



Half year results presentation

For the six months ended 31 December 2023

Milan Patel, CEO
Alistair Gurney, CFO
March 2024

A global customer experience and data platform



Who we are

- A global business with UK headquarters
- 475+ global employees
- 8 International locations
- Strong network of agency and solution partners

What we do

Dotdigital's Customer Experience & Data Platform gives customer insight with which marketers can create personalised, automated customer experiences across a range of marketing channels.

Users can connect customer data to send data-driven campaigns across email, SMS, social, WhatsApp, and more.

Who we help

- Focussed on mid-market & enterprise



Business split

Geographic expansion



■ EMEA - UK ■ US ■ APAC

Strategic Partnerships



■ Connected ■ Non Connected

Product Innovation



■ Msg ■ License & Func. ■ One-off

Key financials



17%

10 year revenue CAGR



17%

10-year adjusted EBITDA CAGR



14%

10 year EPS CAGR

Highlights of a strong HY

- All regions contributed positively to 15% revenue growth, underpinned by double digit organic performance (11% constant currency)
- Leap forward in CXDP capabilities with September 2023 acquisition of Fresh Relevance and development such as MMS functionality and further development of AI capabilities
- Integration on track with enhanced proposition already contributing to new, larger customer wins and early cross-selling into existing base
- Good trading momentum moving into H2 with strengthened team and low staff attrition (7% annualised)
- Strong balance sheet for further investment in organic and acquisitive growth



15%

Total revenue to
£38.7m



11%

Org. revenue growth
(constant currency)



94%

Recurring and
repeating revenue
(H1 FY23: 95%)



16%

Adjusted profit before
tax



9%

Average revenue per
customer to £1,709

Our enhanced Customer eXperience & Data Platform



Democratising customer data to be actionable, empowering marketers & merchants to drive value in every single engagement to achieve your goals

CRM | ERP
CDP | DMP

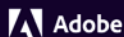
Ecommerce

Offline data

Any data

Connect and organise customer data

- Ecosystem partners (150+)
- Zero & first party data capture
- Customer behaviour data
- Data enrichment
- Data aggregation
- De-duplication & unification
- Social proof and reviews



Empower the customer experience

- Audience analytics & insights
- Segmentation
- Lifecycle modelling
- Customer experience orchestration
- Cross-channel campaign management
- Content & creative
- Revenue & commerce reporting
- Predictive analytics, AI & ML
- Personalisation & optimisation
- Product recommendations
- Real-time dynamic content

powered by **WinstonAI**

Engage cross-channel with targeted marketing, triggered and transactional messaging

- Email
- SMS
- Mobile
- Social
- Ads
- Chat
- Website
- Offline
- Partner extensions
- Any channel

WinstonAI™

Dotdigital's marketing intelligence engine, powered by AI.

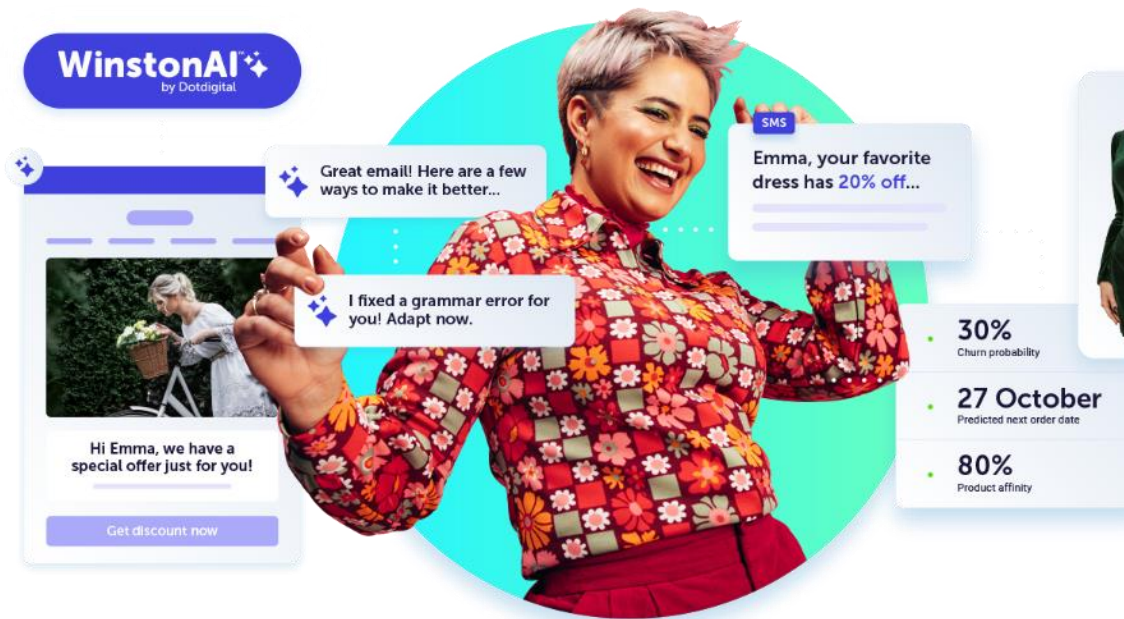
Generative AI for effortless campaign creation

