and became effective from the commencement of the new financial year from 1 July 2023. In particular the Committee will assist the Board in its assessment of the Group's principal and emerging risks and their disclosure in the annual report and accounts and shall monitor developments in the Group's risk management processes by reviewing reports from the executive operational risk committee.

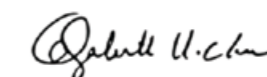
### Independence of external auditors

Both the Board and the external auditors have safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. The Group's policy in respect of services provided by the external auditors is as follows:

- Audit-related services – the external auditors are invited to provide services which, in their position as auditors, they must or are best placed to undertake. This includes formalities relating to borrowings, shareholders and other circulars, various other regulatory reports and work in respect of acquisitions and disposals; and
- General consulting – in recognition of public concern over the effect of consulting services on auditors' independence, the Group's policy is that the external auditors are not invited to tender for general consulting work.

### Approval

This report was approved by the Board on 7 November 2023 and signed on its behalf by:



**Elizabeth Richards**  
Chairwoman of the Audit and Risk Committee

## Remuneration Committee report

### Introduction

Dear Shareholder, on behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 June 2023. As the Company is listed on AIM, we are required to comply with AIM Rule 19 in respect of remuneration disclosures. However, we also provide additional disclosures to those required by AIM Rule 19 on a voluntary basis, in line with AIM best practice, to enable shareholders to better understand and consider our remuneration arrangements.

This report is divided into three sections, these being:

- This Annual Statement, which summarises the work of the Committee, remuneration outcomes in the year ended 30 June 2023 and how the Remuneration Policy will be operated for the year ending 30 June 2024;
- The Remuneration Policy Report, which summarises the Company's Remuneration Policy, which remains unchanged; and
- The Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented in the year ended 30 June 2023 and how the Policy will operate for the year ending 30 June 2024.

The items included in this report are unaudited unless otherwise stated.

### Annual statement

I am very pleased to present our Directors' Remuneration Report for the year ended 30 June 2023.

In keeping with last year's framework, we have ensured that incentives cover annual and longer-term targets, to deliver sustainable and profitable growth.

The Committee is primarily responsible for determining and recommending to the Board the policy for the Executive Directors' remuneration and employment terms. The Committee is also responsible for reviewing and making recommendations to the Board about share incentive plans and performance-related schemes across the Group. Finally, the Committee also considers the remuneration structure below Board level for key employees and potential hires.

The Committee's Terms of Reference, which are reviewed annually to ensure they reflect any changes in legislation, regulation, and best practice, can be found at [www.dotdigitalgroup.com](http://www.dotdigitalgroup.com).

The Directors' Report on Remuneration, detailed on page 41 provides details of the amounts earned in respect of the year ended 30 June 2023 and how the Directors' Remuneration Policy has operated.

The report will be subject to an advisory shareholder vote at the 2023 AGM.

### Review of the year ended 30 June 2023

As described earlier in the annual report, the Group has performed well during the year, delivering continuing operations revenue of £69.2 million, back to double digit organic revenue growth on the previous year and total profit before tax excluding exceptional costs and share-based payments of £15.4m, a 6% increase to prior year. Consequently, the Executive Directors earned an annual cash bonus against sliding scale revenue and profit targets equivalent of 67% of maximum potential (84% of potential for the revenue target and 50% for the

profit target). The Chief Financial Officer's bonus award was pro-rated for his 9.5 months tenure in the year under review.

Performance Share Plan (PSP) awards granted to Milan Patel on 21 December 2020 over 306,728 shares will partially vest (currently estimated to be between 25% to 35% of maximum potential) against the relative three-year total shareholder return and earnings per share targets. Full details of the actual performance against the targets and number of shares vesting will be set out in next year's Directors' Remuneration Report.

In respect of PSP awards granted in the year ended 30 June 2023, on 8 December 2022 the Chief Executive Officer was granted a PSP award over 600,379 shares while the Chief Finance Officer was granted an award over 276,490 PSP shares. These become exercisable subject to continued service and the Company's relative three-year total shareholder return and earnings per share in respect of the year ending 30 June 2025.

### Engagement with shareholders

During the 2022/23 financial year, we consulted with the major shareholders in relation to several aspects of executive remuneration for the year ahead.

### Outlook for 2024

The Committee remains committed to a fair and responsible approach to executive pay whilst ensuring it stays in line with best practice and appropriately incentivises Executive Directors over the longer term to deliver the Group's strategy.

In respect of operating the Remuneration Policy for the year ending 30 June 2024:

- Executive Director salary levels will remain unchanged (£380,000 for the Chief Executive Officer and £210,000 for the Chief Financial Officer)
- Pension provision will be capped at 5% of salary.
- No changes will be made to the Chairman's fee of £100,000 and Non-Executive Director fees will remain at £50,000.
- Annual bonus provision will remain capped at 125% of salary for the Chief Executive Officer and 100% of salary for the Chief Financial Officer with sliding scale equally weighted targets based on revenue and profit before tax;
- The Committee intends to grant Performance Share Plan (PSP) awards to the Chief Executive Officer and Chief Finance Officer during 2023 in accordance with the 2017 PSP with stretching three-year performance targets based on Total Shareholder Return and Earnings Per Share.

Finally, an annual review of the effectiveness of the Committee by both the Board and the Committee itself is underway and appropriate changes will be made as a result of feedback from the review.

On behalf of the Board



**Boris Huard**

Chairman of the Remuneration Committee  
7 November 2023

### Directors' remuneration policy

This section sets out the Directors' Remuneration Policy. The Remuneration Committee considers the remuneration policy annually to ensure that it continues to underpin the Group's strategy.

### Key principles

The main aim of the Group's policy is to align the interests of Executive Directors with the Group's growth strategy and long-term creation of shareholder value. The policy is designed to remunerate the Executive Directors competitively and appropriately and allows them to share in this success and the value delivered to shareholders. The policy is based on the following principles:

- Promote shareholder value creation and support the business growth strategy;
- Ensure that the interests of the Directors are aligned with the long-term interests of shareholders;
- Deliver a competitive level of pay for the Directors sufficient to attract, retain and motivate individuals; and
- Ensure that an appropriate proportion of the package is determined by targets linked to the Group's performance.

### Executive Directors' remuneration policy

| Component               | Purpose and link to strategy   | Operation  | Maximum  | Performance measure   |
|-------------------------|--|--|--|---|
| Base salary             | To provide a competitive base salary to attract, motivate and retain directors with the experience and capabilities to achieve the strategic aims. | Reviewed annually against salary surveys for market rate, Group performance, role and experience.  | No overall maximum has been set however they are reviewed in the wider context of the Group. | Not applicable  |
| Benefits                | To provide a market-competitive benefits package.  | Receive benefits in line with market practice, these include company car/allowance, private medical, income protection and death in service insurance.   | Set a level deemed appropriate by the Remuneration Committee.                                | Not applicable  |
| Pension                 | To provide an appropriate level of retirement benefit.   | Executive Directors are eligible to participate in the Group's pension plan.   | 5% of base salary.   | Not applicable  |
| Annual bonus            | To reward performance against annual targets which support the strategic direction of the Group.   | Awards are based on annual performance and are normally paid in cash.  | 125% of salary for CEO<br>100% of salary for CFO   | Sliding scale financial (e.g. revenue and/or profit) and/or personal/strategic targets          |
| PSP                     | To drive and reward the achievement of longer-term objectives, support retention and promote share ownership for Executive Directors.              | Awards can be made over conditional shares and/or nil cost or nominal cost share options. Vesting will be subject to the achievement of specified performance conditions, normally over a period of three years. Awards may be subject to malus provisions at the discretion of the Committee. | 150% of salary (or 450% of salary where end-to-end awards, rather than annual grants).       | Performance metrics will be linked to financial and/or share price and/or strategic performance |
| Shareholding guidelines | To promote share ownership for Executive Directors.  | Executive Directors are expected to build a shareholding in the Group over time.   | 200% of salary for the CEO and 100% of salary for other Executive Directors.                 | Not applicable  |

## Remuneration Committee report *continued*

### Explanation of performance measures

Performance measures are selected such that they align with the performance of the Group and the interests of shareholders. Stretching performance targets are set each year for the annual bonus and long-term incentive awards. When setting these performance targets, the Committee will consider several different reference points, which may include the Group's business plan and strategy and the economic environment.

The Committee retains the ability to adjust or set different performance measures if events occur which cause the Committee to determine that the measures are no longer appropriate, and that amendment is required so that they can achieve their original purpose. Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the PSP.

### Employee incentive schemes

The Company also operates a share option plan (CSOP). The Board considers the performance of staff in conjunction with the Group during the annual review process. Discretionary bonuses are awarded based on individual and Group performance.

### Non-Executive Directors' remuneration policy

The remuneration policy for the Non-Executive Directors is to pay fees necessary to attract an individual of the talent required, taking into consideration the size of the business and the time commitment of the role as follows:

| Approach to setting fees   | Basis of fees   | Other Items  |
|--|---|--|
| The fees of the Non-Executive Directors are agreed by the Chairman and Chief Executive. Fees are reviewed annually. Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director. | Fees may include a basic fee and additional fees for further responsibilities. Fees are paid in cash. | Non-Executive Directors do not receive any benefits or pension contributions. Travel and other reasonable expenses incurred in the course of performing their duties are reimbursed. |

### Details of current Executive Directors' contracts

The Executive Directors each entered a service contract with the Group. Each appointment runs for one year from that date but the appointment automatically renews thereafter. It is also terminable by six months' notice by either party to expire at the end of that year or at any time thereafter. The agreement contains restrictive covenants. Upon termination, no benefits (other than those accruing during the notice period) are due to the Director. The Executive Directors also retire at the AGM in rotation in accordance with the Company's Articles of Association.

### Statement of consideration of shareholder views

The Committee considers shareholder feedback received on remuneration matters, including issues raised at the AGM as well as any additional comments received during any other meetings with shareholders.

### Remuneration

The Directors' emoluments for the year ended 30 June 2023 were as per the following table. This information has been audited.

| Executive Directors | Salary/Fees<br>£'000 | Benefits<br>£'000 | Bonus<br>£'000 | Pension<br>£'000 | Share-based<br>payment*<br>£'000 | Total<br>£'000 | Number of<br>outstanding<br>options |
|---------------------|----------------------|-------------------|----------------|------------------|----------------------------------|----------------|-------------------------------------|
| A Gurney            | 166                  | 5                 | 110            | 3                | 24                               | 308            | 276,490                             |
| M Patel             | 380                  | 4                 | 318            | 19               | 224                              | 945            | 2,043,565                           |
|                     | <b>546</b>           | <b>9</b>          | <b>428</b>     | <b>22</b>        | <b>248</b>                       | <b>1,253</b>   | <b>2,320,055</b>                    |

| Non-Executive Directors | Salary/Fees<br>£'000 | Benefits<br>£'000 | Bonus<br>£'000 | Ex-gratia<br>£'000 | Pension<br>£'000 | Share-based<br>payment**<br>£'000 | Total<br>£'000 | Number of<br>outstanding<br>options |
|-------------------------|----------------------|-------------------|----------------|--------------------|------------------|-----------------------------------|----------------|-------------------------------------|
| B Huard                 | 50                   | –                 | –              | –                  | –                | –                                 | 50             | –                                   |
| J Conoley               | 100                  | –                 | –              | –                  | –                | –                                 | 100            | –                                   |
| M O'Leary               | 8                    | –                 | –              | –                  | –                | –                                 | 8              | –                                   |
| E Richards              | 50                   | –                 | –              | –                  | –                | –                                 | 50             | –                                   |
|                         | <b>208</b>           | <b>–</b>          | <b>–</b>       | <b>–</b>           | <b>–</b>         | <b>–</b>                          | <b>208</b>     | <b>–</b>                            |

\* The share-based payment calculation is based on annual share option awards granted to Milan Patel in 2020, 2021 and 2022 and Alistair Gurney in 2022 which are assessed for vesting in the third year of the performance period. Under IFRS 2 Share-based payments, the Group must provide an estimate for the costs based on the valuation model called Monte Carlo each year, as if they fully paid out at the end of the performance period in 2023, 2024 and 2025 respectively for Milan Patel and 2025 for Alistair Gurney. To be fully paid out, half the award is based on the Group achieving an annual compounded TSR in the upper quartile of AIM 100 and the other half is based on hitting an EPS target set by the Remuneration Committee.

The Directors' emoluments for the year ended 30 June 2022 were as per the following table. This information has been audited.

| Executive Directors | Salary/Fees<br>£'000 | Benefits<br>£'000 | Bonus<br>£'000 | Ex-gratia<br>£'000 | Pension<br>£'000 | Share-based<br>payment**<br>£'000 | Total<br>£'000 | Number of<br>outstanding<br>options |
|---------------------|----------------------|-------------------|----------------|--------------------|------------------|-----------------------------------|----------------|-------------------------------------|
| P Amin              | 153                  | 5                 | 52             | 213                | 8                | 50                                | 481            | 437,500                             |
| M Patel             | 350                  | 2                 | 179            | –                  | 18               | 126                               | 675            | 1,443,186                           |
|                     | <b>503</b>           | <b>7</b>          | <b>231</b>     | <b>213</b>         | <b>26</b>        | <b>176</b>                        | <b>1,156</b>   | <b>1,880,686</b>                    |

| Non-Executive Directors | Salary/Fees<br>£'000 | Benefits<br>£'000 | Bonus<br>£'000 | Ex-gratia<br>£'000 | Pension<br>£'000 | Share-based<br>payment**<br>£'000 | Total<br>£'000 | Number of<br>outstanding<br>options |
|-------------------------|----------------------|-------------------|----------------|--------------------|------------------|-----------------------------------|----------------|-------------------------------------|
| B Huard                 | 48                   | –                 | –              | –                  | –                | –                                 | 48             | –                                   |
| M O'Leary               | 100                  | –                 | –              | –                  | –                | –                                 | 100            | –                                   |
| E Richards              | 48                   | –                 | –              | –                  | –                | –                                 | 48             | –                                   |
|                         | <b>196</b>           | <b>–</b>          | <b>–</b>       | <b>–</b>           | <b>–</b>         | <b>–</b>                          | <b>196</b>     | <b>–</b>                            |

\*\* The share-based payment calculation was based on annual share option awards granted to Milan Patel in 2020 and 2021 which are assessed for vesting in the third year of the performance period. Paraag Amin had end-to-end awards, granted in October 2018, which vested fully in 2021 and were subject to a holding period. Under IFRS 2 Share-based payments, the Group must provide an estimate for the costs based on the valuation model called Monte Carlo each year, as if they fully paid out at the end of the performance period in 2023 and 2024 respectively for Milan Patel. To be fully paid out, half the award is based on the Group achieving an annual compounded TSR in the upper quartile of AIM 100 and the other half is based on hitting an EPS target set by the Remuneration Committee.

## Remuneration Committee report *continued*

### Directors' interests

The respective interests, all of which are beneficial, in the shares of the Company for the members of the Board at the year-end are stated below:

|            | No of shares held | % Holding   |
|------------|-------------------|-------------|
| M Patel    | 1,631,182         | 0.55        |
| B Huard    | 95,084            | 0.01        |
| E Richards | 42,669            | 0.01        |
| A Gurney   | 27,000            | 0.01        |
|            | <b>1,795,935</b>  | <b>0.58</b> |

### Directors' interest in share options

Under the Group's executive share option scheme, the following Directors have the right to acquire ordinary shares:

| Director | Grant date            | No. of share options granted | No. of share options vested | Option price (pence) | Date first exercisable | Expiry date |
|----------|-----------------------|------------------------------|-----------------------------|----------------------|------------------------|-------------|
| M Patel  | 19/12/17 <sup>1</sup> | 1,375,000                    | 935,000                     | 0.5                  | 18/12/22               | 18/12/27    |
| M Patel  | 21/12/20 <sup>2</sup> | 306,728                      | –                           | 0.5                  | 21/12/23               | 21/12/30    |
| M Patel  | 23/09/21 <sup>2</sup> | 201,458                      | –                           | 0.5                  | 23/09/24               | 23/09/31    |
| M Patel  | 28/09/22 <sup>2</sup> | 600,379                      | –                           | 0.5                  | 28/09/25               | 28/09/32    |
| A Gurney | 28/09/22 <sup>2</sup> | 276,490                      | –                           | 0.5                  | 28/09/25               | 28/09/32    |

<sup>1</sup> Awards vested on 18 December 2022 at 68% of the maximum based on absolute Total Shareholder Return targets.

<sup>2</sup> Vesting is based on sliding scale relative Total Shareholder Return targets (50% of awards) and Earnings Per Share targets (50% of awards) measured over three-years.

### Composition of the Remuneration Committee

For the period from 1 July 2022 to 30 June 2023, the Remuneration Committee comprised independent Non-Executive Directors, namely Boris Huard (Chairman), John Conoley and Elizabeth Richards.

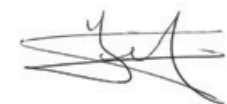
The Committee makes recommendations to the Board on Executive Directors' service agreements and remuneration. In doing so it has undertaken relevant research to ensure that remuneration levels are competitive with the industry average. The Committee met two times during the year. The Chief Executive attends meetings and provides information and support as requested. He is not present when his remuneration package is considered.

### Advisors

The Committee receives independent advice from FIT Remuneration Consultants LLP when required.

