dotdigital GROUP PLC

ANNUAL REPORT

2023/24

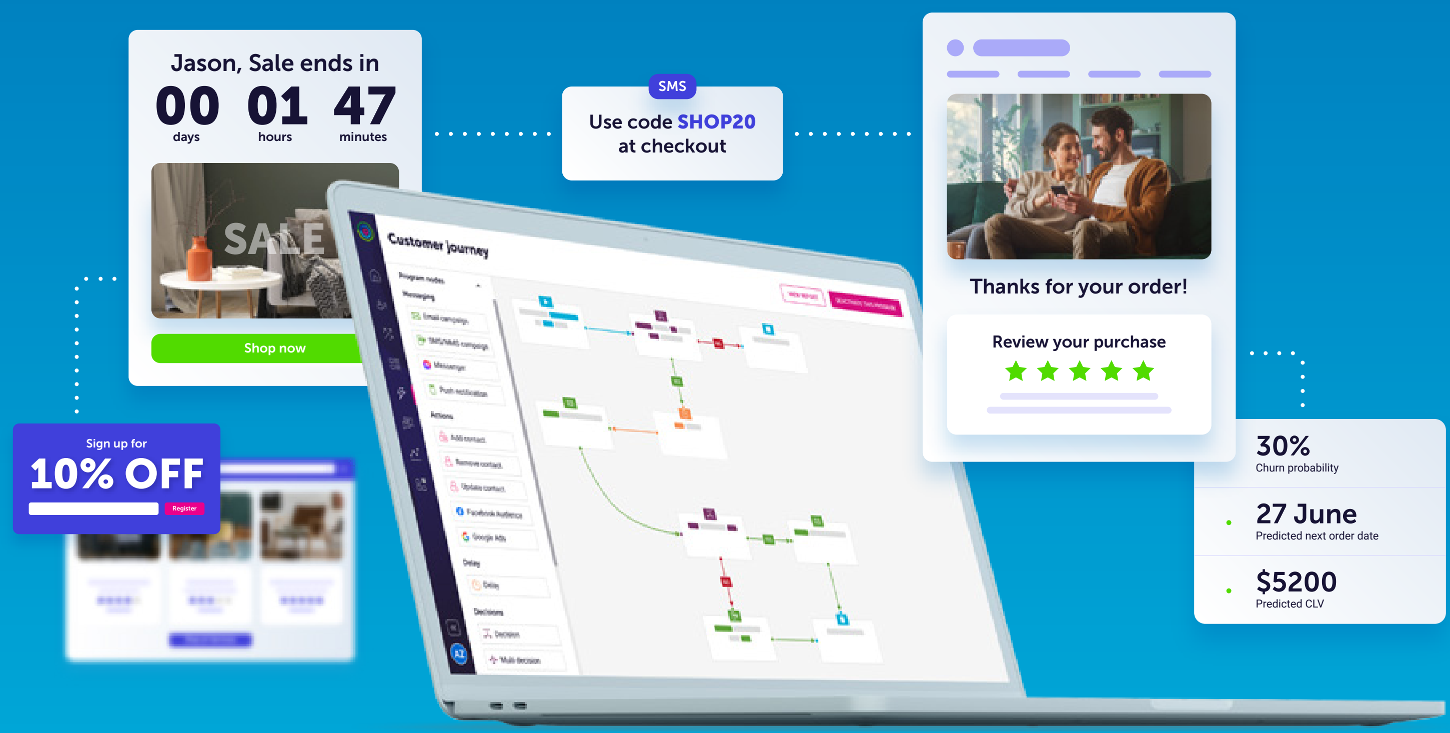
Contents

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 14% from £69.2m	Up 10% from £15.4m	Up 10% from £22.0m	Down -20% from £52.7m
£79.0m	**£16.8m**	**£24.3m**	**£42.2m**

* Reduction in cash due to acquisition of Fresh Relevance in the year.



Chairman's statement

John Conoley
Non-Executive Chairman

The combined proposition has opened doors to larger and more advanced customers that are combining relevancy and personalisation across all channels.

The year has been one of steady progress against our stated strategy and continued commercial resilience in a testing macroeconomic environment.