Predictive analytics and recommendations

Smart segmentation with RFM & eRFM modelling

Cross-channel acceleration and send time optimization

One-click product data enrichment



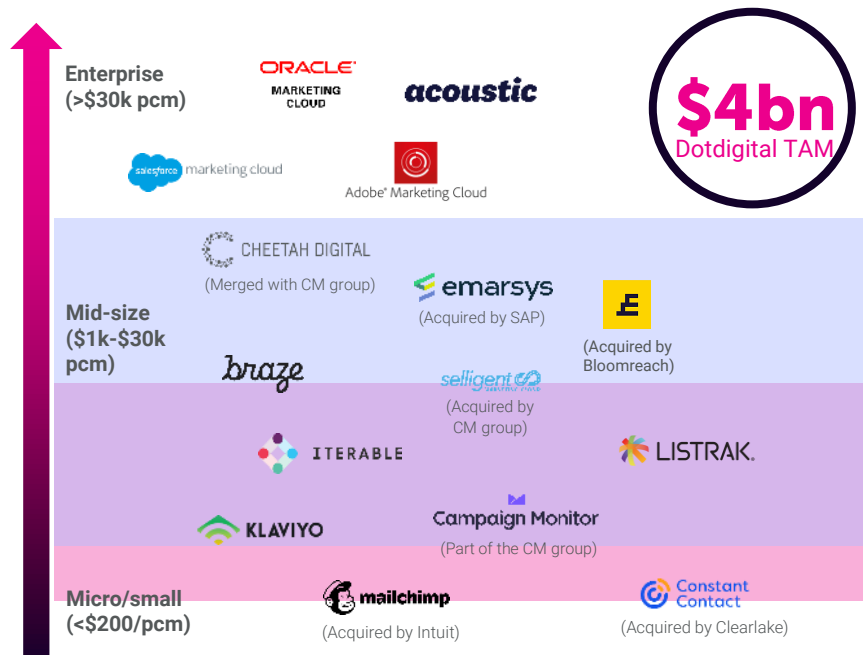
Delivering customer engagement and loyalty



Largest independent mid-market customer engagement platform

Why we win

DOTD + F



\$4bn
Dotdigital TAM



User experience

Easy-to-use and intuitive



Product differentiation

Breadth of capabilities integrated on one platform, underpinned by rich data



Unparalleled reach

Extensive partner network and 180 ecosystem technology integrations



Results and innovation

Delivering measurable ROI and time-to-value, on average delivering four product releases per year