### Approval

This report was approved by the Board on 7 November 2023 and signed on its behalf by:



### Boris Huard

Chairman of Remuneration Committee

## Report of the Directors

The Directors present their report with the financial statements of the Company and the Group for the year ended 30 June 2023.

Information relating to principal risks and uncertainties, review of business, key performance indicators and future outlook is included within the Strategic report.

### Principal activity

The principal activity of the Group in the year under review was that of providing intuitive software as a service (SaaS) via an all-in-one customer experience and data platform (CXDP).

### Review of business

During the year the Group has shown stable growth from continuing operations in customer numbers, sales and profits. Continuing operations revenues grew from £62.8m in the year ended June 2022 to £69.2m for the year ended June 2023, an increase of 10%.

Adjusted profit before tax grew by 6% to 15.4m for the year ended June 2023 (2022: £14.5m).

### Dividends

The Board proposes a dividend payment of £3,049,840 comprising an ordinary dividend of 1.00p per ordinary share (2022: £2,924,613 ordinary dividend of 0.98p per ordinary share) to be distributed to shareholders in respect of the Group's reported performance.

The Board's dividend policy will be reviewed annually in line with the cash needs required for opportunities for growth to increase shareholder value and capital expenditure.

### Highest paid Director

The Companies Act 2006 requires certain disclosures about the remuneration of the highest paid Director, taking into account emoluments, gains on exercise of share options and amounts receivable under long-term incentive schemes. On this basis, the highest paid Director in the year was Milan Patel and details of his remuneration are disclosed in the Remuneration Committee Report and in Note 27.

### Strategic report

The Strategic report covers pages 2 to 31.

### Supplier payment policy

The Group's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. The average trade creditors for the Group, expressed as a number of days, were 29 days (2022: 35 days).

### Directors' interests

The Directors who served during the period and their beneficial interests in the shares of the Group, as recorded in the Register of Directors' interests at 30 June 2023, are as follows:

| Director   | 30.06.23              |                           | 30.06.22              |                           |
|------------|-----------------------|---------------------------|-----------------------|---------------------------|
|            | Number of shares held | Percentage shareholding % | Number of shares held | Percentage shareholding % |
| M Patel    | 1,631,182             | 0.55                      | 1,631,182             | 0.55                      |
| B Huard    | 95,084                | 0.01                      | 95,084                | 0.01                      |
| M O'Leary  | –                     | –                         | 50,000                | 0.01                      |
| E Richards | 42,669                | 0.01                      | 42,669                | 0.01                      |
| A Gurney   | 27,000                | 0.01                      | –                     | –                         |

The Directors who served during the period and their beneficial interests in share options in the Group, as recorded in the Register of Directors' interests as at 30 June 2023, are as follows:

| Director | 30.06.23<br>Number of options held | 30.06.22<br>Number of options held |
|----------|------------------------------------|------------------------------------|
| M Patel  | 2,043,565                          | 1,443,186                          |
| A Gurney | 276,490                            | –                                  |

The end-to-end awards granted to Milan Patel can only be exercised at the end of a three-year vesting period, based on challenging absolute total shareholder return performance targets. Under IFRS 2 Share-based payments, the Group must provide an estimate for the costs based on a Monte Carlo model valuation each year, as if they fully paid out at the end of the performance period in December 2020 to Milan. To fully vest, the Group must achieve an annual compounded TSR of 35% over a circa three-year period. In the previous two periods and in the period a grant was made by the remuneration committee under the long-term incentive program with performance measures that are based on the Company's total shareholder return and earnings per share in 2023, 2024 and 2025 respectively.

### Substantial interests

On 30 September 2023, the following parties had notified the Group of a beneficial interest that represents 3% or more of the Group's issued share capital at that date:

| Shareholder                        | Number of shares held | Percentage shareholding % |
|------------------------------------|-----------------------|---------------------------|
| Lion Trust Asset Management        | 52,956,375            | 17.34                     |
| Tink Taylor, Founder and President | 29,776,667            | 9.75                      |
| Octopus Investments                | 26,541,746            | 8.69                      |
| Slater Investments                 | 15,741,642            | 5.15                      |

### Future outlook

The Group provides an all-in-one customer experience and data platform (CXDP). This area has shown market growth significantly above that of the UK economy. The Board believes that our widespread brand recognition and strong product will continue to present opportunities to expand and diversify profitability in the coming year.

### Directors

The Directors shown below have held office during the whole of the period from 1 July 2022 to the date of this report.

J Conoley (appointed 5 July 2022)  
A Gurney (appointed 19 September 2022)  
B Huard  
M O'Leary (resigned 5 July 2022)  
M Patel  
E Richards

### Indemnity of officers

The Group purchases directors' and officers' insurance against their costs in defending themselves in legal proceedings taken against them in that capacity, and in respect of damages resulting from the unsuccessful defence of any proceedings.

### Financial instruments

Details of the Group's risk management objectives and policies together with its exposure to financial risk are set out in note 22 to the financial statements.

## Report of the Directors continued

The purpose of the policies is to ensure that adequate cost-effective funding is available to the Group and exposure to financial risk – interest rate, liquidity and credit risk is minimised.

### Product development

In the markets in which the Group operates, effective development is vital to maintaining competitive advantage and securing future income streams.

### Going concern

After making appropriate enquiries, the Directors consider that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### Events after the reporting period

On 11 September 2023 the Company announced the acquisition of Fresh Relevance Limited, a vendor of cross-channel personalisation technology. The total consideration was £25 million with circa £18.9 million being satisfied in cash and circa £6.1 million by issue of 6,862,683 new ordinary shares in Dotdigital Group Plc. For further details see note 33.

### Listing

The Group's ordinary shares have been traded on the London Stock Exchange Alternative Investment Market (AIM) since 29 March 2011. Canaccord Genuity are the Group's nominated advisor and together with FinnCap and Singer are the joint brokers. The closing mid-market share price at 30 June 2023 was 84.6p (2022: 69.6p).

### Related party transactions

Disclosures relating to related party transactions are set out in note 27 to the Consolidated financial statements.

### Charitable and political donations

No political donations were made by the Company.

Charitable donations made by the Group in the year were £17,902 (FY22: £10,903).

### Employees

The number of employees and their remuneration is set out in note 4.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Group complies with all applicable labour laws in the respective jurisdictions in which it operates

### Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted

International Accounting Standards as adopted by the UK. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether the Group and Parent Company financial statements have been prepared in accordance with IFRS as adopted by the UK subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

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

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

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

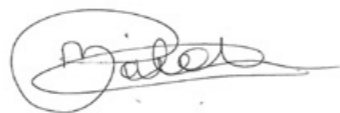
### Statement as to disclosure of information to Auditor

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

### Auditors

Moore Kingston Smith LLP were appointed as auditors on 11 May 2021 and, having expressed their willingness to continue in office, will be proposed for reappointment at the forthcoming Annual General Meeting in accordance with section 489 of the Companies Act 2006.

The Directors' report was authorised for issue by the Board of directors on 7 November 2023 and was signed on its behalf by:



**Milan Patel**  
Chief Executive Director  
7 November 2023

## Report of the independent auditor

### Opinion

We have audited the financial statements of Dotdigital Group Plc (the 'parent company' and its subsidiaries (the 'Group') for the year ended 30 June 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2023 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- The parent company financial statements have been properly prepared in accordance with UK adopted accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement. The components of the Group were evaluated by the Group audit team based on a measure of materiality, considering each component as a percentage of the Group's total assets, current assets, revenue, and gross profit, which allowed the Group audit team to assess the significance of each component and determine the planned audit response.

For those components that were evaluated as significant components, either a full scope or specified audit approach was determined based on their relative materiality to the Group and our assessment of the audit risk. For significant components requiring a full scope approach, we evaluated controls by performing walkthroughs over the financial reporting systems identified as part of our risk assessment, reviewed the accounts production process, and addressed critical accounting matters. We then undertook substantive testing on significant transactions and material account balances.

In order to address the audit risks identified during our planning procedures, we performed a full scope audit of the financial statements of the parent company and of the financial information of Dotdigital EMEA Limited. We performed specific targeted audit procedures, including analytical review, over the other components listed in note 15 of the financial statements. All work was carried out by the Group audit team.

### Key audit matters

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



## Report of the independent auditor continued

### Key audit matters continued

| Key audit matters   | How our scope addressed this matter  |
|---|--|
| <p><b>Incorrect revenue recognition</b></p> <p>Revenue is a significant item in the consolidated income statement and impacts a number of management's key judgements, performance indicators and key strategic indicators.</p> <p>The Group generated revenue of £69,228,000 in the financial year ended 30 June 2023 (2022: £62,832,000) (Note 3).</p> <p>There is a risk of incorrect revenue recognition due to fraud or error, arising from:</p> <ul style="list-style-type: none"> <li>Recognition of revenue in the wrong period;</li> <li>Revenue not being recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'; and</li> <li>Manipulation of revenues around the year-end through management override of internal controls.</li> </ul> <p>We therefore identified incorrect revenue recognition as a key audit matter.</p> | <p>Our audit work included, but was not restricted to:</p> <p>Evaluating and critically assessing the Group's revenue recognition accounting policy to determine whether it was in compliance with IFRS 15.</p> <p>Performing tests of detail on a sample of individual revenue transactions throughout the year across the significant revenue streams to evaluate whether revenue was recognised in accordance with the contract terms, the accounting policy and IFRS 15, having considered the principles of IFRS 15 and the commercial substance of the contracts.</p> <p>Testing of certain controls including automated controls identified in relation to revenue.</p> <p>Substantive testing procedures included agreeing revenue transactions selected for testing through to supporting evidence including sales invoice, contracts, and cash receipts.</p> <p>Reviewing material credit notes, invoices, and receipts post year end to ensure they were recorded in the correct accounting period.</p> <p>Performing sales cut off tests to ensure revenue had been recognised in the correct accounting period.</p> <p>Testing accrued and deferred revenue to ensure that items included within these balances had been recognised correctly.</p> <p>In addition, we reviewed the adequacy of the disclosures in the financial statements in accordance with the requirements of IFRS 15.</p> <p><b>Key observations</b></p> <p>From our audit testing, we did not identify any material misstatements of revenue.</p> |

### Valuation of intangible assets and goodwill

|   |   |
|---|---|
| <p>The directors are required to make an assessment to determine whether there are impairment indicators relating to the Group's intangible assets and goodwill.</p> <p>The Group had intangible assets with a net book value of £19,860,000 as at 30 June 2023 (30 June 2022: £17,698,000). (Note 13)</p> <p>The Group had goodwill with a net book value of £9,680,000 as at 30 June 2023 (30 June 2022: £9,680,000). (Note 12)</p> <p>The process for assessing whether impairment exists under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex. The process of determining the value in use, through forecasting cash flows related to each asset and the determination of the appropriate discount rate and other assumptions to be applied, can be highly judgemental and can significantly impact the results of the impairment review.</p> <p>Based on the judgemental nature of an impairment review, we identified impairment of intangible assets and goodwill as a key audit matter.</p> | <p>Our audit work included, but was not restricted to:</p> <p>Obtaining management's analysis of their assessment of whether there were any indicators of impairment.</p> <p>Critically assessing the impairment review performed by management. This included considering the life cycle, public perception through the share price of the company and the fair value of intangible assets held by the Group.</p> <p>Critically assessing the key assumptions used in the impairment workings and performing sensitivity analysis through changing the assumptions and re-running the cash flow forecast.</p> <p>Evaluating the accounting policy and detailed disclosures to determine whether the information provided in the financial statements is compliant with the requirements of IAS 36 and consistent with the results of the impairment review.</p> <p>Considering the appropriateness of the amortisation policy for intangible assets.</p> <p>Critically assessing management's identification of continuing Cash Generating Units (CGUs).</p> <p><b>Key observations</b></p> <p>Based on our audit work, we concluded that the intangible assets and goodwill held by the Group are not materially misstated at the reporting date and that management's impairment assessment and reassessment of the useful economic life of intangible assets is appropriate.</p> <p>The analysis undertaken by the directors shows that the Group is expected to remain cash generative and profitable based on their technology. We have obtained an understanding of and critically assessed the methodology used by the directors in performing this analysis and determined it to be appropriate.</p> |
|---|---|

| Key audit matters  | How our scope addressed this matter   |
|--|---|
| <p><b>Capitalisation and valuation of development costs</b></p> <p>During the year, the Group capitalised development costs of £8,729,000 (2022: £7,599,000) within an internally generated development asset (note 13). These capitalised costs are being amortised over five years. The development cost additions represent resources the Group has invested in for the development of new innovative technology products for marketing professionals.</p> <p>There is a significant degree of judgement and subjectivity involved in assessing whether the internally generated intangible asset qualifies for capitalisation in accordance with the requirements of IAS 38. We have therefore identified the capitalisation of development costs as a key audit matter.</p> | <p>Our approach was focused on ensuring that the costs capitalised as development costs met the criteria for capitalisation of internally generated intangible assets and were directly attributable to the development of the asset in line with IAS 38. Our audit work included, but was not restricted to:</p> <p>Using substantive testing to select a sample of projects to ensure that they relate to development costs by review of timesheet data and employee contracts, undertaking focused discussions with project leads and agreeing to other supporting documentation where relevant.</p> <p>Performing a critical assessment of whether any projects which have been capitalised have had a research phase that can be considered separate from the development phase. This included selecting a sample of staff time on spent projects to identify any costs which should not have been capitalised.</p> <p>Performing substantive analytical review on internal staff costs capitalised by agreeing to payroll reports for the development employees.</p> <p>Testing a sample of 3rd party development costs to supporting documentation.</p> <p>Considering whether certain administrative overhead expenditure which had been capitalised was directly attributable to the development of the asset.</p> <p>The Research &amp; Development claim report prepared by Empower RD was critically assessed and compared to the costs capitalised in the year.</p> <p>We have scrutinised expenses incurred during the year to ensure amounts charged off should not have been capitalised.</p> <p>We also reviewed the client's accounting policy to ensure that it is consistent with IAS 38.</p> <p><b>Key observations</b></p> <p>Based on our audit work, we concluded that the development costs have been capitalised in accordance with the requirements of IAS 38.</p> |

### Impairment of investments

|  |  |
|--|--|
| <p>The directors are required to make an assessment to determine whether the carrying value of the parent Company's investments in subsidiaries is recoverable.</p> <p>The Company had investments in subsidiaries of £19,047,000 as at 30 June 2023 (30 June 2022: £18,362,000) (Note 15).</p> <p>The process for assessing whether impairment exists under International Financial Reporting Standard (IFRS) is complex. The process of determining the value in use through forecasting cash flows and the determination of the appropriate discount rate and other assumptions to be applied can be highly judgemental and can significantly impact the results of the impairment review.</p> <p>Due to the complex nature of this process, we identified impairment of investments as a key audit matter.</p> | <p>Our audit work included, but was not restricted to:</p> <p>Obtaining management's cash flow forecasts utilised in management's impairment assessment and critically assessing these. This included:</p> <p>Reviewing the board minutes and holding discussions with management to understand the strategy for the subsidiaries and expectations going forward.</p> <p>Challenging management's assumptions utilised in the impairment models, including cash flow forecasts, growth rates and discount rates.</p> <p>Performing a sensitivity analysis to check whether management's forecasts would leave positive headroom if the assumptions of values increased or decreased.</p> <p>Comparing the calculated value in use for the investments to the carrying value of each subsidiaries' net assets to check that they are not impaired.</p> <p>Evaluating the accounting policy and detailed disclosures in the financial statements to check whether information provided in the financial statements is compliant with the requirements of IFRS and consistent with the results of the impairment review.</p> <p><b>Key observations</b></p> <p>Based on our audit work, we concluded that the carrying value of the Company's investments is not materially misstated at year-end and that management's impairment assessment is appropriate.</p> |
|--|--|

## Report of the independent auditor continued

### Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing, and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the Group, we considered revenue to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined overall materiality for the Group to be £692,280, based on one percent of revenue.

Due to the nature of the Parent company, we considered gross assets to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined overall materiality for the parent Company to be £195,302, based on one percent of gross assets.

On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e., our tolerance for misstatement in an individual account or balance) for the Group and parent company was 50% of overall materiality, namely £346,140 and £97,651 respectively.

We agreed to report to the Audit Committee all audit differences in excess of £34,614 for the Group and £9,765 for the parent company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included a critical assessment of the detailed cash flow projections prepared by the directors which are based on their current expectations of trading prospects and obtaining an understanding of all relevant uncertainties, including those arising as a result of increased cost of living and the energy crisis. We evaluated management's forecasting accuracy based on historical budgets versus actual performance.