Following the hard work that has gone into building out our Customer Experience Data Platform (CXDP), the Group registered a solid performance, characterised by growth across all regions.

It is gratifying to see positive momentum in our international markets following an investment of significant capital and time over recent years. The US performed strongly, and we continue to see rapid growth in APAC. Japan in particular has experienced impressive commercial traction and looks set to become an increasingly important contributor to the Asia-Pacific region, and the opportunity remains strong.

Successful integration of Fresh Relevance

Our acquisition of Fresh Relevance, a leading cross-channel personalisation technology firm, in September 2023 has advanced well. Both the technology and teams, greatly enhancing our CXDP vision.

Initially in EMEA, where Fresh Relevance was already well-established, the combined proposition has opened doors to a number of larger and more sophisticated customers that are combining relevancy and personalisation across all channels to provide a better experience for their customers.

Moving into the new financial year, the groundwork has been laid to accelerate cross-selling to our existing customer base and broaden commercialisation across other regions.

The executive team in particular deserve a great deal of credit for successfully driving this forward while navigating challenging trading conditions.

Future-proofing through product innovation

Our focus on innovation continues to drive our competitive advantage. With the Group having leveraged elements of AI in its platform for several years, the integration of generative AI – a technology that lends itself well to the kind of creative campaigns that Dotdigital enables – continues at pace and is now an integral part of the user experience.

The number of new technology integrations increased considerably in the year, ultimately strengthening retention through enhancing the platform's versatility. These integrations make it easier for customers to bring external data into the platform, providing them with a more seamless experience across their technology stacks and enabling them to drive value more quickly. This innovation has led to further product adoption and increased penetration among our customer base.

Advancing our ESG goals

We remain committed to our objective of achieving Net Zero by 2030 and made important strides towards it in the year. Important developments include the inclusion of Fresh Relevance in our ISO14001 certification, and the launch of a UK Electric Vehicle salary sacrifice scheme, which has already resulted in a tangible reduction in emissions.

On the social front, the Group continues to deliver on its commitment to diversity, equity and inclusion (DEI) through initiatives such as participation in Neurodiversity Awareness Week, the launch of a guide to help colleagues align their day-to-day work life with DEI principles, and the deepening of our long-term partnership with The Girls' Network. Substantial progress was made in narrowing the gender pay gap across the Group in the year, as we continue to work towards creating a more equitable workplace.

Looking ahead: a wealth of opportunity

Our financial position remains strong, with healthy cash balances that provide us with the flexibility to accelerate growth and explore new opportunities. Our teams continue to push the envelope in terms of what's possible through research and development (R&D), while at the same time disciplined mergers and acquisitions (M&A) remains a key priority.

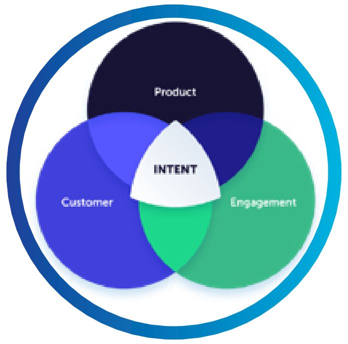
I would like to take this opportunity to express my thanks to our teams around the world for their continued dedication to strengthening Dotdigital's presence in the market.

Supported by a robust business model, leading technology and talented teams, I am confident the Group is well-positioned to deliver another year of progress in FY25.

John Conoley
Non-Executive Chairman
6 November 2024

Dotdigital CXDP

Unlocking customer data for unforgettable customer experience (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 delivers 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

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.

STRATEGY

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

Focussed across many industries 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.

Marketing automation has a proven superior return on investment (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.

> Dotdigital's insights gave us a deeper understanding of the differences between customers and highlighted the need for a new approach. The flexibility to build custom multifaceted variables and complex dynamic campaigns delivered a new customer-led strategy. The results speak for themselves and have changed the way we operate across all channels.

Natalie Fordham | CRM Manager, Goodwood Estate

INDEPENDENCE

The successful Dotdigital culture.

Highly talented and motivated people focussed on customer success.

A culture that is aligned to company objectives and vison.

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.