People and purpose

Pioneers of responsible marketing

Financial Review

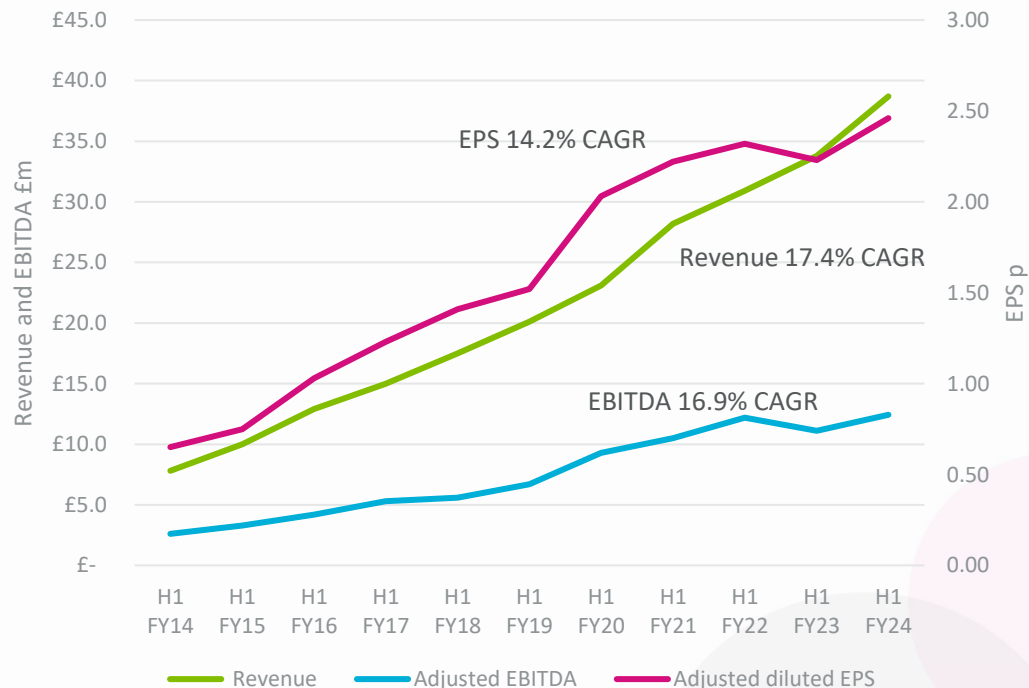


Trading Highlights



Growth

- Revenue grew **15%** to **£38.7m** (H1FY23: £33.8m) including the contribution from Fresh Relevance. Organic growth was 11% on a constant currency (H1FY23: 7%) basis and 9% reported (H1FY23: 9%)
- Recurring or repeating revenues represented 94% of total revenue, with 79% being contracted. These metrics are substantially unchanged by the acquisition of Fresh Relevance
- These contracted recurring revenues grew by **15%** to **£30.7m** (H1FY23: £26.8m)
- EBITDA growth of 13% following a period of increased investment in our organic business. Cost synergies from Fresh Relevance will benefit future periods
- Cash generation remains consistent with previous periods, albeit the acquisition of Fresh Relevance has reduced the Group's total cash balance

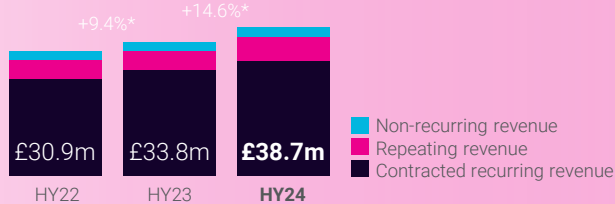


Financial model



Drive high margin sticky recurring revenues and cash conversion

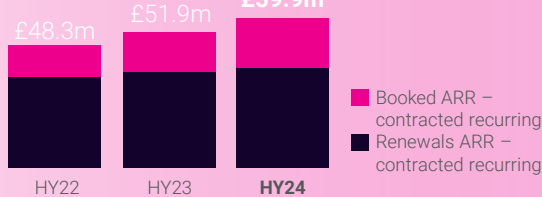
Revenue Profile



Recurring and repeating revenues were 94% of total Group revenues whilst contracted recurring revenue remains at 79% of total (H1FY23: 79%)

▶ With contracted recurring revenue gross margin of ~90%

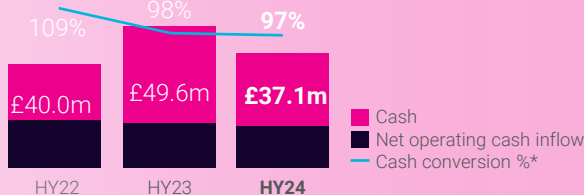
Exit ARR



Contracted recurring revenue (excluding transactional SMS) ARR growth of 15%

▶ Continued growth has taken contracted recurring revenue to 79% of total

Cash conversion



ARR growth drives cash generation

▶ Cash balance of £37.1m

*Cash conversion = cash inflow from operations, adjusted for acquisition / EBITDA