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

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the remuneration committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements and the part of the remuneration committee report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 44, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the FRC's website at <https://www.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for>

This description forms part of our auditor's report.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

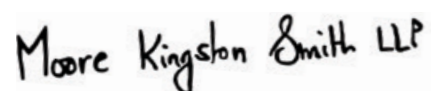
Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK adopted international accounting standards, the rules of the Alternative Investment Market, and UK taxation legislation.
- We obtained an understanding of how the Group and parent company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

**Report of the independent auditor** continued**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.


**Mital Shah**

Senior Statutory Auditor  
For and on behalf of

Moore Kingston Smith LLP

Chartered Accountants

Statutory Auditor

6th Floor

9 Appold Street

London

EC2A 2AP

7 November 2023

# FINANCIAL STATEMENTS

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## Consolidated income statement

For the year ended 30 June 2023

|   | Notes | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|---|-------|-------------------|-------------------|
| <b>Continuing operations</b>  |       |                   |                   |
| Revenue from contracts with customers   | 3     | 69,228            | 62,832            |
| Cost of sales   | 7     | (14,351)          | (11,570)          |
| <b>Gross profit</b>   |       | <b>54,877</b>     | <b>51,262</b>     |
| Administrative expenses   | 7     | (40,359)          | (36,726)          |
| <b>Operating profit from continuing operations pre share-based payments and exceptional costs</b> |       | <b>14,518</b>     | <b>14,536</b>     |
| Share-based payments  | 29    | (736)             | (456)             |
| Exceptional costs   | 5     | (234)             | (475)             |
| <b>Operating profit from continuing operations</b>  |       | <b>13,548</b>     | <b>13,605</b>     |
| Finance costs   | 6     | (57)              | (57)              |
| Finance income  | 6     | 895               | 57                |
| <b>Profit before income tax from continuing operations</b>  | 7     | <b>14,386</b>     | <b>13,605</b>     |
| Income tax expense  | 8     | (1,791)           | (1,774)           |
| <b>Profit for the year from continuing operations</b>   |       | <b>12,595</b>     | <b>11,831</b>     |
| <b>Profit for the period attributable to the owners of the Company</b>                            |       | <b>12,595</b>     | <b>11,831</b>     |
| <b>Earnings per share from all operations (pence per share)</b>                                   |       |                   |                   |
| Basic   | 11    | 4.21              | 3.96              |
| Diluted   | 11    | 4.11              | 3.88              |
| Adjusted Basic  | 11    | 4.53              | 4.27              |
| Adjusted Diluted  | 11    | 4.43              | 4.18              |

## Consolidated statement of comprehensive income

For the year ended 30 June 2023

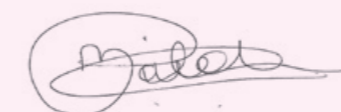
|   | Notes | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|---|-------|-------------------|-------------------|
| <b>Profit for the year</b>  |       | <b>12,595</b>     | <b>11,831</b>     |
| <b>Other comprehensive income</b>   |       |                   |                   |
| Items that may be subsequently reclassified to profit or loss:              |       |                   |                   |
| Exchange differences on translating foreign operations                      |       | (38)              | 333               |
| <b>Total comprehensive income attributable to:<br/>Owners of the parent</b> |       | <b>12,557</b>     | <b>12,164</b>     |
| <b>Total comprehensive income for the year</b>                              |       |                   |                   |
| Comprehensive income from continuing operations                             |       | 12,557            | 12,164            |

## Consolidated statement of financial position

For the year ended 30 June 2023

|  | Notes | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|--|-------|-------------------|-------------------|
| <b>Assets</b>  |       |                   |                   |
| <b>Non-current assets</b>                              |       |                   |                   |
| Goodwill   | 12    | 9,680             | 9,680             |
| Intangible assets                                      | 13    | 19,860            | 17,698            |
| Property, plant and equipment                          | 14    | 2,696             | 3,285             |
|  |       | <b>32,236</b>     | <b>30,663</b>     |
| <b>Current assets</b>                                  |       |                   |                   |
| Trade and other receivables                            | 16    | 15,261            | 13,211            |
| Cash and cash equivalents                              | 17    | 52,676            | 43,919            |
|  |       | 67,937            | 57,130            |
| <b>Total assets</b>                                    |       | <b>100,173</b>    | <b>87,793</b>     |
| <b>Equity attributable to the owners of the parent</b> |       |                   |                   |
| Called up share capital                                | 18    | 1,496             | 1,496             |
| Share premium  | 19    | 7,124             | 7,124             |
| Reverse acquisition reserve                            | 19    | (4,695)           | (4,695)           |
| Other reserves   | 19    | 2,591             | 2,005             |
| Retranslation reserve                                  | 19    | 258               | 296               |
| Retained earnings                                      | 19    | 73,536            | 63,582            |
| <b>Total equity</b>                                    |       | <b>80,310</b>     | <b>69,808</b>     |
| <b>Liabilities</b>                                     |       |                   |                   |
| <b>Non-current liabilities</b>                         |       |                   |                   |
| Lease liabilities                                      | 21    | 1,321             | 1,758             |
| Deferred tax   | 24    | 2,644             | 2,755             |
|  |       | <b>3,965</b>      | <b>4,513</b>      |
| <b>Current liabilities</b>                             |       |                   |                   |
| Trade and other payables                               | 20    | 14,629            | 12,654            |
| Financial liabilities – Lease liabilities              | 21    | 823               | 818               |
| Current tax payable                                    |       | 446               | –                 |
|  |       | <b>15,898</b>     | <b>13,472</b>     |
| <b>Total liabilities</b>                               |       | <b>19,863</b>     | <b>17,985</b>     |
| <b>Total equity and liabilities</b>                    |       | <b>100,173</b>    | <b>87,793</b>     |

The financial statements were approved and authorised for issue by the Board of Directors on 7 November 2023 and were signed on its behalf by:



**Milan Patel**

Director

Company registration number: 06289659 (England and Wales)

## Company statement of financial position

For the year ended 30 June 2023

|  | Notes | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|--|-------|-------------------|-------------------|
| <b>Assets</b>  |       |                   |                   |
| <b>Non-current assets</b>                              |       |                   |                   |
| Property, plant and equipment                          | 14    | 9                 | 7                 |
| Investments  | 15    | 19,047            | 18,362            |
|  |       | <b>19,056</b>     | <b>18,369</b>     |
| <b>Current assets</b>                                  |       |                   |                   |
| Trade and other receivables                            | 16    | 2,939             | 1,545             |
| Cash and cash equivalents                              | 17    | 396               | 163               |
|  |       | <b>3,335</b>      | <b>1,708</b>      |
| <b>Total assets</b>                                    |       | <b>22,391</b>     | <b>20,077</b>     |
| <b>Equity attributable to the owners of the parent</b> |       |                   |                   |
| Called up share capital                                | 18    | 1,496             | 1,496             |
| Share premium  | 19    | 7,124             | 7,124             |
| Other reserves   | 19    | 2,600             | 1,915             |
| Retained earnings                                      | 19    | 10,969            | 9,400             |
| <b>Total equity</b>                                    |       | <b>22,189</b>     | <b>19,935</b>     |
| <b>Liabilities</b>                                     |       |                   |                   |
| <b>Current liabilities</b>                             |       |                   |                   |
| Trade and other payables                               | 20    | 202               | 142               |
| <b>Total liabilities</b>                               |       | <b>202</b>        | <b>142</b>        |
| <b>Total equity and liabilities</b>                    |       | <b>22,391</b>     | <b>20,077</b>     |

As permitted by section 408 of the Companies Act 2006, the Parent Company's income statement has not been included in these financial statements. The profit for the Company was £4,459,042 (2022: £4,163,416).

The financial statements were approved and authorised for issue by the Board of Directors on 7 November 2023 and were signed on its behalf by:



**Milan Patel**

Director

Company registration number: 06289659 (England and Wales)

## Consolidated statement of changes in equity

For the year ended 30 June 2023

|                                   | Called up<br>share capital<br>£'000 | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Retranslation<br>reserve<br>£'000 | Reverse<br>acquisition<br>reserve<br>£'000 | Other<br>reserves<br>£'000 | Total<br>equity<br>£'000 |
|-----------------------------------|-------------------------------------|-------------------------------|---------------------------|-----------------------------------|--|----------------------------|--------------------------|
| <b>Balance at 1 July 2021</b>     | <b>1,494</b>                        | <b>54,081</b>                 | <b>7,124</b>              | <b>(37)</b>                       | <b>(4,695)</b>                             | <b>3,066</b>               | <b>61,033</b>            |
| <b>Transactions with owners</b>   |                                     |                               |                           |                                   |  |                            |                          |
| Issue of share capital            | 2                                   | -                             | -                         | -                                 | -  | -                          | 2                        |
| Dividends                         | -                                   | (2,564)                       | -                         | -                                 | -  | -                          | (2,564)                  |
| Transfer in reserves              | -                                   | 234                           | -                         | -                                 | -  | (234)                      | -                        |
| Deferred tax on share options     | -                                   | -                             | -                         | -                                 | -  | (1,283)                    | (1,283)                  |
| Share-based payments              | -                                   | -                             | -                         | -                                 | -  | 456                        | 456                      |
| Transactions with owners          | 2                                   | (2,330)                       | -                         | -                                 | -  | (1,061)                    | (3,389)                  |
| <b>Total comprehensive income</b> |                                     |                               |                           |                                   |  |                            |                          |
| Profit for the year               | -                                   | 11,831                        | -                         | -                                 | -  | -                          | 11,831                   |
| Other comprehensive income        | -                                   | -                             | -                         | 333                               | -  | -                          | 333                      |
| Total comprehensive income        | -                                   | 11,831                        | -                         | 333                               | -  | -                          | 12,164                   |
| <b>Balance as at 30 June 2022</b> | <b>1,496</b>                        | <b>63,582</b>                 | <b>7,124</b>              | <b>296</b>                        | <b>(4,695)</b>                             | <b>2,005</b>               | <b>69,808</b>            |
| <b>Balance as at 1 July 2022</b>  | <b>1,496</b>                        | <b>63,582</b>                 | <b>7,124</b>              | <b>296</b>                        | <b>(4,695)</b>                             | <b>2,005</b>               | <b>69,808</b>            |
| Issue of share capital            | -                                   | -                             | -                         | -                                 | -  | -                          | -                        |
| Dividends                         | -                                   | (2,926)                       | -                         | -                                 | -  | -                          | (2,926)                  |
| Transfer in reserves              | -                                   | 285                           | -                         | -                                 | -  | (285)                      | -                        |
| Deferred tax on share options     | -                                   | -                             | -                         | -                                 | -  | 150                        | 150                      |
| Share-based payments              | -                                   | -                             | -                         | -                                 | -  | 721                        | 721                      |
| Transactions with owners          | -                                   | (2,641)                       | -                         | -                                 | -  | 586                        | (2,055)                  |
| Profit for the year               | -                                   | 12,595                        | -                         | -                                 | -  | -                          | 12,595                   |
| Other comprehensive income        | -                                   | -                             | -                         | (38)                              | -  | -                          | (38)                     |
| Total comprehensive income        | -                                   | 12,595                        | -                         | (38)                              | -  | -                          | 12,557                   |
| <b>Balance as at 30 June 2023</b> | <b>1,496</b>                        | <b>73,536</b>                 | <b>7,124</b>              | <b>258</b>                        | <b>(4,695)</b>                             | <b>2,591</b>               | <b>80,310</b>            |

Share capital is the amount subscribed for shares at nominal value.

Retained earnings represents the cumulative earnings of the Group attributable to equity shareholders.

Share premium represents the excess of the amount subscribed for share capital over the nominal value net of the share issue expenses.

Retranslation reserve relates to the retranslation of foreign subsidiaries into the functional currency of the Group.

The reverse acquisition reserve relates to the adjustment required to account for the reverse acquisition in accordance with UK Adopted International Accounting Standards.

Other reserves relate to the charge for the share-based payment in accordance with IFRS 2 and the transfer on the exercise or lapsing of share options.

## Company statement of changes in equity

For the year ended 30 June 2023

|  | Called up<br>share capital<br>£'000 | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Other<br>reserves<br>£'000 | Total<br>equity<br>£'000 |
|--|-------------------------------------|-------------------------------|---------------------------|----------------------------|--------------------------|
| <b>Balance as at 1 July 2021</b>           | <b>1,494</b>                        | <b>7,570</b>                  | <b>7,124</b>              | <b>1,690</b>               | <b>17,878</b>            |
| <b>Transactions with owners (restated)</b> |                                     |                               |                           |                            |                          |
| Issue of share capital                     | 2                                   | –                             | –                         | –                          | 2                        |
| Dividends                                  | –                                   | (2,564)                       | –                         | –                          | (2,564)                  |
| Transfer in reserves                       | –                                   | 231                           | –                         | (231)                      | –                        |
| Share-based payments                       | –                                   | –                             | –                         | 456                        | 456                      |
| Transactions with owners                   | 2                                   | (2,333)                       | –                         | 225                        | (2,106)                  |
| <b>Total comprehensive income</b>          |                                     |                               |                           |                            |                          |
| Profit for the year                        | –                                   | 4,163                         | –                         | –                          | 4,163                    |
| Total comprehensive income (restated)      | –                                   | 4,163                         | –                         | –                          | 4,163                    |
| <b>Balance as at 30 June 2022</b>          | <b>1,496</b>                        | <b>9,400</b>                  | <b>7,124</b>              | <b>1,915</b>               | <b>19,935</b>            |
| <b>Balance as at 1 July 2022</b>           | <b>1,496</b>                        | <b>9,400</b>                  | <b>7,124</b>              | <b>1,915</b>               | <b>19,935</b>            |
| Issue of share capital                     | –                                   | –                             | –                         | –                          | –                        |
| Dividends                                  | –                                   | (2,926)                       | –                         | –                          | (2,926)                  |
| Transfer in reserves                       | –                                   | 36                            | –                         | (36)                       | –                        |
| Share-based payments                       | –                                   | –                             | –                         | 721                        | 721                      |
| Transactions with owners                   | –                                   | (2,890)                       | –                         | 685                        | (2,205)                  |
| Profit for the year                        | –                                   | 4,459                         | –                         | –                          | 4,459                    |
| Total comprehensive income                 | –                                   | 4,459                         | –                         | –                          | 4,459                    |
| <b>Balance as at 30 June 2023</b>          | <b>1,496</b>                        | <b>10,969</b>                 | <b>7,124</b>              | <b>2,600</b>               | <b>22,189</b>            |

Share capital is the amount subscribed for shares at nominal value.

Retained earnings represents the cumulative earnings of the Company attributable to equity shareholders.

Share premium represents the excess of the amount subscribed for share capital over the nominal value net of the share issue expenses.

Other reserves relate to the charge for the share-based payment in accordance with IFRS 2 and transfer on the exercise or lapsing of share options.

## Consolidated statement of cash flows

For the year ended 30 June 2023

|   | Notes     | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|---|-----------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>         |           |                   |                   |
| Cash generated from operations                      | 30        | 21,928            | 25,162            |
| Tax paid  |           | (1,119)           | (1,761)           |
| <b>Net cash generated from operating activities</b> |           | <b>20,809</b>     | <b>23,401</b>     |
| <b>Cash flows from investing activities</b>         |           |                   |                   |
| Purchase of intangible fixed assets                 | 13        | (8,760)           | (7,686)           |
| Purchase of property, plant and equipment           | 14        | (306)             | (465)             |
| Interest received                                   |           | 895               | 57                |
| <b>Net cash flows used in investing activities</b>  |           | <b>(8,171)</b>    | <b>(8,094)</b>    |
| <b>Cash flows from financing activities</b>         |           |                   |                   |
| Equity dividends paid                               |           | (2,926)           | (2,564)           |
| Payment of lease liabilities                        |           | (917)             | (1,110)           |
| Proceeds from share issues                          |           | –                 | 2                 |
| <b>Net cash flows used in financing activities</b>  |           | <b>(3,843)</b>    | <b>(3,672)</b>    |
| <b>Increase in cash and cash equivalents</b>        |           | <b>8,795</b>      | <b>11,635</b>     |
| Cash and cash equivalents at beginning of year      | 31        | 43,919            | 31,951            |
| Effect of foreign exchange rate changes             |           | (38)              | 333               |
| <b>Cash and cash equivalents at end of year</b>     | <b>31</b> | <b>52,676</b>     | <b>43,919</b>     |

## Company statement of cash flows

For the year ended 30 June 2023

|   | Notes     | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|---|-----------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>         |           |                   |                   |
| Cash generated from operations                      | 30        | 3,165             | 2,645             |
| <b>Net cash generated from operating activities</b> |           | <b>3,165</b>      | <b>2,645</b>      |
| <b>Cash used in investing activities</b>            |           |                   |                   |
| Purchase of property, plant and equipment           | 14        | (6)               | (5)               |
| <b>Net cash flows used in investing activities</b>  |           | <b>(6)</b>        | <b>(5)</b>        |
| <b>Cash flows from financing activities</b>         |           |                   |                   |
| Equity dividends paid                               |           | (2,926)           | (2,564)           |
| Proceeds from share issues                          |           | –                 | 2                 |
| <b>Net cash flows used in financing activities</b>  |           | <b>(2,926)</b>    | <b>(2,562)</b>    |
| <b>Increase in cash and cash equivalents</b>        |           | <b>233</b>        | <b>78</b>         |
| Cash and cash equivalents at beginning of year      | 31        | 163               | 85                |
| <b>Cash and cash equivalents at end of year</b>     | <b>31</b> | <b>396</b>        | <b>163</b>        |

## Notes to the consolidated financial statements

For the year ended 30 June 2023

### 1. General information

Dotdigital Group Plc ("Dotdigital") is a public limited company incorporated in England and Wales and quoted on the AIM Market. The address of the registered office is disclosed on the inside back cover of the financial statements. The principal activity of the Group is described on page 43.

### 2. Accounting policies

#### Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards as adopted by the UK (IASs as adopted by the UK) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations as endorsed for use in the UK. The financial statements have also been prepared under the historical cost convention, with the exception of the valuation of the valuation of investments, financial liabilities and initial valuation of assets and liabilities acquired in business combinations which are included on a fair value basis, and in accordance with those parts of Companies Act 2006 applicable to companies reporting under UK adopted International Accounting Standards.