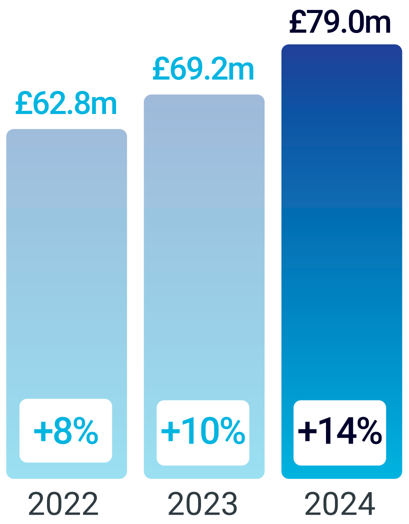
Key performance indicators

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 KPIs

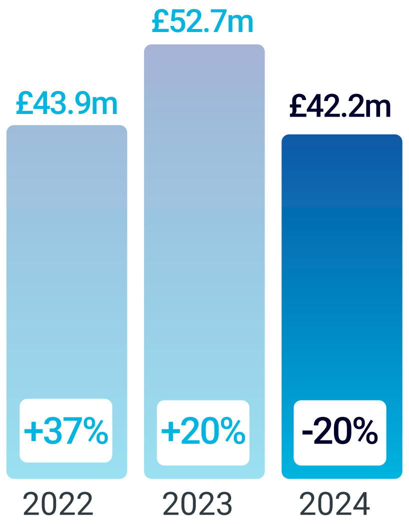
Revenue

We aim to deliver double-digit organic revenue growth from continuing operations.



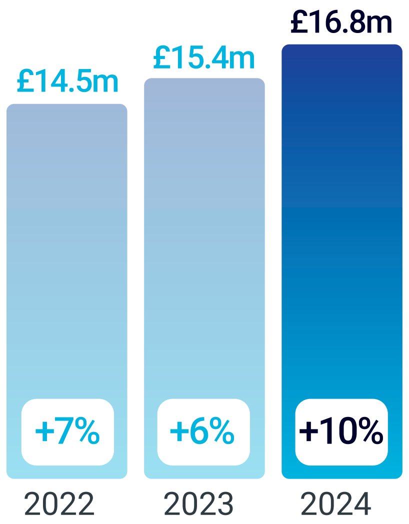
Cash position

We aim to have a strong cash position.



Adjusted profit before tax*

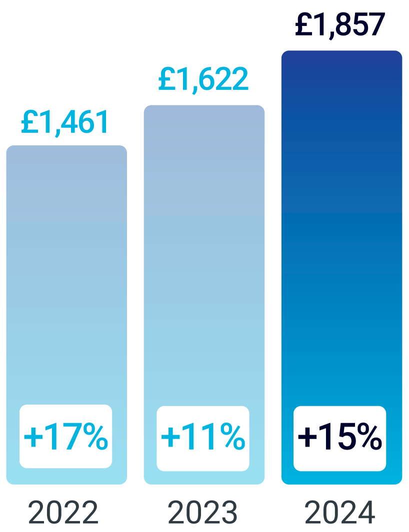
We aim to have strong adjusted profit growth from normal business.



Strategic KPIs

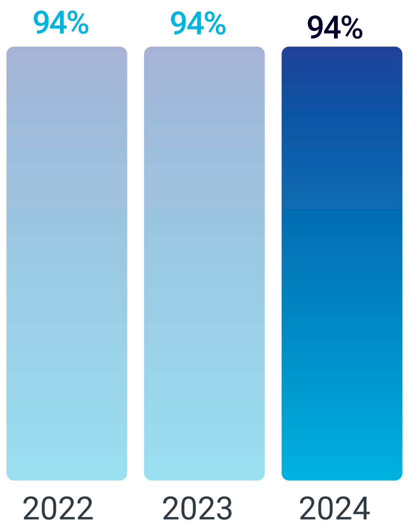
Average Revenue Per Customer (ARPC)

We aim to continue to grow ARPC.



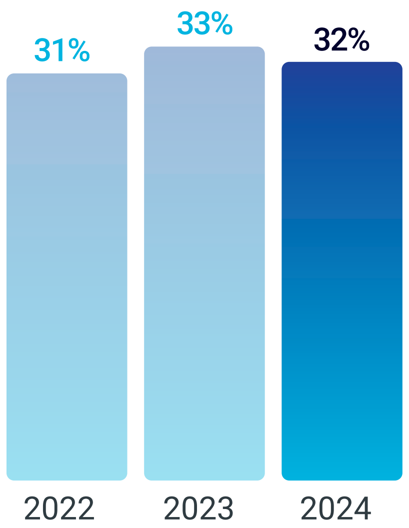
Recurring revenue

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, exceptional costs and amortisation of acquired intangibles. See note 32.