Income Statement



- Organic revenue growth in H1 was 9% (11% in constant currency), driven by bookings in H2 FY23. Gross margin of 79% remains in line with the prior year, unchanged following the acquisition of Fresh Relevance.
- ARPC increased 9% to £1,709 as our CXDP offering has attracted larger new logos. The Fresh acquisition has not significantly changed ARPC, however it has supported the continued increase in average deal size.
- New Logo bookings in H1FY24 were significantly ahead of prior year driven by a 120% increase in deals over £30k ARR, clearly demonstrating our increased traction with larger and more ambitious customers.
- International revenue was 33% of Group total. The North America region grew by 13% in local currency (8% excluding Fresh), while APAC revenues grew by 33% in local currency.
- Exceptional costs related to the Fresh acquisition, amortisation of intangible assets and increased share-based payment costs. The acquisition remains on track to be earnings enhancing in FY25.
- Admin expenses (excl. exceptional items) grew due to the acquisition and the full period impact of additional heads hired through FY23.

£'m	HY24	HY23	Growth
Revenue	38.7	33.8	15%
Cost of sales	(8.0)	(7.1)	
Gross profit	30.7	26.8	15%
Admin expenses	(23.9)	(19.5)	
Operating Profit	6.8	7.2	(6)%
Exceptional items*	1.6	0.3	
Adj. Operating Profit	8.4	7.5	11%
Margin	22%	22%	
Net interest	0.6	0.2	
Adjusted PBT	8.9	7.7	16%
Depreciation & Amortisation	4.1	3.6	
Adj. EBITDA	12.4	11.1	13%
Margin	32%	33%	
Adjusted diluted EPS (p)	2.46	2.23	10%

* Exceptional costs of £1.6m in the period (H1 FY23: £0.3m)

1 Share based payments £0.4m (H1 FY23: £0.3m)

2 Amortisation of acquired intangibles relating to Comapi £0.1m (H1 FY23: £0.1m) and Fresh Relevance £0.5m

3 Acquisition costs relating to Fresh relevance of £0.5m (H1 FY23: £0.0m)

4 Costs relating to share option exercise £0.2m (H1 FY23: £0.0m)

Statement of financial position

- Healthy balance sheet due to good trading and working capital management. Cash balance is sufficient that we continue to consider further M&A opportunities.
- The acquisition of Fresh Relevance used £19m of cash with the remaining £6.1m funded through issuing equity to retained management at 88.7p per share.
- Increased focus on active treasury management has substantially maintained interest income despite the acquisition.
- The acquisition has driven a movement in Group working capital balances, however the ongoing working capital profile of Fresh Relevance is consistent with the Group.
- Debtor balances (and deferred income) have grown with the acquisition and some significant new logos won late in H1. Aged trade debtor balances remain low.

£'m	HY24	HY23
Non-current assets	61.7	31.2
Other current assets	17.1	13.0
Cash	37.1	49.6
Total assets	115.9	93.8
Non-current liabilities	7.8	4.3
Current liabilities	15.7	12.9
Total liabilities	23.5	17.2
Total equity	92.4	76.6
Total equity and liabilities	115.9	93.8

Statement of cashflows

- Reduced cash flow from operations was due to exceptional expenses relating to the acquisition, normalisation of working capital balances post-acquisition and reduced end of period working capital stretch.
- Period end cash balance remains in line with management expectations.
- Aged debtor profiles remain in line with previous periods whilst DSO has also remained stable.
- Free cash flow of £3.3m was low after payment of certain exceptional items related to the acquisition and post-acquisition normalisation of working capital. Normalised Free cash flow was c.£5m when adjusted for costs and working capital movements specifically driven by the acquisition.

£'m	HY24	HY23
Cash and equivalents BoP	52.7	43.9
Net cash generated from operations	7.8	10.1
Net cash used in investing activities	(22.8)	(4.0)
Net cash used from financing activities	(0.5)	(0.5)
Effect of FX rate changes	(0.0)	(0.0)
Cash and equivalents at EoP	37.1	49.6
£'m	HY24	HY23
Adjusted EBITDA	12.4	11.1
Working capital	(1.9)	(0.0)
Lease costs	(0.5)	(0.5)
Net Interest	0.6	0.2
Tax	(1.3)	(0.4)
Investments	(4.4)	(4.2)
Exceptional items	(1.6)	(0.3)
Free cash flow	3.3	5.9
Acquisition of subsidiary	(18.9)	0.0
FX and other cash flows	0.1	(0.2)
Net change in cash	(15.5)	5.7

Our policy is to allocate capital to maximise shareholder value, support sustainable growth, and maintain a strong financial position. Our process includes rigorous planning, budgeting, board approval and ongoing monitoring, considering commercial strategy, risk management, liquidity and shareholder returns.