The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and the IFRS Interpretations Committee effective at the time of preparing the consolidated financial statements.

#### New and amended standards adopted by the Company

The Group adopted the following new and amended relevant IFRS in the year:

Annual Improvements to IFRS Standards 2018-2020

IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

IFRS 3 Reference to the Conceptual Framework

The adoption of these accounting standards did not have any effect on the Group's Statement of Comprehensive Income, Statement of Financial Position or equity.

#### Accounting standards issued but not yet effective

The International Accounting Standards Board ("IASB") has issued/revised a number of relevant standards with an effective date after the date of these financial statements. Any standards that are not deemed relevant to the operations of the Group have been excluded. The Directors have chosen not to early adopt these standards and interpretations and they do not anticipate that they would have a material impact on the Group's financial statements in the period of initial application.

|                                     |   | Effective date |
|-------------------------------------|---|----------------|
| IAS 1 and IFRS Practice Statement 2 | Presentation of Financial Statements – <i>amendments regarding the disclosure of accounting policies</i>                    | 1 January 2023 |
| IAS 8                               | Accounting Policies, Changes in Accounting Estimates – <i>amendments regarding the definition of accounting estimates</i>   | 1 January 2023 |
| IAS 12                              | Income Taxes – <i>amendments regarding deferred tax related to assets and liabilities arising from a single transaction</i> | 1 January 2023 |

|         |   |                |
|---------|---|----------------|
| IAS 12  | International Tax Reform – <i>Pillar Two Model Rules</i>  | 1 January 2024 |
| IFRS 16 | <i>Leases – amendments regarding Lease Liability in a Sale and Leaseback</i>  | 1 January 2024 |
| IAS 1   | Presentation of Financial Statements – <i>amendments regarding the classification of liabilities as current or non-current and Non-current Liabilities with Covenants</i> | 1 January 2024 |

The financial statements are presented in sterling (£), rounded to the nearest thousand pounds.

#### Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

#### Basis of consolidation

In the period ended 2009, the Company acquired via a share for share exchange the entire issued share capital of Dotdigital EMEA Limited, whose principal activity is that of providing intuitive software as a service (SaaS) via an all-in-one customer experience and data platform (CXDP).

Under IFRS 3 'Business combinations', the Dotdigital EMEA Limited share exchange has been accounted for as a reverse acquisition. Although these consolidated financial statements have been issued in the name of the legal parent, the Company it represents in substance is a continuation of the financial information of the legal subsidiary, Dotdigital EMEA Limited. The following accounting treatment has been applied in respect of the reverse acquisition:

- The assets and liabilities of the legal subsidiary, Dotdigital EMEA Limited, are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts, without restatement to their fair value;
- The retained reserves recognised in the consolidated financial statements for the beginning of the prior period reflect the retained reserves of Dotdigital EMEA Limited to 30 April 2008. However, in accordance with IFRS 3 'Business combinations', the equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent Dotdigital Group Plc, including the equity instruments issued under the share exchange to effect the business combination;
- A reverse acquisition reserve has been created to enable the presentation of a consolidated balance sheet which combines the equity structure of the legal parent with the non-statutory reserves of the legal subsidiary and;
- Comparative numbers are prepared on the same basis.

The following accounting treatment has been applied in respect of the acquisition of Dotdigital Group Plc:

- The assets and liabilities of Dotdigital Group Plc are recognised and measured in the consolidated financial statements at their fair value at the date of acquisition and;
- The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets

acquired and liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

#### Subsidiaries

A subsidiary is an entity whose operating and financing policies are controlled by the Group. Subsidiaries are consolidated from the date on which control was transferred to the Group. Subsidiaries cease to be consolidated from the date the Group no longer has control. Intercompany transactions, balances and unrealised gains on transactions between Group companies have been eliminated on consolidation.

The Group applies the acquisition method to account for business combinations. In the statement of financial position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date.

As a result of applying reverse acquisition accounting since 30 January 2009, the consolidated IFRS financial information of Dotdigital Group Plc is a continuation of the financial information of Dotdigital EMEA Limited.

#### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of value added tax returns, rebates and discounts after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group sells omnichannel marketing services to other businesses, and services are either provided on a usage basis or fixed price bespoke contract. All revenue is from contracts signed with new customers and upgrades and additional functional recurring revenue sold to existing contracted clients. Revenue from contracts is recognised under percentage of completion method based on a percentage of services performed to date as a percentage of the total services to be performed.

**Professional services at no charge:** The Group sells professional services to its customers and there are occasions when these services are provided at no cost as part of the contract sold. The services provided for no charge are recognised at the price stated within the latest price list and accounted for as separate performance obligations when the service occurs. The amount allocated to the services is deducted from the contract value and the remainder of the contract value is spread evenly over the term of the contract.

**Prepaid contracts:** The Group sells 12, 24 and 36-month contracts to its customers. This revenue is recognised monthly over the period of the contract. Where a customer prepays their contract, this is recognised over the period of the contract irrespective of materiality.

**Term contract billing:** The Group raises the first invoice to its new customers when the service agreement is signed. Occasionally, the service does not start in the same month as when the service agreement is signed but is invoiced in the month where the service agreement is signed. The revenue is then recognised over the period of the contract irrespective of materiality.

#### Going concern

The Directors are required to satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis, and as part of that process they have followed the Financial Reporting Council's guidelines ("Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risk" issued April 2016).

The Group's business activities together with factors that are likely to affect its future development and position are set out in the Chairman's report, the Chief Executive Officer's report and financial review and the Directors' report. Budgets and detailed profit and loss forecasts that look beyond 12 months from the date of these consolidated financial statements have been prepared and used to ensure that the Group can meet its liabilities as they fall due.

The Directors have made various assumptions in preparing these forecasts, using their view of both the current and future economic conditions that may impact on the Group during the forecast period.

The Directors, at the time of approving the financial statements, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Operating profit

Operating profit is stated after charging operating expenses but before finance costs and finance income.

#### Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders while interim dividends distributions are recognised in the period in which the dividends are declared and paid.

#### Goodwill

Goodwill represents the excess of the fair value of the consideration over the fair values of the identifiable net tangible and intangible assets acquired and is allocated to cash generating units.

Under IFRS 3 'Business combinations', goodwill arising on acquisitions is not subject to amortisation but is subject to annual impairment testing. Any impairment is recognised immediately in the income statement and not subsequently reversed.

#### Investments in subsidiaries

Investments are held as non-current assets at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, impairment is recognised.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 2. Accounting policies continued

#### Intangible assets

Intangible assets are recorded as separately identifiable assets and recognised at historical cost less any accumulated amortisation. These assets are amortised over their useful economic lives of four to five years, with the charge included in administrative expenses in the income statement.

Intangible assets are reviewed for impairment annually. Impairment is measured by determining the recoverable amount of an asset or cash generating unit (CGU) which is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

#### Domain names

Acquired domain names are shown at historical cost. Domain names have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated using straight-line method to allocate the cost of domain names over their useful lives of four years.

#### Software

Acquired software and websites are shown at historical cost. They have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated using straight-line method to allocate the cost of software and websites over their useful lives of four to five years.

#### Product development

Product development expenditure is capitalised when it is considered that there is a commercially and technically viable product, the related expenditure is separately identifiable and there is a reasonable expectation that the related expenditure will be exceeded by future revenues. Following initial recognition, product developments are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of these intangible assets are assessed to have a finite life of five years. Amortisation is charged on assets with finite lives, and until economic benefit can be received and recognised, this expense is taken to the income statement and useful lives are reviewed on an annual basis. Amortisation is charged from the point when the asset is available for use.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which they are ready for use on a straight-line basis over their useful life.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria as detailed in IAS 38 'Intangible Assets' are fulfilled:

- It is technically feasible to complete the intangible asset so that it will be available for use or resale;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate possible future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

#### Technology

Technology represents the cost that would be incurred to build the entire Comapi platform had the acquisition not occurred. The useful life of this intangible asset is assessed to have a finite life of 10 years. Amortisation is charged on assets with finite lives, and until economic benefit can be received and recognised, this expense is taken to the income statement and useful lives are reviewed on an annual basis. Amortisation is charged from the point when the asset is available for use.

#### Customer relationships

This represents the value of high-value customer contracts within Comapi. The useful life of this intangible asset is assessed to have a finite life of three years. Amortisation is charged on assets with finite lives, and until economic benefit can be received and recognised, this expense is taken to the income statement and useful lives are reviewed on an annual basis. Amortisation is charged over the lifetime of the customer contract.

#### Impairment of non-financial assets (excluding goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and 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 of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

#### Property, plant and equipment

Tangible non-current assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits are associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is provided

at the following rates in order to write off each asset over its estimated useful life and is based on the cost of assets less residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

|                        |                            |
|------------------------|----------------------------|
| Right of use assets:   | over the term of the lease |
| Short leaseholds:      | over the term of the lease |
| Fixtures and fittings: | 25% on cost                |
| Computer equipment:    | 25% on cost                |

The assets' residual values and useful economic lives are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) or gains in the income statement.

#### Capital management

The Group manages its capital to ensure it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash equivalents and equity attributable to the owners of the parent as disclosed in the statement of changes in equity.

#### Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### Current tax

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

#### Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference will be utilised.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income asset is realised or deferred income tax liability is settled.

#### Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the

remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets, being less than £5,000, comprise IT equipment and small items of office furniture.

#### Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. None of the total lease payments made in the period to 30 June 2023 were optional.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated), the amount of these cash flows is uncertain as several rounds of rent reviews are due before this extension date.



## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 2. Accounting policies continued

#### Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

#### Financial assets

The Group's accounting policies for financial assets are set out below.

Management determine the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and, where allowed and appropriate, reevaluate this designation at every reporting date.

All financial assets are recognised on a trade date when, and only when, the Group becomes a party to the contractual provisions of an instrument. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except for those finance assets classified as at fair value through profit or loss ('FVTPL'), which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at FVPL, 'amortised cost' or 'fair value through other comprehensive income' ('FVOCI'). The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually, the Group recognises lifetime expected credit losses ('ECL') when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

- **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having a maturity period of 95 days or less at the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. This accounting policy has been changed for the year ended 30 June 2023 to classify short term highly liquid investments that have a maturity of up to 95 days as cash equivalents, the policy in the previous year having referred to 3 months. Management believe that both the financial position and liquidity of the Group are made clearer for the reader when all cash and cash equivalent items are analysed together and that the change therefore results in the presentation of more relevant and reliable information in the financial statements. The change in accounting policy has not resulted in a prior period adjustment.

- **Trade receivables**

Trade receivables are recognised initially at the lower of their original invoiced value and recoverable amount. A provision is made when it is likely that the balance will not be recovered in full. Terms on receivables range from 30 to 90 days.

- **Financial liabilities and equity**

Financial liabilities and equity are recognised on the Group's statement of financial position when the Group becomes a party to a contractual provision of an instrument. Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of transaction costs.

The Group's financial liabilities include trade payables, accrued liabilities and lease liabilities

- **Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Terms on accounts payable range from 10 to 90 days.

#### Foreign currency risk

Currency risk is the risk that the holding of foreign currencies will affect the Group's position as a result of a change in foreign currency exchange rates. The Group has no significant foreign currency risk as most of the Group's financial assets and liabilities are denominated in functional currencies of relevant Group entities. Accordingly, no quantitative market risk disclosures or sensitivity analysis for currency risks have been prepared.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

#### Equity

Share capital is the amount subscribed for shares at their nominal value.

Share premium represents the excess of the amount subscribed for the share capital over the nominal value of the respective shares net of share issue expenses.

Retained earnings represent the cumulative earnings of the Group attributable to equity shareholders.

The reverse acquisition reserve relates to the adjustment required by accounting for the reverse acquisition in accordance with IFRS 3 'Business combinations'.

The retranslation reserve represents the cumulative exchange differences on the retranslation of foreign subsidiaries into the functional currency.

Other reserves relate to the charge for share-based payments in accordance with IFRS 2 'Share-based Payments' plus the movement on the exercise or lapsing of share options.

#### Share-based payments

For equity-settled share-based payment transactions the Group, in accordance with IFRS 2 'Share-based Payments' measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at the grant date. For options granted after 2019, a Monte Carlo model is used to measure the fair use of options granted that are subject to a TSR performance condition. A Black Scholes model is used to measure the fair use of all other options granted. The expense is apportioned over the vesting period of the financial instrument and is based on the number which is expected to vest and the fair value of those financial instruments at the date of grant. If the equity instruments granted vest immediately, the expense is recognised in full.

#### Functional currency translation

- **Functional and presentation currency**  
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency), which is mainly pounds sterling (£) and it is this currency the financial statements are presented in.

- **Transaction and balances**

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### Employee benefit costs

The Group operates a defined contribution pension scheme. Contributions payable by the Group's pension scheme are charged to the income statement in the period in which they relate.

#### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments as identified by the Board of Directors.

#### Foreign currency exchange rate risk

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. As well as naturally mitigating this risk by offsetting its cost base in the same currencies where possible, currency exposure arising from the net assets of the Group's foreign operations is managed through cash balances denominated in the relevant foreign currencies.

The Group is mainly exposed to the US Dollar, Australian Dollar, Singaporean Dollar, Euro, Belarusian Ruble, South African Rand, Polish Zloty and Canadian Dollar currencies.

The table below details the Group's sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies. 10% is the sensitivity rate which represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end of a 10% change in foreign currency rates. A positive number below indicates an increase in profit where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative or positive.

|                    | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|--------------------|-------------------|-------------------|
| US Dollar          | 68                | 60                |
| Australian Dollar  | 17                | 14                |
| Singaporean Dollar | (42)              | (37)              |
| Euro               | 4                 | 10                |
| Belarusian Ruble   | (8)               | (2)               |
| South African Rand | 9                 | (2)               |
| Polish Zloty       | 11                | 5                 |
| Canadian Dollar    | 0                 | 1                 |
|                    | <b>59</b>         | <b>49</b>         |

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 2. Accounting policies continued

#### Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Judgements

##### (a) Capitalisation of development costs – refer to note 13

Our business model is underpinned by our email and data-driven omnichannel marketing automation platform. Internal activities are continually undertaken to enhance and maintain the product in a bid to stay ahead of our competition. Management review the work of developers during the period and make the following judgements:

- Internal work relating to product development is reviewed against IAS 38 criteria and will be capitalised if management consider that the criteria have been met;
- Internal work relating to the maintenance of existing products is expensed to the income statement and accounted for in payroll costs.

##### (b) Valuation of goodwill – refer to note 12

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the consolidated income statement.

Judgement is required in determining the fair value of identifiable assets, liabilities and contingent assets and liabilities assumed in a business combination and the fair value of the consideration payable. Calculating the fair values involves the use of significant estimates and assumptions, including expectations about future cash flows, discount rates and the lives of assets following purchase.

##### (c) Going concern of Australian entity – refer to note 2: Going concern

Management review each of the trading entities operations, particularly when it is loss making to ascertain if it is a going concern and if its assets should be impaired.

Judgement is therefore required to review future looking forecasts and review existing and future sales pipeline within the region, thereby leading to a decision as to whether the region remains viable.

#### Estimates and assumptions

##### (a) Impairment of goodwill

The Directors have carried out a detailed impairment review in respect of goodwill. The Group assesses at each reporting date whether there is an indication that an asset may be impaired, by considering the net present value of discounted cash flow forecasts which have been

discounted at 4.28% (2022: 19.75%). This has decreased as a result of the decrease in the cost equity which was impacted by the increase in the share price at the year end compared to last year and the decrease in dividend growth rate. The cash flow projections are based on the assumption that the Group can realise projected sales. A prudent approach has been applied with no residual value being factored.

Further details on the estimates and assumptions we make in our annual impairment testing of goodwill are included in note 12 to the financial statements. At the period end, based on the assumptions, there was no indication of impairment to the carrying value of goodwill.

##### (b) Share-based compensation

Key management believe that there will not be only one acceptable choice for estimating the fair value of share-based payment arrangements. The judgements and estimates that management apply in determination of the share-based compensation are summarised as follows:

Selection of a valuation model;

- Making assumptions used in determining the variables used in a valuation model:
  - expected life
  - expected volatility
  - expected dividend yield
  - interest rate

Further detail on the estimates and assumptions we make in our share-based compensation are included in note 29 to the financial statements. The charge made to income statement for the period is also disclosed there.

##### (c) Depreciation and amortisation

The Group depreciates right of use assets, short leasehold, fixtures and fittings, computer equipment and amortises customer relationships, technology, computer software, internally generated development costs and domain names on a straight-line method over the estimated useful lives. The estimated useful lives reflect the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's right of use assets, short leasehold, fixtures and fittings, computer equipment, customer relationships, technology, computer software, internally generated development costs and domain names.

##### (d) Bad debt provision

We perform ongoing credit evaluations of our customers and grant credit based upon past payment history, financial condition and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based upon specific situations and overall industry conditions. Hence the provision is maintained for potential credit losses based upon management's assessment of the expected collectability of all accounts receivable. In making this assessment, management take into consideration (i) any circumstances of which we are aware regarding a customer's inability to meet its financial obligations and (ii) our judgements as to potential prevailing economic conditions in the industry and their potential impact on the Group's customers.

Where a general provision is set then specific rationale will be set against this which will be a combination of looking at historical data to ascertain the percentage of debt which goes bad. Plus set against debts within a specific business sector which might be facing financial difficulty, thereby leading to a deemed higher risk of defaulting on their debts.