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 satisfaction score (CSAT)

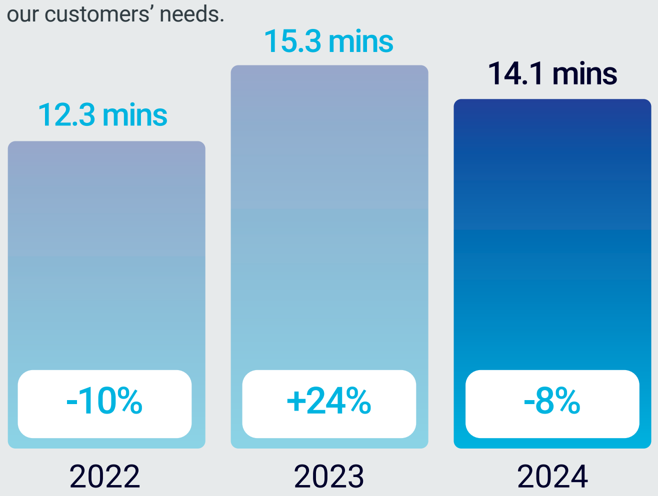
CSAT is our main measure of customer satisfaction after an interaction with our support team has taken place. It is derived by taking positive ratings/total ratings x 100. We receive over 1000+ customer ratings every month, and this metric provides a good and regular pulse on how happy customers are 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.

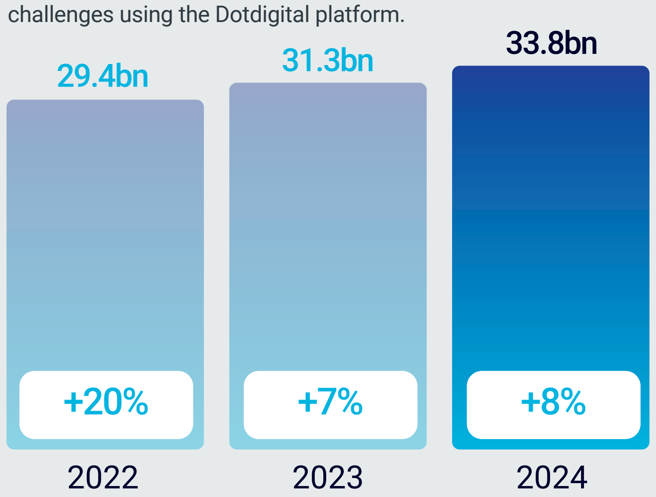
Mean email delivery time

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

Neal's Yard Remedies transforms cart abandonment success with 419% increase in revenue

Starting off in a quiet corner of Covent Garden, London, in 1981, Neal's Yard Remedies is a modern apothecary, handcrafting natural and organic health and beauty products. Today, the company is a global leader, with a growing presence across five continents that includes stores and a thriving online store.

419%

increase in revenue

Challenge

Neal's Yard Remedies has long understood the value of using a cart abandonment email to generate new revenue from its online store. The company was attempting to manage the entire process in-house, using a module from Shopify to send emails to customers who placed products in their cart without making a purchase. However, it lacked the functionality, control and measurement to fully automate and optimise the process.

CRM Manager at Neal's Yard Remedies, Jessica Fox, explains: "We recognised that we were not maximising the sales potential of our cart abandonment emails and went in search of a purpose-built platform. This would give us the control over the design, content and scheduling of emails, as well as the ongoing performance monitoring that we needed to succeed."

The task of transforming Neal's Yard Remedies' cart abandonment strategy was given to Dotdigital and its Professional Services team. "We had already worked with the team to introduce an automation for sending messages to customers at the point at which they are likely to need to replenish their products," adds Fox. "Following the success of this initiative we decided to explore new opportunities to expand our collaboration with Dotdigital."