Profitable organic growth

- Investments in product development, sales and marketing, and talent acquisition to drive organic growth in our existing regions whilst maintaining strong operating profit margins of greater than 20%.

Acquisitions

- Flexibility to pursue acquisitions, in-line with CXDP vision to increase speed to market and to grow market share in geographic regions.
- Focus on opportunities which accelerate product roadmap and reduce time to market for new functionality in particular which have strong recurring revenues and create cross sell opportunity within existing customer base.

Return to shareholders

- Whilst retaining flexibility to pursue organic and inorganic opportunities, we will consider returning capital to shareholders.
- Our dividend policy is to increase the dividend in line with EBITDA growth.

Strategic Update



Continued delivery against our strategy

Our core growth pillars



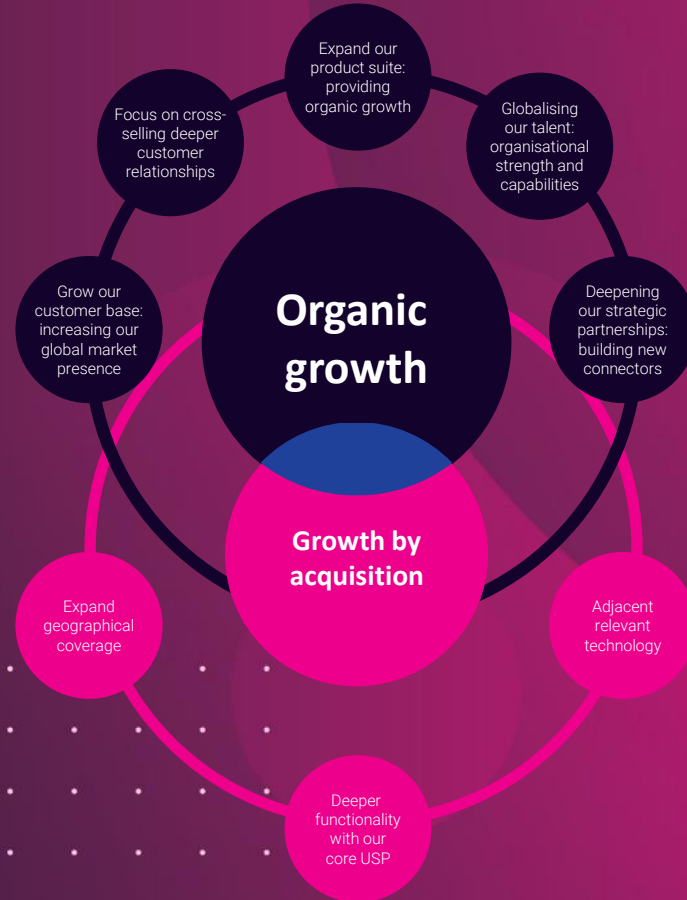
Geographic



Product Innovation



Strategic partnerships

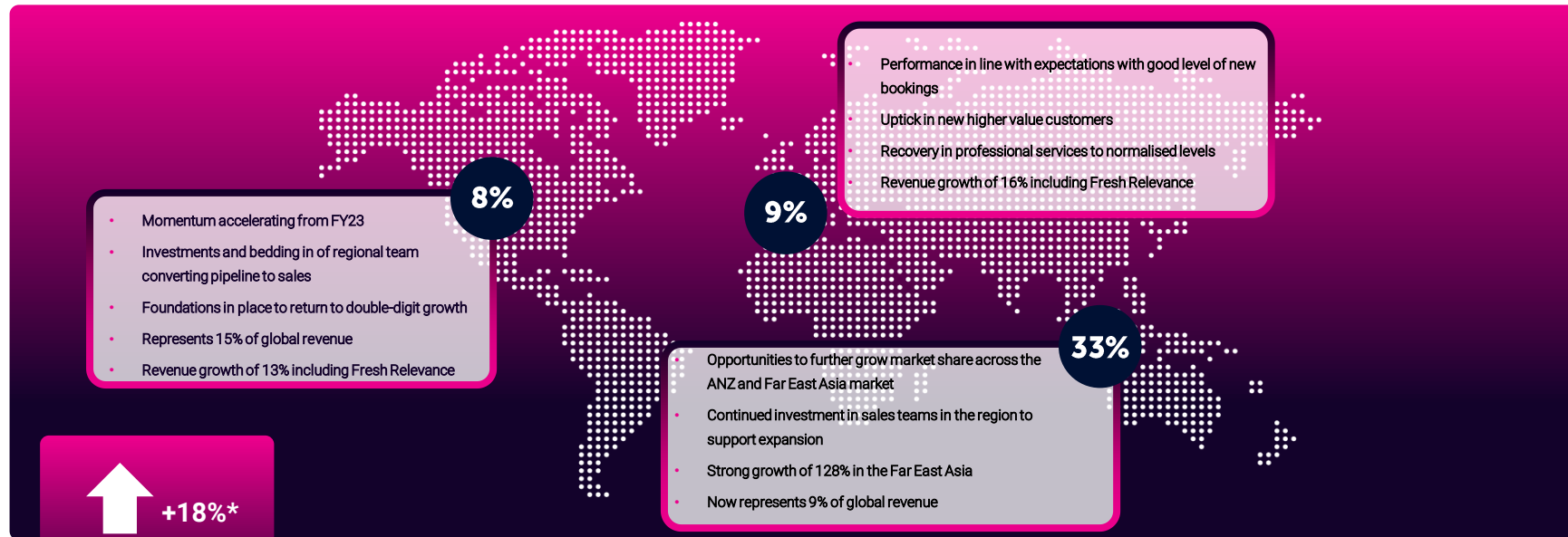


Organic growth across the world (in local currency)

Geographic

Product innovation

Strategic partnerships



↑ +18%*
£12.9m
International revenue (GBP)

Selection of new clients signed