##### (e) Lease accounting – incremental borrowing rate

IFRS 16 'Leases' requires lease payments to be discounted using the lessee's incremental borrowing rate. The Group's incremental borrowing rate, as at the date of adoption of IFRS 16, has been based on local commercial bank loans.

Management have taken the view that specific costs of borrowing should be applied to each lease as this reflects the different economic conditions within each geography and hence is more representative of the funding facilities available in those countries.

#### Exceptional items

Where items of income and expense are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such items should be disclosed separately.

### 3. Segmental reporting

Dotdigital's single line of business remains the provision intuitive software as a service (SaaS) via an all-in-one customer experience and data platform (CXDP). In the previous years Dotdigital had two lines of business; the additional line being communication platform as a service (CPaaS). The chief operating decision maker considers the Group's segments to be by geographical location, this being EMEA, US and APAC operations and by business activity, this being core Engagement Cloud and CPaaS as shown in the tables that follow:

#### Geographical revenue and results (from all operations)

|   | 30.06.23      |             |               |                |
|---|---------------|-------------|---------------|----------------|
|   | EMEA<br>£'000 | US<br>£'000 | APAC<br>£'000 | Total<br>£'000 |
| <b>Income statement</b>   |               |             |               |                |
| Revenue   | 52,338        | 10,862      | 6,028         | 69,228         |
| Gross profit  | 39,773        | 9,702       | 5,402         | 54,877         |
| Profit/(loss) before income tax   | 14,067        | 921         | (602)         | 14,386         |
| <b>Total comprehensive income/(loss) attributable to the owners of the parent</b> | <b>12,522</b> | <b>686</b>  | <b>(651)</b>  | <b>12,557</b>  |
| <b>Financial position</b>   |               |             |               |                |
| Total assets  | 95,742        | 4,170       | 261           | 100,173        |
| Net current assets/(liabilities)  | 50,620        | 2,647       | (1,228)       | 52,039         |

Revenue from external customers is attributed to the geographical segments noted above based on the customers' location. There were no customers who account for more than 10% of revenue (2022: none).

All revenue is from contracts signed with new customers and upgrades and additional functional recurring revenue sold to existing contracted clients. Revenue from contracts is recognised under percentage of completion method based on a percentage of services performed to date as a percentage of the total services to be performed.

|   | 30.06.22      |              |               |                |
|---|---------------|--------------|---------------|----------------|
|   | EMEA<br>£'000 | US<br>£'000  | APAC<br>£'000 | Total<br>£'000 |
| <b>Income statement</b>   |               |              |               |                |
| Revenue   | 48,191        | 9,688        | 4,953         | 62,832         |
| Gross profit  | 38,374        | 8,537        | 4,351         | 51,262         |
| Profit/(loss) before income tax   | 12,444        | 972          | 189           | 13,605         |
| <b>Total comprehensive income/(loss) attributable to the owners of the parent</b> | <b>10,967</b> | <b>1,049</b> | <b>148</b>    | <b>12,164</b>  |
| <b>Financial position</b>   |               |              |               |                |
| Total assets  | 83,664        | 3,498        | 631           | 87,793         |
| Net current assets/(liabilities)  | 42,270        | 2,204        | (816)         | 43,658         |

Revenue from external customers is attributed to the geographical segments noted above based on the customers' location. There were no customers who account for more than 10% of revenue (2021: none).

All revenue is from contracts signed with new customers and upgrades and additional functional recurring revenue sold to existing contracted clients. Revenue from contracts is recognised under percentage of completion method based on a percentage of services performed to date as a percentage of the total services to be performed.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 3. Segmental reporting continued

#### Business activity revenue and results

|  | 30.06.23      |                |                |
|--|---------------|----------------|----------------|
|  | Core<br>£'000 | CPaaS<br>£'000 | Total<br>£'000 |
| <b>Income statement</b>  |               |                |                |
| Revenue  | 69,228        | –              | 69,228         |
| Gross profit   | 54,877        | –              | 54,877         |
| Profit/(loss) before income tax  | 14,386        | –              | 14,386         |
| <b>Total comprehensive income attributable to the owners of the parent</b> | <b>12,557</b> | <b>–</b>       | <b>12,557</b>  |
| <b>Financial position</b>  |               |                |                |
| Total assets   | 100,173       | –              | 100,173        |
| Net current assets/(liabilities)   | 52,039        | –              | 52,039         |

|   | 30.06.22      |                |                |
|---|---------------|----------------|----------------|
|   | Core<br>£'000 | CPaaS<br>£'000 | Total<br>£'000 |
| <b>Income statement</b>   |               |                |                |
| Revenue   | 62,832        | –              | 62,832         |
| Gross profit  | 51,262        | –              | 51,262         |
| Profit/(loss) before income tax   | 13,655        | (50)           | 13,605         |
| <b>Total comprehensive income/(loss) attributable to the owners of the parent</b> | <b>12,214</b> | <b>(50)</b>    | <b>12,164</b>  |
| <b>Financial position</b>   |               |                |                |
| Total assets  | 87,774        | 19             | 87,793         |
| Net current assets/(liabilities)  | 43,640        | 18             | 43,658         |

### 4. Employees and Directors

|                       | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|-----------------------|-------------------|-------------------|
| Wages and salaries    | 26,290            | 24,650            |
| Social security costs | 2,744             | 2,396             |
| Other pension costs   | 671               | 561               |
|                       | <b>29,705</b>     | <b>27,607</b>     |

The average monthly number of employees during the year is as follows:

|                                  | 30.06.23   | 30.06.22   |
|----------------------------------|------------|------------|
| Directors                        | 4          | 5          |
| Sales and marketing product      | 193        | 157        |
| Development and system engineers | 126        | 117        |
| Administration                   | 61         | 69         |
|                                  | <b>384</b> | <b>348</b> |

Included in the total employees cost above, £6,581,768 (2022: £6,194,834) was capitalised in relation to internally generated development costs.

### 5. Exceptional costs

Exceptional costs incurred in the year relate to the amortisation of acquired intangibles of £120,000 (2022: £120,000), professional acquisition costs £100,000 (2022: £nil) please see note 33, professional fees related to the valuation of share options £14,000 (2022: £nil) and senior management settlement costs of £nil (2022: £355,053).

### 6. Net finance income

|                               | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|-------------------------------|-------------------|-------------------|
| Finance income:               |                   |                   |
| Deposit account interest      | 895               | 57                |
| Finance cost:                 |                   |                   |
| Interest on lease liabilities | (57)              | (57)              |
|                               | <b>838</b>        | <b>0</b>          |

### 7. Operating profit

#### Costs by nature

Profit from continuing operations has been arrived at after charge and crediting:

|   | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|---|-------------------|-------------------|
| Outsourcing and tech infrastructure             | 14,351            | 11,570            |
| <b>Total cost of sales</b>                      | <b>14,351</b>     | <b>11,570</b>     |
|   | 30.6.23<br>£'000  | 30.6.22<br>£'000  |
| Direct marketing                                | 3,004             | 3,066             |
| Partner commission                              | 1,109             | 2,125             |
| Staff-related costs (inc Directors' emoluments) | 23,544            | 20,290            |
| Auditor's remuneration                          | 140               | 81                |
| Amortisation of intangibles*                    | 6,458             | 6,001             |
| Depreciation charge*                            | 1,025             | 1,080             |
| Legal, professional and consultancy fees        | 840               | 1,028             |
| Computer expenditure                            | 1,081             | 802               |
| Bad debts                                       | (193)             | 682               |
| Foreign exchange losses/(gains)                 | 593               | (452)             |
| Travel and subsistence costs                    | 421               | 119               |
| Office running                                  | 465               | 413               |
| Insurance                                       | 214               | 122               |
| Staff welfare                                   | 535               | 432               |
| Bank and credit card                            | 431               | 401               |
| Recruitment fees                                | 214               | 195               |
| Other costs                                     | 478               | 341               |
| <b>Total administrative expenses</b>            | <b>40,359</b>     | <b>36,726</b>     |

During the year the Group obtained the following services from the Group's auditor at costs detailed below:

|   | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|---|-------------------|-------------------|
| Fees payable to the Company's auditor for the audit of Parent Company and consolidated financial statements | 41                | 33                |
| Fees payable to the Company's auditor for other services  |                   |                   |
| – audit of Company subsidiaries   | 63                | 45                |
| – review of interim accounts  | 4                 | 3                 |
| – overrun of prior year audit services  | 32                | –                 |
|   | <b>140</b>        | <b>81</b>         |

\* Both amortisation of intangibles and depreciation charge will not agree to the relevant notes as these numbers exclude amounts capitalised as development expenditure, amounts included in exceptional costs and amounts in cost of sales.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 8. Income tax expense

Analysis of the tax charge from continuing operations:

|   | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|---|-------------------|-------------------|
| Current tax on profits for the year   | 1,448             | 968               |
| Foreign tax suffered  | 266               | 212               |
| Changes in estimates related to prior year  | 38                | 329               |
| Deferred tax on origination and reversal of timing differences  | 39                | 265               |
|   | <b>1,791</b>      | <b>1,774</b>      |
| Factors affecting the tax charge:   |                   |                   |
|   | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
| <b>Profit on ordinary activities from all operations before tax</b>   | <b>14,386</b>     | <b>13,605</b>     |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK: 25% (2022: 19%) | 3,597             | 2,585             |
| Effects of:   |                   |                   |
| Adjustment in respect of prior years  | (46)              | 142               |
| Expenses not deductible   | 66                | 98                |
| Research and development enhanced claim   | (1,761)           | (1,439)           |
| Income not taxable  | (18)              | (21)              |
| Share options   | 78                | 71                |
| Tax rate changes  | (160)             | 291               |
| Effects of overseas tax rates   | 35                | 38                |
| Other   | –                 | 9                 |
| <b>Total tax charge for the year</b>  | <b>1,791</b>      | <b>1,774</b>      |

Deferred tax was calculated using the rate 25% (2022: 25%). For further details on deferred tax see note 24.

Taxation for each region is calculated at the rates prevailing in the respective jurisdiction.

The main rate of UK corporation tax increased on 1 April 2023 from 19% to 25%. The effective tax rate in the period was 12.44% (2022: 13.03%). UK deferred balances have been recognised at 25% in the period (2022: 25%).

### 9. Profit of Parent Company

The profit and loss account of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the financial year was £4,459,042 (2022: £4,163,416).

### 10. Dividends

Amounts recognised as distributions to equity holders in the period.

|  | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|--|-------------------|-------------------|
| Paid dividend for year end 30 June 2022 of 0.98p (2021: 0.86p) per share         | 2,926             | 2,564             |
| Proposed dividend for the year end 30 June 2023 of 1.00p (2022: 0.98p) per share | <b>3,050</b>      | <b>2,925</b>      |

The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The number of shares considered for the proposed dividend includes 6,862,683 shares issued post year end as part of the consideration for the acquisition of Fresh Relevance.

### 11. Earnings per share

Earnings per share data is based on the consolidated profit using and the weighted average number of shares in issue of the Parent Company. Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. Adjusted earnings per share is based on the consolidated profit deducting the acquisition related exceptional costs and share-based payment.

A number of non-IFRS adjusted profit measures are used in this annual report and financial statements. Adjusting items are excluded from our headline performance measures by virtue of their size and nature, in order to reflect management's view of the performance of the Group. Summarised below is a reconciliation between statutory results to adjusted results. The Group believes that alternative performance measures such as adjusted EBITDA are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation and amortisation, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), or based on factors which do not reflect the underlying performance of the business. The adjusted profit after tax earnings measure is also used for the purpose of calculating adjusted earnings per share.

Reconciliations to earnings figures used in arriving at adjusted earnings per share are as follows:

|  | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|--|-------------------|-------------------|
| <b>From all operations</b>   |                   |                   |
| Profit for the year attributable to the owners of the parent                 | 12,595            | 11,831            |
| Amortisation of acquisition-related intangible fixed assets (see note 13)    | 120               | 120               |
| Other exceptional costs (see note 5)   | 114               | 355               |
| Share-based payment (see note 29)  | 736               | 456               |
| <b>Adjusted profit for the year attributable to the owners of the parent</b> | <b>13,565</b>     | <b>12,762</b>     |

Management does not consider the above adjustments to reflect the underlying business performance. The other exceptional costs relate to acquisition costs and professional fees. In 2022 the other exceptional costs related to senior management settlement costs.

|   | 30.06.23          |  |                              |
|---|-------------------|--|------------------------------|
|   | Earnings<br>£'000 | Weighted<br>average<br>number of<br>shares | Per share<br>Amount<br>Pence |
| <b>From all operations</b>  |                   |  |                              |
| <b>Basic EPS</b>  |                   |  |                              |
| Profit for the year attributable to the owners of the parent          | 12,595            | 299,216,130                                | 4.21                         |
| <b>Adjusted Basic EPS</b>   |                   |  |                              |
| Adjusted profit for the year attributable to the owners of the parent | 13,565            | 299,216,130                                | 4.53                         |
| Options and warrants  | –                 | 7,219,476                                  | –                            |
| <b>Diluted EPS</b>  |                   |  |                              |
| Profit for the year attributable to the owners of the parent          | 12,595            | 306,435,606                                | 4.11                         |
| <b>Adjusted Diluted EPS</b>   |                   |  |                              |
| Adjusted profit for the year attributable to the owners of the parent | <b>13,565</b>     | <b>306,435,606</b>                         | <b>4.43</b>                  |
|   | 30.06.22          |  |                              |
|   | Earnings<br>£'000 | Weighted<br>average<br>number of<br>shares | Per share<br>Amount<br>Pence |
| <b>From all operations</b>  |                   |  |                              |
| <b>Basic EPS</b>  |                   |  |                              |
| Profit for the year attributable to the owners of the parent          | 11,831            | 298,995,582                                | 3.96                         |
| <b>Adjusted Basic EPS</b>   |                   |  |                              |
| Adjusted profit for the year attributable to the owners of the parent | 12,762            | 298,995,582                                | 4.27                         |
| Options and warrants  | –                 | 6,222,724                                  | –                            |
| <b>Diluted EPS</b>  |                   |  |                              |
| Profit for the year attributable to the owners of the parent          | 11,831            | 305,218,306                                | 3.88                         |
| <b>Adjusted Diluted EPS</b>   |                   |  |                              |
| Adjusted profit for the year attributable to the owners of the parent | <b>12,762</b>     | <b>305,218,306</b>                         | <b>4.18</b>                  |
| <b>Weighted average number of shares</b>                              |                   |  |                              |
|   |                   | 30.06.23<br>Shares                         | 30.06.22<br>Shares           |
| Basic EPS   |                   | 299,216,130                                | 298,995,582                  |
| Diluted EPS   |                   | 306,435,606                                | 305,218,306                  |

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 12. Goodwill

| Group                 | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|-----------------------|-------------------|-------------------|
| <b>Cost</b>           |                   |                   |
| At 1 July             | 13,192            | 13,192            |
| At 30 June            | 13,192            | 13,192            |
| <b>Impairment</b>     |                   |                   |
| At 1 July             | 3,512             | 3,512             |
| At 30 June            | 3,512             | 3,512             |
| <b>Net book value</b> | <b>9,680</b>      | <b>9,680</b>      |

Goodwill is allocated to the Group's cash generating unit (CGUs) identified, being Dotdigital.

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired. Goodwill acquired in a business combination is allocated, at acquisition, to CGUs that are expected to benefit from that business combination.

The carrying amount of goodwill relates to the Group's trading activity and business segment. This has been tested for impairment during the current period by comparison with the recoverable amounts of the CGU. Recoverable amounts for CGUs are based on the higher of value in use and fair value less costs to sell. The recoverable amounts of the CGU have been determined from value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate for the continuing operations of the Group. These long-term growth rates are management's estimates. The discount rates used are pre-tax and reflect specific risks relating to the continuing operations of the Group.

The key assumptions for the value in use calculations are those regarding discount rates, growth rates, and expected changes in margins.

#### Discount rate

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The pre-tax discount rate used to calculate the value in use is 4.28% (2022: 19.75%). This has decreased as a result of the decrease in the cost equity which was impacted by the increase in the share price at the year end compared to last year and the decrease in dividend growth rate.

#### Growth rates

The growth rate is stated as the compound annual growth rates in the initial five years for the continuing operations of the Group which are then used for impairment testing. These are performed using the projected cash flows based on budgets approved by management over a five-year period. Cash flow projections from the sixth year onwards are based on an estimated constant growth rate. The growth rate used to calculate the value in use is 11% (2022: 15%).

#### Gross profit margin

Changes in income and expenditure are based on experience and expectations of the future changes in the market. The impairment review is based on these estimated gross profit margins which were included with the budgets approved by management over a five-year period. From the sixth year onwards, an assumed constant margin is used. The gross profit margin used to calculate the value in use is 73% (2022: 75%).

The valuations indicate sufficient headroom such that a reasonably possible change in key assumptions would not result in impairment of goodwill.

#### Sensitivity analysis

The principal variables used, being both the discount rate and growth rates, these would need to change before an impairment is required, this being 145% (2022: 161%) discount rate and growth rate of -5% (2022: -5%).