Uber Boat
by thames clippers

DANONE
ONE PLANET. ONE HEALTH

Home LEISURE
DIRECT

Travel Supermarket

Red Bull RECORDS

Audi

NORTHREACH

MOSHIMO

* On constant currency basis. Growth in GBP as reported was 11.5%

Product innovation driving value



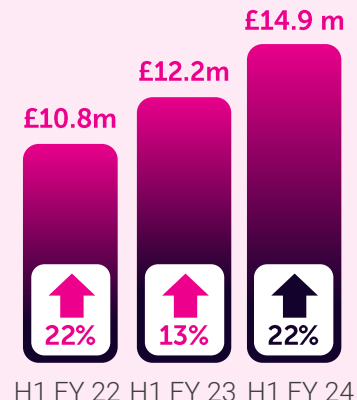
Geographic | **Product innovation** | Strategic partnerships

- WinstonAI™ our marketing intelligence engine now includes enhancements to its generative AI by providing campaign content grammar checking, the ability to rewrite for tone, change the length of content, rephrase content, add emojis and in one-click convert an email to an SMS campaign.
- Launch of a new Connect area to easily allow customers to integrate their data with 170+ technologies within their existing Martech stack.
- MMS (Multimedia Messaging Service) is now available as a native marketing channel within the platform. Early adopting customers have enjoyed up to 28x ROI from their campaign deployments with increase engagement rates.



Functionality Recurring Revenue

Licence, data and bolt on functionality



Building pipeline and market reach



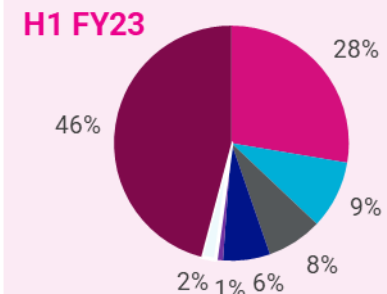
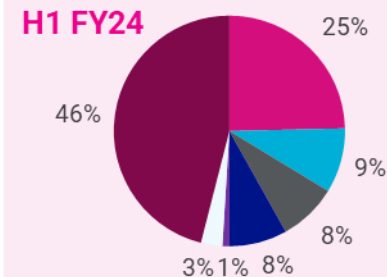
Geographic | Product innovation | Strategic partnerships