### 13. Intangible assets

| Group                     | Customer relationships<br>£'000 | Technology<br>£'000 | Computer software<br>£'000 | Internally generated development costs<br>£'000 | Domain names<br>£'000 | Totals<br>£'000 |
|---------------------------|---------------------------------|---------------------|----------------------------|---|-----------------------|-----------------|
| <b>Cost</b>               |                                 |                     |                            |   |                       |                 |
| At 1 July 2022            | 1,205                           | 1,200               | 1,111                      | 41,651  | 46                    | 45,213          |
| Additions                 | –                               | –                   | 26                         | 8,729   | 5                     | 8,760           |
| Disposals                 | –                               | –                   | (1)                        | (17)  | –                     | (18)            |
| Exchange differences      | –                               | –                   | (1)                        | (4)   | –                     | (5)             |
| <b>At 30 June 2023</b>    | <b>1,205</b>                    | <b>1,200</b>        | <b>1,135</b>               | <b>50,359</b>                                   | <b>51</b>             | <b>53,950</b>   |
| <b>Amortisation</b>       |                                 |                     |                            |   |                       |                 |
| At 1 July 2022            | 1,205                           | 550                 | 945                        | 24,778  | 37                    | 27,515          |
| Amortisation for the year | –                               | 120                 | 83                         | 6,375   | –                     | 6,578           |
| Disposals                 | –                               | –                   | –                          | (2)   | –                     | (2)             |
| Exchange differences      | –                               | –                   | (1)                        | –   | –                     | (1)             |
| <b>At 30 June 2023</b>    | <b>1,205</b>                    | <b>670</b>          | <b>1,027</b>               | <b>31,151</b>                                   | <b>37</b>             | <b>34,090</b>   |
| <b>Net book value</b>     |                                 |                     |                            |   |                       |                 |
| <b>At 30 June 2023</b>    | <b>–</b>                        | <b>530</b>          | <b>108</b>                 | <b>19,208</b>                                   | <b>14</b>             | <b>19,860</b>   |

| Group                     | Customer relationships<br>£'000 | Technology<br>£'000 | Computer software<br>£'000 | Internally generated development costs<br>£'000 | Domain names<br>£'000 | Totals<br>£'000 |
|---------------------------|---------------------------------|---------------------|----------------------------|---|-----------------------|-----------------|
| <b>Cost</b>               |                                 |                     |                            |   |                       |                 |
| At 1 July 2021            | 1,205                           | 1,200               | 1,023                      | 34,052  | 46                    | 37,526          |
| Additions                 | –                               | –                   | 87                         | 7,599   | –                     | 7,686           |
| Exchange differences      | –                               | –                   | 1                          | –   | –                     | 1               |
| <b>At 30 June 2022</b>    | <b>1,205</b>                    | <b>1,200</b>        | <b>1,111</b>               | <b>41,651</b>                                   | <b>46</b>             | <b>45,213</b>   |
| <b>Amortisation</b>       |                                 |                     |                            |   |                       |                 |
| At 1 July 2021            | 1,205                           | 430                 | 874                        | 18,847  | 36                    | 21,392          |
| Amortisation for the year | –                               | 120                 | 71                         | 5,931   | 1                     | 6,123           |
| <b>At 30 June 2022</b>    | <b>1,205</b>                    | <b>550</b>          | <b>945</b>                 | <b>24,778</b>                                   | <b>37</b>             | <b>27,515</b>   |
| <b>Net book value</b>     |                                 |                     |                            |   |                       |                 |
| <b>At 30 June 2022</b>    | <b>–</b>                        | <b>650</b>          | <b>166</b>                 | <b>16,873</b>                                   | <b>9</b>              | <b>17,698</b>   |

Development cost additions represents resources the Group has invested in the development of new, innovative and ground-breaking technology products for marketing professionals. This platform allows them to create, send and automate marketing campaigns. Following development of the products the Group intends to licence the use of the platform.

Technology represents the cost that would be incurred to build the entire Comapi platform had the acquisition not occurred. Customer relationships represent the value of high-value customer contracts within Comapi.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 14. Property, plant and equipment

| Group  | Right of use assets<br>£'000 | Short leasehold<br>£'000 | Fixtures & fittings<br>£'000 | Computer equipment<br>£'000 | Totals<br>£'000 |
|--|------------------------------|--------------------------|------------------------------|-----------------------------|-----------------|
| <b>Cost</b>                                  |                              |                          |                              |                             |                 |
| At 1 July 2022                               | 5,555                        | 731                      | 773                          | 3,102                       | 10,161          |
| Additions                                    | 406                          | 3                        | 53                           | 250                         | 712             |
| Disposals                                    | (719)                        | (46)                     | (200)                        | (323)                       | (1,288)         |
| Re-measurement of existing lease liabilities | (33)                         | –                        | –                            | –                           | (33)            |
| Exchange differences                         | –                            | (3)                      | (14)                         | (31)                        | (48)            |
| <b>At 30 June 2023</b>                       | <b>5,209</b>                 | <b>685</b>               | <b>612</b>                   | <b>2,998</b>                | <b>9,504</b>    |
| <b>Depreciation</b>                          |                              |                          |                              |                             |                 |
| At 1 July 2022                               | 3,055                        | 593                      | 736                          | 2,492                       | 6,876           |
| Depreciation for the year                    | 873                          | 52                       | 23                           | 278                         | 1,226           |
| Disposals                                    | (719)                        | (46)                     | (190)                        | (311)                       | (1,266)         |
| Exchange differences                         | (3)                          | (3)                      | (14)                         | (22)                        | (42)            |
| Re-measurement of existing lease liabilities | 14                           | –                        | –                            | –                           | 14              |
| <b>At 30 June 2023</b>                       | <b>3,220</b>                 | <b>596</b>               | <b>555</b>                   | <b>2,437</b>                | <b>6,808</b>    |
| <b>Net book value</b>                        |                              |                          |                              |                             |                 |
| <b>At 30 June 2023</b>                       | <b>1,989</b>                 | <b>89</b>                | <b>57</b>                    | <b>561</b>                  | <b>2,696</b>    |
|  | Right of use assets<br>£'000 | Short leasehold<br>£'000 | Fixtures & fittings<br>£'000 | Computer equipment<br>£'000 | Totals<br>£'000 |
| <b>Cost</b>                                  |                              |                          |                              |                             |                 |
| At 1 July 2021                               | 5,384                        | 725                      | 754                          | 2,614                       | 9,477           |
| Additions                                    | 167                          | –                        | –                            | 465                         | 632             |
| Disposals                                    | (60)                         | –                        | –                            | –                           | (60)            |
| Exchange differences                         | 64                           | 6                        | 19                           | 23                          | 112             |
| <b>At 30 June 2022</b>                       | <b>5,555</b>                 | <b>731</b>               | <b>773</b>                   | <b>3,102</b>                | <b>10,161</b>   |
| <b>Depreciation</b>                          |                              |                          |                              |                             |                 |
| At 1 July 2021                               | 2,061                        | 526                      | 680                          | 2,238                       | 5,505           |
| Depreciation for the year                    | 983                          | 61                       | 40                           | 236                         | 1,320           |
| Disposals                                    | (45)                         | –                        | –                            | –                           | (45)            |
| Exchange differences                         | 56                           | 6                        | 16                           | 18                          | 96              |
| <b>At 30 June 2022</b>                       | <b>3,055</b>                 | <b>593</b>               | <b>736</b>                   | <b>2,492</b>                | <b>6,876</b>    |
| <b>Net book value</b>                        |                              |                          |                              |                             |                 |
| <b>At 30 June 2022</b>                       | <b>2,500</b>                 | <b>138</b>               | <b>37</b>                    | <b>610</b>                  | <b>3,285</b>    |

### Included in the net carrying amount of property, plant and equipment are the right-of-use assets as follows:

|  | Properties<br>£'000 | Motor vehicles<br>£'000 | Totals<br>£'000 |
|--|---------------------|-------------------------|-----------------|
| <b>Cost</b>                                  |                     |                         |                 |
| As at 1 July 2022                            | 5,400               | 155                     | 5,555           |
| Termination of leases                        | (719)               | –                       | (719)           |
| Additions                                    | 366                 | 40                      | 406             |
| Re-measurement of existing lease liabilities | (33)                | –                       | (33)            |
| Foreign currency translation                 | –                   | –                       | –               |
| <b>At 30 June 2023</b>                       | <b>5,014</b>        | <b>195</b>              | <b>5,209</b>    |
| <b>Depreciation</b>                          |                     |                         |                 |
| As at 1 July 2022                            | 2,906               | 149                     | 3,055           |
| Depreciation for the year                    | 836                 | 37                      | 873             |
| Termination of leases                        | (719)               | –                       | (719)           |
| Re-measurement of existing lease liabilities | 14                  | –                       | 14              |
| Foreign currency translation                 | (3)                 | –                       | (3)             |
| <b>At 30 June 2023</b>                       | <b>3,034</b>        | <b>186</b>              | <b>3,220</b>    |
| <b>Net book value</b>                        |                     |                         |                 |
| <b>At 30 June 2023</b>                       | <b>1,980</b>        | <b>9</b>                | <b>1,989</b>    |
|  | Properties<br>£'000 | Motor vehicles<br>£'000 | Totals<br>£'000 |
| <b>Cost</b>                                  |                     |                         |                 |
| As at 1 July 2021                            | 5,229               | 155                     | 5,384           |
| Termination of leases                        | (60)                | –                       | (60)            |
| Additions                                    | 167                 | –                       | 167             |
| Foreign currency translation                 | 64                  | –                       | 64              |
| <b>At 30 June 2022</b>                       | <b>5,400</b>        | <b>155</b>              | <b>5,555</b>    |
| <b>Depreciation</b>                          |                     |                         |                 |
| As at 1 July 2021                            | 1,942               | 119                     | 2,061           |
| Depreciation for the year                    | 953                 | 30                      | 983             |
| Termination of leases                        | (45)                | –                       | (45)            |
| Foreign currency translation                 | 56                  | –                       | 56              |
| <b>At 30 June 2022</b>                       | <b>2,906</b>        | <b>149</b>              | <b>3,055</b>    |
| <b>Net book value</b>                        |                     |                         |                 |
| <b>At 30 June 2022</b>                       | <b>2,494</b>        | <b>6</b>                | <b>2,500</b>    |

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 14. Property, plant and equipment continued

| Company                      | Computer equipment<br>£'000 |
|------------------------------|-----------------------------|
| <b>Cost</b>                  |                             |
| As at 1 July 2022            | 11                          |
| Additions                    | 6                           |
| Foreign currency translation | –                           |
| <b>At 30 June 2023</b>       | <b>17</b>                   |
| <b>Depreciation</b>          |                             |
| As at 1 July 2022            | 4                           |
| Depreciation for the year    | 4                           |
| <b>At 30 June 2023</b>       | <b>8</b>                    |
| <b>Net book value</b>        |                             |
| <b>At 30 June 2023</b>       | <b>9</b>                    |

| Company                      | Computer equipment<br>£'000 |
|------------------------------|-----------------------------|
| <b>Cost</b>                  |                             |
| As at 1 July 2021            | 6                           |
| Additions                    | 5                           |
| Foreign currency translation | –                           |
| <b>At 30 June 2022</b>       | <b>11</b>                   |
| <b>Depreciation</b>          |                             |
| As at 1 July 2021            | 2                           |
| Depreciation for the year    | 2                           |
| <b>At 30 June 2022</b>       | <b>4</b>                    |
| <b>Net book value</b>        |                             |
| <b>At 30 June 2022</b>       | <b>7</b>                    |

### 15. Investments

| Company               | Shares in Group undertakings<br>30.06.23<br>£'000 | Shares in Group undertakings<br>30.06.22<br>£'000 |
|-----------------------|---|---|
| <b>Cost</b>           |   |   |
| At 1 July             | 22,116  | 21,660  |
| Additions             | 721   | 456   |
| Disposals             | –   | –   |
| <b>At 30 June</b>     | <b>22,837</b>                                     | <b>22,116</b>                                     |
| <b>Impairment</b>     |   |   |
| At 1 July and 30 June | 3,754   | 3,519   |
| Impairment            | 36  | 235   |
| <b>At 30 June</b>     | <b>3,789</b>                                      | <b>3,754</b>                                      |
| <b>Net book value</b> |   |   |
| <b>At 30 June</b>     | <b>19,047</b>                                     | <b>18,362</b>                                     |

The Group's or the Company's investments at the balance sheet date in the share capital of companies include the following:

| Subsidiaries                  | Nature of business                               | Class of share | Proportion of voting power held directly % |
|-------------------------------|--|----------------|--|
| Dotdigital EMEA Limited       | All-in-one customer experience and data platform | Ordinary       | 100  |
| Dotdigital Inc                | All-in-one customer experience and data platform | Ordinary       | 100  |
| Dotdigital APAC Pty Limited   | All-in-one customer experience and data platform | Ordinary       | 100  |
| Dotdigital B.V.               | All-in-one customer experience and data platform | Ordinary       | 100  |
| Dotmailer Development Ltd     | Holding company                                  | Ordinary       | 100  |
| Dotdigital Development SA Pty | Development hub                                  | Ordinary       | 100  |
| Dotdigital SG Pte Limited     | All-in-one customer experience and data platform | Ordinary       | 100  |
| Dynmark International Ltd     | All-in-one customer experience and data platform | Ordinary       | 100  |
| Dotdigital Poland S.p z.o.o   | Development hub                                  | Ordinary       | 100  |

All of the above subsidiaries have been included within the consolidated results, however Dynmark International Ltd was exempt from audit by virtue of s479A of Companies Act 2006 plus Dotmailer LLC was also dissolved on 29 June 2023. Dotdigital EMEA Limited, Dotmailer Development Limited and Dynmark International Ltd were incorporated in England and Wales. Dotdigital Inc was incorporated in Delaware (US), Dotdigital APAC Pty Limited was incorporated in New South Wales (Australia), Dotdigital B.V. was incorporated in the Netherlands, Dotdigital SG Pte Ltd was incorporated in Singapore, Dotdigital Development SA Pty was incorporated in South Africa, and Dotdigital Poland S.p. z.o.o was incorporated in Poland.

| Subsidiary                        | Registered office  |
|-----------------------------------|--|
| Dotdigital EMEA Ltd               | No.1 London Bridge, London SE1 9BG   |
| Dynmark International Ltd         | No.1 London Bridge, London SE1 9BG   |
| Dotmailer Development Ltd         | No.1 London Bridge, London SE1 9BG   |
| Dotdigital Inc                    | 16192 Coastal Highway, Lewes, Delaware 19958-9776, County of Sussex, USA                       |
| Dotdigital APAC Pty Ltd           | 60/2 O'Connell Street, Parramatta, New South Wales 2150, Australia                             |
| Dotdigital SG Pte Ltd             | 6001 Beach Road, 11-06 Golden Mile Tower, 199589 Singapore                                     |
| Dotdigital Development SA Pty Ltd | BDO Building, Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg 2196, South Africa |
| Dotdigital B.V.                   | Spaces Amstel, Mr. Treublaan 7, Amsterdam 1097DP, Netherlands                                  |
| Dotdigital Poland s.p. z.o.o      | Al. Jana Pawla II 22, 00-133 Warsaw, Poland  |

### 16. Trade and other receivables

|   | Group             |                   | Company           |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 30.06.23<br>£'000 | 30.06.22<br>£'000 | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
| Current:  |                   |                   |                   |                   |
| Trade receivables                                   | 11,487            | 10,748            | –                 | –                 |
| Less: Provision for impairment of trade receivables | (1,305)           | (1,892)           | –                 | –                 |
| Trade receivables – net                             | 10,182            | 8,856             | –                 | –                 |
| Other receivables                                   | 29                | 52                | –                 | –                 |
| Amounts owed by Group undertakings                  | –                 | –                 | 2,834             | 1,426             |
| VAT   | –                 | –                 | 34                | 34                |
| Tax receivables                                     | –                 | 186               | –                 | –                 |
| Prepayments and contract assets                     | 5,050             | 4,117             | 71                | 85                |
|   | <b>15,261</b>     | <b>13,211</b>     | <b>2,939</b>      | <b>1,545</b>      |

Further details on the above can be found in note 22.

Included within Group prepayments is an amount of £255,846 (2022: £246,057) in relation to deferred commission which is considered to be long term. The Group has applied IFRS 9 simplified approach to measuring expected credit losses, the balances have been assessed based on each entity's ability to repay amounts owed and no expected credit loss has been recognised.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 17. Cash and cash equivalents

|                             | Group             |                   | Company           |                   |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
|                             | 30.06.23<br>£'000 | 30.06.22<br>£'000 | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
| Cash at bank                | 17,534            | 23,458            | 396               | 163               |
| Short term deposit accounts | 35,142            | 20,461            | -                 | -                 |
|                             | <b>52,676</b>     | <b>43,919</b>     | <b>396</b>        | <b>163</b>        |

Further details on the above can be found in note 22.