- Sales from customers using connectors to our strategic partners' solutions increased by 8% to £16.7m (H1 FY23: £15.5m)
- Our ecommerce connector revenue grew by 7% to £11.4m
- Our CRM connectors grew by 11% to £5.3m (H1 FY23: £4.8m)
- We will continue to enhance our strategic partnerships into other business systems to make it very easy for our customers to bring data into our customer data platform and see value in the combined offering
- We have strengthened our partner programme, adding agency and technology partners that work within the various ecosystems

up 8%
Revenue from
connected clients

Adobe Commerce | Microsoft Dynamics 365 | shopifyplus | salesforce sales cloud

First ever tech partner on Adobe Assurance Program | Gold Microsoft Partner | Technology Partner | Verified Partner



- Magento
- Dynamics
- Salesforce
- Shopify
- Big Commerce
- Other
- Non integrated

Fresh Relevance



Personalized, cross-channel experiences that go beyond the expected



- ✓ drive higher ARPU
- ✓ larger enterprise deals
- ✓ broaden sector coverage
- ✓ increase customer stickiness

Integration of Fresh Relevance progressing on track

Operations

- Deeper team integration with 'cross-heritage' teams collaborating and knowledge sharing
- Product and engineering agile teams formed

- ✓ Cost savings slightly ahead of schedule
- ✓ Business processes aligned to scale up the personalisation offering for international markets

Product

- Initial phase of product integration completed
- H2 focus on streamlined onboarding and cross-platform data exchange, on track to be completed by Q4 2024

- ✓ New single-sign-on adopted by 30% of existing and new joint customers
- ✓ SMS/MMS can be personalised to enable use cases such as abandoned cart, booking notifications and order notifications

Go-to-market

- Joint Sales and Marketing teams formed
- Marketing commenced to existing client base with positive feedback

- ✓ 10 cross-sell and joint new customers signed post-acquisition
- ✓ Pipeline building including larger enterprises

Looking ahead

ties

the **dotties**

The Dotdigital platform champion

2022 Winner

MrQ

Summary and outlook

Strong first half performance characterised by a return to double digit organic sales growth

Fresh Relevance integration on track and already benefitting conversion of larger, higher value customer wins

Demand for sophisticated digital marketing tools that leverage data and AI to drive ROI improvements continues to grow

Good trading momentum moving into H2 with enhanced proposition unlocking new revenue opportunities

Management remain confident of achieving current market expectations



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Questions



Appendix





freshrelevance

A Dotdigital Company



Web & app content, recommendations, data capture, site search, PLP merchandising



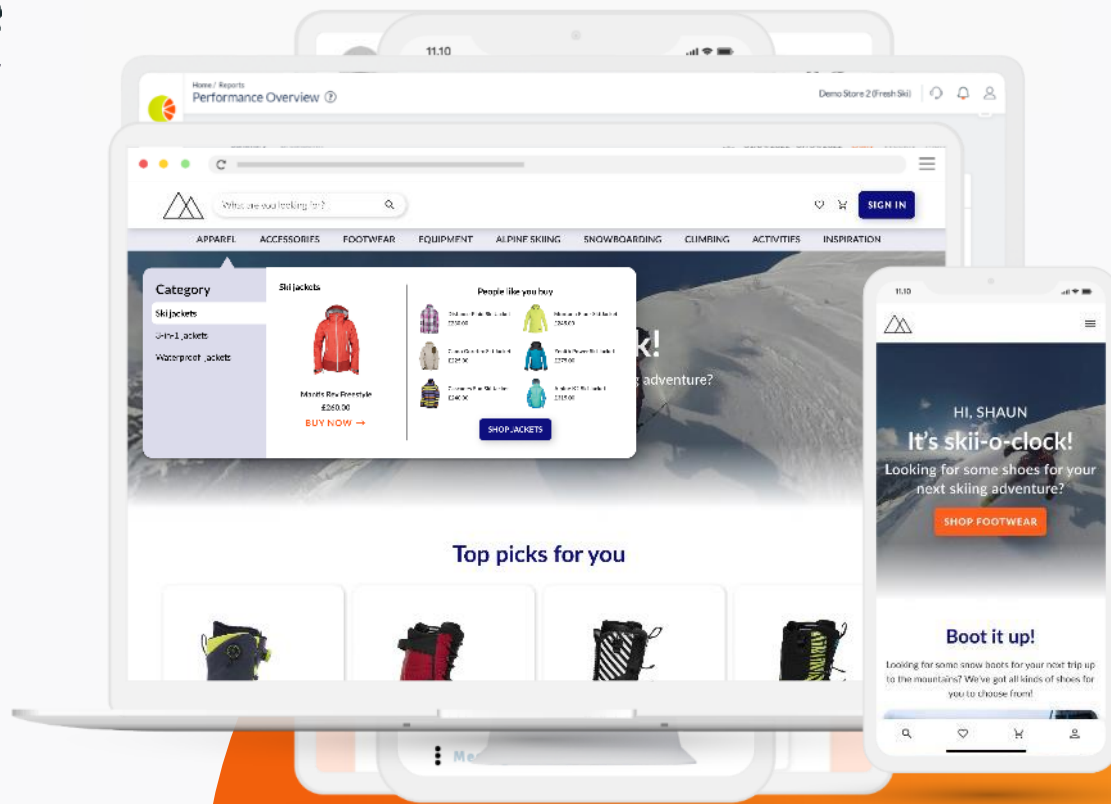
Real-time email content incl. geotargeting, coupons, countdowns, live price