### 18. Called up share capital

|                                     | Nominal<br>value | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|-------------------------------------|------------------|-------------------|-------------------|
| Allotted, issued, fully paid number |                  |                   |                   |
| 299,216,130 (2022: 299,216,130)     | £0.005           | 1,496             | 1,496             |
|                                     |                  | <b>1,496</b>      | <b>1,496</b>      |

### 19. Reserves

| Group                             | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Reverse<br>acquisition<br>reserve<br>£'000 | Retranslation<br>reserve<br>£'000 | Other<br>reserves<br>£'000 | Totals<br>£'000 |
|-----------------------------------|-------------------------------|---------------------------|--|-----------------------------------|----------------------------|-----------------|
| As at 1 July 2022                 | 63,582                        | 7,124                     | (4,695)                                    | 296                               | 2,005                      | 68,312          |
| Issue of share capital            | -                             | -                         | -  | -                                 | -                          | -               |
| Dividends                         | (2,926)                       | -                         | -  | -                                 | -                          | (2,926)         |
| Profit for the year               | 12,595                        | -                         | -  | -                                 | -                          | 12,595          |
| Transfer of reserves              | 285                           | -                         | -  | -                                 | (285)                      | -               |
| Deferred tax on share options     | -                             | -                         | -  | -                                 | 150                        | 150             |
| Other comprehensive income:       |                               |                           |  |                                   |                            |                 |
| Currency translation              | -                             | -                         | -  | (38)                              | -                          | (38)            |
| Share-based payments              | -                             | -                         | -  | -                                 | 721                        | 721             |
| <b>Balance as at 30 June 2023</b> | <b>73,536</b>                 | <b>7,124</b>              | <b>(4,695)</b>                             | <b>258</b>                        | <b>2,591</b>               | <b>78,814</b>   |

| Group                             | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Reverse<br>acquisition<br>reserve<br>£'000 | Retranslation<br>reserve<br>£'000 | Other<br>reserves<br>£'000 | Totals<br>£'000 |
|-----------------------------------|-------------------------------|---------------------------|--|-----------------------------------|----------------------------|-----------------|
| As at 1 July 2021                 | 54,081                        | 7,124                     | (4,695)                                    | (37)                              | 3,066                      | 59,539          |
| Issue of share capital            | -                             | -                         | -  | -                                 | -                          | -               |
| Dividends                         | (2,564)                       | -                         | -  | -                                 | -                          | (2,564)         |
| Profit for the year               | 11,831                        | -                         | -  | -                                 | -                          | 11,831          |
| Transfer of reserves              | 234                           | -                         | -  | -                                 | (234)                      | -               |
| Deferred tax on share options     | -                             | -                         | -  | -                                 | (1,283)                    | (1,283)         |
| Other comprehensive income:       |                               |                           |  |                                   |                            |                 |
| Currency translation              | -                             | -                         | -  | 333                               | -                          | 333             |
| Share-based payments              | -                             | -                         | -  | -                                 | 456                        | 456             |
| <b>Balance as at 30 June 2022</b> | <b>63,582</b>                 | <b>7,124</b>              | <b>(4,695)</b>                             | <b>296</b>                        | <b>2,005</b>               | <b>68,312</b>   |

### Company

|                           | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Other<br>reserves<br>£'000 | Totals<br>£'000 |
|---------------------------|-------------------------------|---------------------------|----------------------------|-----------------|
| As at 1 July 2022         | 9,400                         | 7,124                     | 1,915                      | 18,439          |
| Issue of share capital    | -                             | -                         | -                          | -               |
| Dividends                 | (2,926)                       | -                         | -                          | (2,926)         |
| Profit for the year       | 4,459                         | -                         | -                          | 4,459           |
| Transfer in reserves      | 36                            | -                         | (36)                       | -               |
| Share-based payments      | -                             | -                         | 721                        | 721             |
| <b>As at 30 June 2023</b> | <b>10,969</b>                 | <b>7,124</b>              | <b>2,600</b>               | <b>20,693</b>   |

|                           | Retained<br>earnings<br>£'000 | Share<br>premium<br>£'000 | Other<br>reserves<br>£'000 | Totals<br>£'000 |
|---------------------------|-------------------------------|---------------------------|----------------------------|-----------------|
| As at 1 July 2021         | 7,570                         | 7,124                     | 1,690                      | 16,384          |
| Issue of share capital    | -                             | -                         | -                          | -               |
| Dividends                 | (2,564)                       | -                         | -                          | (2,564)         |
| Profit for the year       | 4,163                         | -                         | -                          | 4,163           |
| Transfer in reserves      | 231                           | -                         | (231)                      | -               |
| Share-based payments      | -                             | -                         | 456                        | 456             |
| <b>As at 30 June 2022</b> | <b>9,400</b>                  | <b>7,124</b>              | <b>1,915</b>               | <b>18,439</b>   |

### 20. Trade and other payables

|                                   | Group             |                   | Company           |                   |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                   | 30.06.23<br>£'000 | 30.06.22<br>£'000 | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
| Current:                          |                   |                   |                   |                   |
| Trade payables                    | 2,175             | 2,428             | -                 | 81                |
| Social security and other taxes   | 588               | 68                | -                 | -                 |
| Other payables                    | 170               | 151               | -                 | -                 |
| VAT                               | 730               | 228               | -                 | -                 |
| Accruals and contract liabilities | 10,966            | 9,779             | 202               | 61                |
|                                   | <b>14,629</b>     | <b>12,654</b>     | <b>202</b>        | <b>142</b>        |

Further details on liquidity and interest rate risk can be found in note 2.

Included within revenue is £1,322,000 relating to contract liabilities that had been recognised at 30 June 2022 (£636,000 related to contract liabilities recognised at 30 June 2021 that had been included within revenue in 2022).

### 21. Leasing liabilities

| Group                        | Properties<br>£'000 | Motor<br>vehicles<br>£'000 | Totals<br>£'000 |
|------------------------------|---------------------|----------------------------|-----------------|
| As at July 2022              | 2,540               | 36                         | 2,576           |
| Termination of leases        | (4)                 | -                          | (4)             |
| Additions                    | 366                 | 41                         | 407             |
| Principal repayments         | (864)               | (53)                       | (917)           |
| Interest                     | 79                  | 2                          | 81              |
| Foreign currency translation | 1                   | -                          | 1               |
| <b>At 30 June 2023</b>       | <b>2,118</b>        | <b>26</b>                  | <b>2,144</b>    |
| Current                      | 797                 | 26                         | 823             |
| Non-current                  | 1,321               | -                          | 1,321           |
| <b>At 30 June 2023</b>       | <b>2,118</b>        | <b>26</b>                  | <b>2,144</b>    |



## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 21. Leasing liabilities continued

| Group                        | Properties<br>£'000 | Motor<br>vehicles<br>£'000 | Totals<br>£'000 |
|------------------------------|---------------------|----------------------------|-----------------|
| As at July 2021              | 3,359               | 64                         | 3,423           |
| Termination of leases        | (15)                | –                          | (15)            |
| Additions                    | 167                 | –                          | 167             |
| Principal repayments         | (1,081)             | (29)                       | (1,110)         |
| Interest                     | 89                  | 1                          | 90              |
| Foreign currency translation | 21                  | –                          | 21              |
| <b>At 30 June 2022</b>       | <b>2,540</b>        | <b>36</b>                  | <b>2,576</b>    |
| Current                      | 796                 | 22                         | 818             |
| Non-current                  | 1,744               | 14                         | 1,758           |
| <b>At 30 June 2022</b>       | <b>2,540</b>        | <b>36</b>                  | <b>2,576</b>    |

The properties are office leases located in various locations where the term ranges from one to ten years. The motor vehicles are company cars offered to senior staff where the term is always three years.

### 22. Financial instruments and risk management

The Group's activities expose it to a number of financial risks that include credit risk, liquidity risk, currency risk and interest rate risk. These risks and the Group's policies for managing them have been applied consistently during the year and are set out below.

The Group holds no financial or other non-financial instruments other than those utilised in the working operations of the Group and that are listed in this note. It is the Group's policy not to trade in derivative contracts.

#### Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument rate risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Lease liabilities

#### Financial instruments by category

The following table sets out the financial instruments as at the reporting date:

|  | Group             |                   | Company           |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 30.06.23<br>£'000 | 30.06.22<br>£'000 | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
| <b>Financial assets at amortised cost</b>      |                   |                   |                   |                   |
| Trade and other receivables                    | 10,211            | 8,908             | –                 | –                 |
| Amounts owed to Group undertakings             | –                 | –                 | 2,834             | 1,426             |
| Bank balances                                  | 52,676            | 43,919            | 396               | 163               |
|  | <b>62,887</b>     | <b>52,827</b>     | <b>3,230</b>      | <b>1,589</b>      |
| <b>Financial liabilities at amortised cost</b> |                   |                   |                   |                   |
| Trade payables                                 | 2,175             | 2,428             | –                 | 81                |
| Accrued liabilities and other payables         | 5,380             | 4,974             | 202               | 61                |
| Lease liabilities                              | 2,144             | 2,576             | –                 | –                 |
|  | <b>9,699</b>      | <b>9,978</b>      | <b>202</b>        | <b>142</b>        |

#### General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Operational Risk Committee. The Board receives quarterly reports from the Operational Risk Committee, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

#### Interest rate risk

The Group's interest rate risk arises from interest-bearing assets and liabilities. The Group has in place a policy of maximising finance income by ensuring that cash balances earn a market rate of interest offsetting where possible cash balances, and by forecasting and financing its working capital requirements. As at the reporting date the Group was not exposed to any movement in interest rates as it has no external borrowings and therefore is not exposed to interest rate risk. No sensitivity analysis has been prepared.

The Group's working capital requirements are managed through regular monitoring of the overall cash position and regularly updated cash flow forecasts to ensure there are sufficient funds available for its operations.

#### Liquidity risk

The Group's working capital requirements are managed through regular monitoring of the overall position and regularly updated cash flow forecasts to ensure there are funds available for its operations. Management forecasts indicate no new borrowing facilities will be required in the upcoming financial period.

Trade and other payables of £8,377,583 (2022: £8,220,247) are expected to mature in less than a year.

#### Credit risk

Credit risk arises principally from the Group's trade receivables, as there are no trade receivables within the Company, which comprise amounts due from customers. Prior to accepting new customers, a credit check is obtained. As at 30 June 2023 there were no significant debts past their due period which had not been provided for. The maturity of the Group's trade receivables is as follows:

|                   | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|-------------------|-------------------|-------------------|
| 0-30 days         | 609               | 432               |
| 30-60 days        | 664               | 653               |
| More than 60 days | 1,184             | 702               |
|                   | <b>2,457</b>      | <b>1,787</b>      |

The maturity of the Group's provision for impairment is as follows:

|                   | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|-------------------|-------------------|-------------------|
| 0-30 days         | 68                | 195               |
| 30-60 days        | 11                | 231               |
| More than 60 days | 1,226             | 1,466             |
|                   | <b>1,305</b>      | <b>1,892</b>      |

The movement in the provision for the impairment is as follows:

|                                     | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|-------------------------------------|-------------------|-------------------|
| As at 1 July                        | 1,892             | 1,785             |
| Provision for impairment            | 13                | 126               |
| Receivables written off in the year | (193)             | (19)              |
| Unused amount reversed              | (407)             | –                 |
| <b>As at 30 June</b>                | <b>1,305</b>      | <b>1,892</b>      |

The Group minimises its credit risk by profiling all new customers and monitoring existing customers of the Group for changes in their initial profile. The level of trade receivables older than the average collection period consisted of a value of £2,203,244 (2022: £1,614,266) of which £1,219,374 (2022: £1,476,586) was provided for. The Group felt that the remainder would be collected post year-end as they were with long-standing relationships, and the risk of default is considered to be low and write-offs due to bad debts are extremely low. The Group has no significant concentration of credit risk, with the exposure spread over a large number of customers.

The credit risk on liquid funds is low as the counterparts are banks with high credit ratings assigned by international credit rating bodies. The majority of the Group's cash holdings are held at NatWest Bank and Investec Bank Plc, which have A+ and BBB+ credit ratings respectively.

The carrying value of both financial assets and liabilities approximates to fair value.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 22. Financial instruments and risk management continued

#### Capital policy

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide optimal returns for shareholders and to maintain an efficient capital structure to reduce the cost of capital.

In doing so the Group's strategy is to maintain a capital structure commensurate with a strong credit rating and to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this, the Group monitors key credit metrics, risk and fixed charge cover to maintain this position. In addition the Group ensures a combination of appropriate short-term and long-term liquidity headroom.

During the year the Group had a short-term loan balance of £nil (2022: £nil) and amounts payable over one year are £nil (2022: £nil). The Group had a strong cash reserve to utilise for any short-term capital requirements that were needed.

The Group has continued to look for further long-term investments or acquisitions and therefore, to maintain or re-align the capital structure, the Group may adjust when dividends are paid to shareholders, return capital to shareholders, issue new shares or borrow from lenders.

#### Foreign currency exchange rate risk

Refer to foreign currency exchange rate risk under note 2 on page 63.

#### Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities (the Group does not hold any derivative financial instruments in the current or prior financial year).

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of the discounting is not significant.

|  | <6 months<br>£'000 | 6 to 12 months<br>£'000 | 1 to 2 years<br>£'000 | 2 to 5 years<br>£'000 | Total<br>contractual<br>cash flows<br>carrying<br>amounts<br>£'000 |
|--|--------------------|-------------------------|-----------------------|-----------------------|--|
| Contractual maturities at 30 June 2023 |                    |                         |                       |                       |  |
| Trade and other payables               | 8,873              | –                       | –                     | –                     | 8,873  |
| Lease liabilities                      | 474                | 415                     | 426                   | 955                   | 2,270  |
| <b>Total non-derivatives</b>           | <b>9,347</b>       | <b>415</b>              | <b>426</b>            | <b>955</b>            | <b>11,143</b>  |

|  | <6 months<br>£'000 | 6 to 12 months<br>£'000 | 1 to 2 years<br>£'000 | 2 to 5 years<br>£'000 | Total<br>contractual<br>cash flows<br>carrying<br>amounts<br>£'000 |
|--|--------------------|-------------------------|-----------------------|-----------------------|--|
| Contractual maturities at 30 June 2022 |                    |                         |                       |                       |  |
| Trade and other payables               | 7,698              | –                       | –                     | –                     | 7,698  |
| Lease liabilities                      | 463                | 448                     | 816                   | 1,082                 | 2,809  |
| <b>Total non-derivatives</b>           | <b>8,161</b>       | <b>448</b>              | <b>816</b>            | <b>1,082</b>          | <b>10,507</b>  |

### 23. Reconciliation of liabilities arising from financing activities

|                                  | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|----------------------------------|-------------------|-------------------|
| As at 1 July                     | 2,576             | 3,423             |
| Cash flows                       | (917)             | (1,110)           |
| Interest                         | 81                | 90                |
| Foreign exchange movement        | 1                 | 21                |
| Lease additions and terminations | 403               | 152               |
| <b>As at 30 June</b>             | <b>2,144</b>      | <b>2,576</b>      |

### 24. Deferred tax

#### Deferred tax liability

|  | Acquired<br>intangibles<br>£'000 | Accelerated<br>capital<br>allowances<br>£'000 | Short-term<br>timing<br>differences<br>£'000 | R&D relief<br>in excess of<br>amortisation<br>£'000 | Share-<br>based<br>payments<br>£'000 | Tax<br>Losses<br>£'000 | Total<br>£'000    |
|--|----------------------------------|---|--|---|--------------------------------------|------------------------|-------------------|
| At 1st July 2021   | 146                              | 38  | –  | 2,963   | (1,805)                              | (135)                  | 1,207             |
| (Credit)/charge to the<br>consolidated income<br>statement               | 17                               | 44  | (82)   | 218   | 69                                   | (1)                    | 265               |
| (Credit)/charge to the<br>consolidated statement of<br>changes in equity | –                                | –   | –  | –   | 1,283                                | –                      | 1,283             |
| <b>At 1st July 2022</b>  | <b>163</b>                       | <b>82</b>                                     | <b>(82)</b>                                  | <b>3,181</b>  | <b>(453)</b>                         | <b>(136)</b>           | <b>2,755</b>      |
| (Credit)/charge to the<br>consolidated income<br>statement               | (30)                             | (22)  | (18)   | 350   | (176)                                | (65)                   | 39                |
| (Credit)/charge to the<br>consolidated statement of<br>changes in equity | –                                | –   | –  | –   | (150)                                | –                      | (150)             |
| <b>At 30 June 2023</b>   | <b>133</b>                       | <b>60</b>                                     | <b>(100)</b>                                 | <b>3,531</b>  | <b>(779)</b>                         | <b>(201)</b>           | <b>2,644</b>      |
|  |                                  |   |  |   | 30.06.23<br>£'000                    |                        | 30.06.22<br>£'000 |
| As at 1 July   |                                  |   |  |   | 2,755                                |                        | 1,207             |
| Current year provision   |                                  |   |  |   | (111)                                |                        | 1,548             |
|  |                                  |   |  |   | <b>2,644</b>                         |                        | <b>2,755</b>      |

The following is the analysis of the deferred tax balances after any offset:

|                          | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|--------------------------|-------------------|-------------------|
| Deferred tax assets      | (201)             | (136)             |
| Deferred tax liabilities | 2,845             | 2,891             |
|                          | <b>2,644</b>      | <b>2,755</b>      |

Deferred tax provision relates to taxes to be levied by the same authority on the same entity expected to be settled at the same time. As such deferred tax assets and liabilities have been offset.

#### 25. Capital commitments

The Company and Group have no Capital commitments as at the year end.