Behavioural emails & SMS incl. cart, browse & form abandon, post-purchase & custom



Testing, targeting and optimization



FUJIFILM



Look Fabulous Forever
Perfect Makeup for Older Faces

Panasonic

HOSEASONS



PEACOCKS

Holland&Barrett

ESTD 1934
ETTINGER
LONDON

Dreams

Bonmarché

KUONI

LloydsPharmacy

Board of Directors



Milan Patel
Chief Executive Officer

Milan was responsible for the Group's functions in financial management and reporting, regulatory compliance, legal and corporate governance for the business prior to being made permanent CEO of the Group in 2016. He also brings substantial strategic financial and commercial experience to the Board. Milan is now responsible for leading our international growth strategy, accelerated product innovation, developing strategic partnerships and executing on the acquisition strategy.



Alistair Gurney
Chief Financial Officer

Alistair joined the Board in September 2022, bringing experience of senior finance leadership roles in international technology businesses. He was most recently Director of Group FP&A at Unit4 Business Software, where he revised the groups 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.



John Conoley
Non-Executive Chairman

John was appointed as Non-Executive Chairman in July 2022. He brings significant executive and non-executive Board-level experience of both fully-listed and AIM-quoted businesses. Recent public company roles include CEO of Psion PLC from April 2008 to October 2012 when it was acquired by Motorola; Non-Executive Director of NetDimensions from October 2016 to April 2017 when it was acquired by Learning Technologies, and Non-Executive Chairman of Wameja, the mobile financial services company acquired by MasterCard in 2021. He is currently Executive Chairman of the AIM-listed FireAngel Safety Technology Group PLC.



Boris Huard
Non-Executive Director

Boris 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 has 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.



Liz Richards ACA
Non-Executive Director

Liz is a highly experienced executive and Non-Executive Director with a career spanning the Financial Services, Data and Software sectors. Liz was Chief Financial Officer for Callcredit (now Transunion), a successful consumer data business, overseeing its rapid growth from start-up to a £150m revenue business. She brings experience of high-growth acquisitive business, and financial, audit and governance expertise.

Strong and supportive shareholders



Shareholding as at 31st December 2023

- Liontrust Asset Management **17.3%**
- Directors & PDMR **10.3%**
- Octopus Investments **8.8%**
- Investec Wealth & Investment **7.4%**
- Slater Investments **4.7%**
- Hargreaves Lansdown PLC **3.2%**
- Martin Currie Investment Management **2.8%**
- Chelverton Asset Management **2.5%**
- Herald Investment Management **2.5%**
- Highclere International Investors **2.1%**
- Evelyn Partners **2.1%**
- Baillie Gifford **1.8%**
- Berenberg Asset Management **1.5%**
- Allianz Global Investors **1.0%**

Global reach



Investment case



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 balance and no debt.



Growth

Attractive industry growth with a change in sentiment post-COVID-19

Email marketing automation has a proven superior ROI for marketers from all digital marketing channels.
Global marketing automation spend is, according to Precient and Strategic Intelligence, showing double-digit growth and is predicted to reach \$14.2bn by 2030.
Marketeers are predicted to accelerate adoption of omnichannel.
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.