#### 26. Contingent liabilities

The Company and Group have no Contingent liabilities as at the year end.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 27. Related party disclosures

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

#### Group

The following transactions were carried out with related parties and were made on terms equivalent to those that prevail in arm's length transactions:

|  |                                  |                          | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|--|----------------------------------|--------------------------|-------------------|-------------------|
| <b>Sale of services</b>                                |                                  |                          |                   |                   |
| Ipswich Town   | Entity under common Directorship | Email marketing services | -                 | 5                 |
| Football Club  |                                  |                          |                   |                   |
| Epwin Group Plc  | Entity under common Directorship | Email marketing services | -                 | 4                 |
|  |                                  |                          | -                 | <b>9</b>          |
| <b>Year end balances arising from sale of services</b> |                                  |                          |                   |                   |
| Ipswich Town   | Entity under common Directorship | Email marketing services | -                 | -                 |
| Football Club  |                                  |                          |                   |                   |
| Epwin Group Plc  | Entity under common Directorship | Email marketing services | -                 | -                 |
|  |                                  |                          | -                 | -                 |

#### Key management personnel

|  | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|--|-------------------|-------------------|
| Aggregate emoluments                                   | 1,191             | 938               |
| Ex-gratia payment                                      | -                 | 213               |
| Company contributions to money purchase pension scheme | 22                | 25                |
| Share-based payments from the LTIP options granted     | 248               | 176               |
|  | <b>1,461</b>      | <b>1,352</b>      |

The Board of Directors are deemed to be key management personnel. Details of directors' emoluments are provided in the Remuneration Committee report on page 41. Ex-gratia payment related to a settlement payment made to a former CFO.

Information in relation to the highest paid Director is as follows:

|  | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|--|-------------------|-------------------|
| Salaries   | 698               | 529               |
| Other benefits                                   | 4                 | 2                 |
| Pension costs                                    | 19                | 18                |
| Share-based payments on the LTIP options granted | 224               | 126               |
|  | <b>945</b>        | <b>675</b>        |

The number of directors for whom retirement benefits are accruing under defined contribution pension schemes amounted to 2 (2022: 2).

#### Company

The following transactions were carried out with related parties:

|  |            |                        | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|--|------------|------------------------|-------------------|-------------------|
| <b>Year end balances arising from sales/purchase of services</b> |            |                        |                   |                   |
| Dotdigital EMEA Limited  | Subsidiary | Receivables/(Payables) | 4,904             | 2,151             |
|  |            |                        | <b>4,904</b>      | <b>2,151</b>      |

The receivables and payables are unrestricted in nature and bear no interest. No provisions are held against receivables from related parties.

#### Loans to/from related parties

|                         |            | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
|-------------------------|------------|-------------------|-------------------|
| Dotdigital EMEA Limited | Subsidiary |                   |                   |
| As at 1 July            |            | 726               | (1,041)           |
| Loans advanced          |            | 5,330             | 5,653             |
| Loans repaid            |            | (3,923)           | (3,886)           |
|                         |            | <b>2,133</b>      | <b>(726)</b>      |

IAS 24 Related Party Disclosure (Revised) allows disclosure exemption of transactions between wholly-owned subsidiaries that are eliminated on consolidation.

#### 28. Ultimate controlling party

There is no ultimate controlling party of the Group. Dotdigital Group Plc acts as the Parent Company to Dotdigital EMEA Limited, Dotdigital Inc, Dotdigital APAC Pty Limited, Dotdigital B.V., Dotmailer Development Limited, Dotdigital Development SA Pty Ltd, Dotdigital SG Pte. Limited, Dynmark International Ltd, and Dotdigital Poland S.p. z.o.o.

#### 29. Share-based payment transactions

The measurement requirements of IFRS 2 have been implemented in respect of share options that were granted after 7 November 2002. The expense recognised for share-based payment made during the year is £721,070 and £15,003 movement in the provision of NI (2022: £455,549).

Vesting conditions of the options dictate that employees must remain in the employment of the Group for the whole period to qualify.

#### Movement in issued share options during the year

The table below illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the period. The options outstanding at 30 June 2023 had a WAEP of 36.91p (2022: 49.04p) and a weighted average contracted life of 7.27 years (2022: 5.82 years) and their exercise prices ranged from 0.5p to 181.2p. All share options are settled in form of equity issued.

|  | 30.06.23       |         | 30.06.22       |         |
|--|----------------|---------|----------------|---------|
|  | No. of options | WAEP    | No. of options | WAEP    |
| Outstanding at the beginning of the period | 6,059,337      | 49.04p  | 4,292,735      | 26.05p  |
| Granted during the year                    | 1,654,722      | 2.30p   | 2,463,663      | 89.85p  |
| Forfeited/cancelled during the period      | (201,636)      | 117.51p | (259,562)      | 137.88p |
| Exchanged for shares                       | -              | -       | (437,500)      | 0.50p   |
| Outstanding at the end of the period       | 7,512,423      | 36.91p  | 6,059,337      | 49.04p  |
| Exercisable at the end of the period       | -              | -       | -              | -       |

The weighted average share price at the date of the exercise for share options exercised during the period was n/a (2022: 0.84p). For options granted after 2019, a Monte Carlo model was used in measuring the fair use of options granted that were subject to a TSR performance condition. A Black Scholes model was used in measuring the fair use of all other options granted.

|                           | 22 December 2020 |                    | 23 September 2021 |                    | 24 December 2021 |                    | 08 December 2022 |                    | 24 December 2022 |                    |
|---------------------------|------------------|--------------------|-------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
|                           | EPS (50%)        | Relative TSR (50%) | EPS (50%)         | Relative TSR (50%) | EPS (50%)        | Relative TSR (50%) | EPS (50%)        | Relative TSR (50%) | EPS (50%)        | Relative TSR (50%) |
| Number of options granted | 153,364          | 153,364            | 100,729           | 100,729            | 193,894          | 193,894            | 438,435          | 438,434            | 283,157          | 283,156            |
| Share price at grant date | 152.0p           | 152.0p             | 264.0p            | 264.0p             | 196.0p           | 196.0p             | 93.0p            | 93.0p              | 83.9p            | 83.9p              |
| Exercise price            | 0.50p            | 0.50p              | 0.50p             | 0.50p              | 0.50p            | 0.50p              | 0.50p            | 0.50p              | 0.50p            | 0.50p              |
| Option life in years      | 10 years         | 10 years           | 10 years          | 10 years           | 10 years         | 10 years           | 10 years         | 10 years           | 10 years         | 10 years           |
| Risk-free rate            | (0.08)%          | (0.08)%            | 0.38%             | 0.38%              | 0.57%            | 0.57%              | 3.10%            | 3.10%              | 3.50%            | 3.50%              |
| Expected volatility       | 40.40%           | 40.40%             | 39.00%            | 39.00%             | 43.00%           | 43.00%             | 52.60%           | 52.60%             | 52.70%           | 52.70%             |
| Expected dividend yield   | 0%               | 0%                 | 0%                | 0%                 | 0%               | 0%                 | 0%               | 0%                 | 0%               | 0%                 |
| Fair value of options     | 152.0p           | 99.0p              | 264.0p            | 181.0p             | 196.0p           | 115.0p             | 92.54p           | 71.0p              | 83.45p           | 60.0p              |

## Notes to the consolidated financial statements continued

For the year ended 30 June 2023

### 29. Share-based payment transactions continued

|                           | 19<br>December<br>2017 | 24<br>October<br>2018 | 14<br>December<br>2020 | 15<br>December<br>2021 | 12<br>April<br>2022 | 14<br>April<br>2022 | 22<br>December<br>2022 | 12<br>April<br>2023 |
|---------------------------|------------------------|-----------------------|------------------------|------------------------|---------------------|---------------------|------------------------|---------------------|
| Number of options granted | 1,375,000              | 2,305,000             | 535,920                | 567,300                | 91,127              | 1,367,547           | 35,149                 | 85,264              |
| Share price at grant date | 85.95p                 | 77.5p                 | 148.0p                 | 181.0p                 | 86.4p               | 90.0p               | 83.9p                  | 91.8p               |
| Exercise price            | 0.50p                  | 0.50p                 | 147.5p                 | 181.2p                 | 0.50p               | 86.5p               | 83.35p                 | 0.50p               |
| Option life in years      | 5 years                | 5 years               | 10 years               | 10 years               | 5 years             | 10 years            | 5 years                | 5 years             |
| Risk-free rate            | 1.33%                  | 1.23%                 | (0.01)%                | 0.54%                  | 1.65%               | 1.68%               | 3.55%                  | 3.40%               |
| Expected volatility       | 30.0%                  | 30.0%                 | 34.3%                  | 35.5%                  | 53.2%               | 50.3%               | 60.7%                  | 58.3%               |
| Expected dividend yield   | 1%                     | 1%                    | 0.56%                  | 0.46%                  | 1%                  | 0.96%               | 1.03%                  | 1.07%               |
| Fair value of options     | 65.3p                  | 52.7p                 | 47.0p                  | 62.0p                  | 80.5p               | 42.0p               | 46.56p                 | 85.25p              |

Expected volatility was determined by calculating the historical volatility of the Group's share price over a 3-year/6.5-year period prior to the date of grant. The expected life used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The share options granted on 24 October 2018, 22 December 2020, 23 September 2021, 24 December 2021, 8 December 2022 and 24 December 2022 were following the approval of the LTIP scheme at the AGM on 19 December 2017 and the end-to-end awards that were granted to key personnel.

### 30. Group reconciliation of profit before corporation tax to cash generated from operations

|  | Group             |                   | Company           |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 30.06.23<br>£'000 | 30.06.22<br>£'000 | 30.06.23<br>£'000 | 30.06.22<br>£'000 |
| <b>Current</b>                           |                   |                   |                   |                   |
| Operating profit from all operations     | 13,548            | 13,605            | 4,459             | 4,163             |
| Amortisation                             | 6,578             | 6,123             | –                 | –                 |
| Depreciation                             | 1,035             | 1,124             | 4                 | 2                 |
| Finance lease non-cash movement          | 212               | 152               | –                 | –                 |
| Loss on disposal of fixed assets         | 38                | –                 | –                 | –                 |
| Share-based payments                     | 721               | 456               | –                 | –                 |
| Impairment on investment                 | –                 | –                 | 36                | 235               |
| Finance expense                          | 57                | 57                | –                 | –                 |
|  | <b>22,189</b>     | <b>21,517</b>     | <b>4,499</b>      | <b>4,400</b>      |
| (Increase)/decrease in trade receivables | (2,236)           | 325               | (1,394)           | (1,405)           |
| Increase in trade payables               | 1,975             | 3,320             | 60                | (350)             |
| <b>Cash generated from operations</b>    | <b>21,928</b>     | <b>25,162</b>     | <b>3,165</b>      | <b>2,645</b>      |

### 31. Group cash and cash equivalents

The amounts disclosed in the statement of cash flow in respect of cash and cash equivalents are in respect of these statements of financial position amounts:

|                           | Group<br>£'000 | Company<br>£'000 |
|---------------------------|----------------|------------------|
| As at 1 July 2021         | 31,951         | 85               |
| As at 30 June 2022        | 43,919         | 163              |
| <b>As at 30 June 2023</b> | <b>52,676</b>  | <b>396</b>       |

### 32. Project development

During the year the Group incurred £8,729,106 (2022: £7,599,073) in development investments. All resources utilised in development have been capitalised as outlined in the accounting policy governing this area.

### 33. Events after the end of the reporting period

On 11 September 2023 Dotdigital Group Plc acquired 100% of the voting equity instruments in Fresh Relevance Limited, a vendor of cross-channel personalisation technology.

The principal reason for the acquisition was to bring complementary personalisation technology and website expertise to the Group which accelerates Dotdigital's CXDP roadmap, together with technical expertise. The increased functionality the acquisition will both increase our total addressable market and help drive net revenue expansion.

The financial effects of this transaction have not been recognised at 30 June 2023. The operating results and assets and liabilities of the acquired company will be consolidated from 11 September 2023.

As the acquisition was completed a short time before the authorisation date of these financial statements, it was not practical to disclose an accurate book value of the net assets acquired as at 11 September 2023. The following figures presented represent Fresh Relevance Limited unaudited management accounts for 31 August 2023:

|                                       | Provisional<br>31-Aug-23<br>£'000 |
|---------------------------------------|-----------------------------------|
| <b>Intangible assets</b>              | <b>208</b>                        |
| Property, plant and equipment         | 22                                |
| Trade and other receivables           | 909                               |
| Cash and cash equivalents             | 1,545                             |
| <b>Assets</b>                         | <b>2,684</b>                      |
| Trade and other payables              | 1,612                             |
| Interest bearing loans and borrowings | 1,899                             |
| <b>Liabilities</b>                    | <b>3,511</b>                      |
| <b>Total net liabilities</b>          | <b>(827)</b>                      |

At the date of authorisation of these financial statements a through and extensive detailed assessment of the fair value of the identifiable net assets has not been completed.

#### *Fair value of consideration paid*

Dotdigital paid a total consideration of £25.0 million, 100% payable on completion, with circa £18.9 million being satisfied in cash and circa £6.1 million by the issue of 6,862,683 new ordinary shares in Dotdigital at 88.698p, which are subject to a 12 month lock-in.

It is expected that post fair value adjustments this will result in recognised goodwill especially after pre acquisition adjustments such as the repayment of interesting bearing loans. The goodwill represents items, such as the know how of the workforce, which do not qualify as assets.

## Company information

For the year ended 30 June 2023

### Directors:

J Conoley (appointed on 7 July 2022)  
A Gurney (appointed 19 September 2022)  
B Huard  
M Patel  
E Richards

### Auditor:

Moore Kingston Smith LLP  
Statutory Auditor  
6th Floor  
9 Appold Street  
London  
EC2A 2AP

### Company Secretary:

G Kasparian

### Registered office:

No. 1 London Bridge  
London  
SE1 9BG

### Registered number:

06289659 (England and Wales)

### Nomad/broker:

Canaccord Genuity  
88 Wood Street  
London  
EC2V 7QR

### Joint broker:

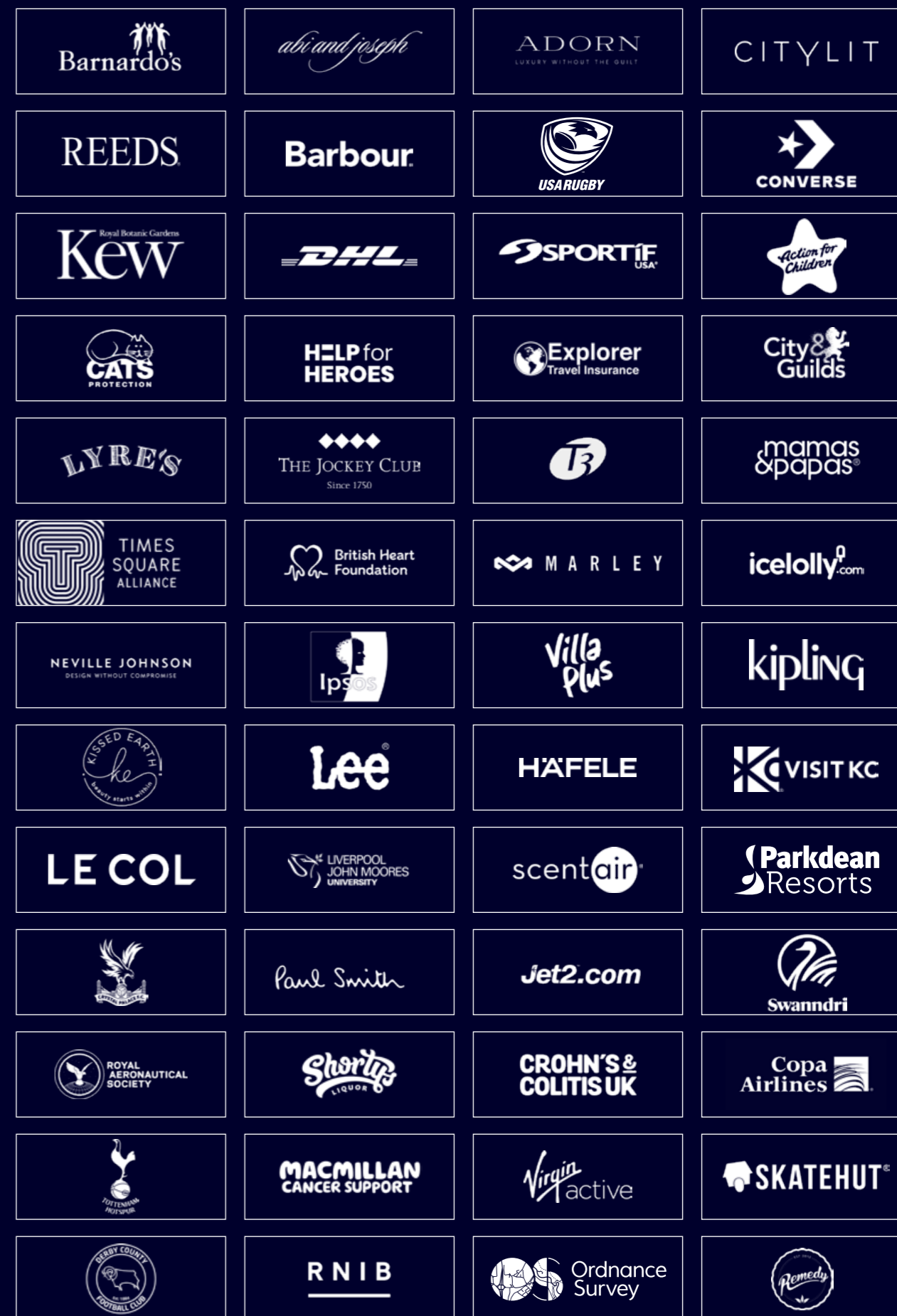
FinnCap  
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Singer Capital Markets Advisory LLP  
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### Solicitor:

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## Our clients



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