Solution

Fox continues: "We handed over all the technical implementation to Dotdigital's Professional Services team and our customer success managers, who carried out a customer journey mapping exercise before building the entire automation for us. All that we had to do was provide creative and copy for the emails."

Today, when customers fill their cart with products but leave the website without buying, they automatically receive a personalised email within 20 minutes, showing the items along with a direct link to the checkout. Customers who do not return within the next three days to make the purchase are sent a follow-up email.

The advanced functionality of the Dotdigital platform has enabled Neal's Yard Remedies to quickly and easily trial different approaches and benchmark sales performance. One such example is its use of A/B testing, to compare the success rates of emails that include a 10% discount code with those sent with only basket information. "The introduction of a promotional code had a positive impact on sales," explains Fox. "However, the conversions and uplift from the new and improved approach to our cart abandonment emails have been remarkable."

Results and looking ahead

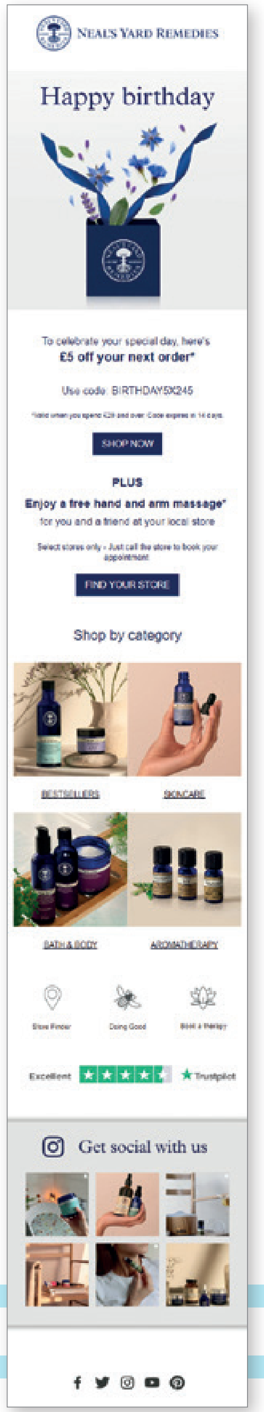
Neal's Yard Remedies is not only achieving its objectives for both its replenishment and cart abandonment programs, which are to improve customer engagement and drive revenue growth, but it is exceeding expectations. The company has reported a hugely impressive 419% increase in revenue since replacing the Shopify cart abandonment module with Dotdigital. This represents the highest conversion rate of all the email types the brand sends to its customers.

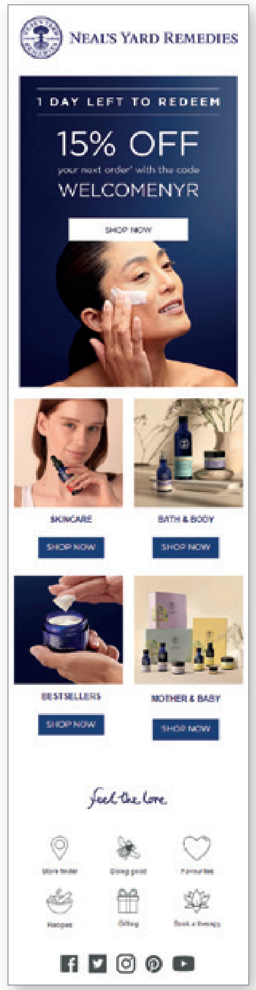
The success of the automated cart abandonment campaign has led the company to further expand its relationship with Dotdigital, with the introduction of browse abandonment emails, and rolling out the programme to its US store. Neal's Yard Remedies is also looking at new ways to engage customers and enhance their experience, with Dotdigital's cross-channel personalisation platform, Fresh Relevance.

"I have been working with Dotdigital for almost two years now and only have positive things to say about the platform and the relationship I have with our two account managers. The platform itself is very user-friendly, allowing for an easy email build process, scheduling, and reporting. I work very closely with our account managers to develop and execute new trigger campaigns and have used the implementation team to build out two very successful automations, abandoned cart and replenishment," concludes Fox. "I haven't ever come across a barrier using the platform, it allows you to be simplistic with your CRM or very sophisticated, which I think is often a rarity with some platforms. The approach is always collaborative working with Dotdigital, and for someone who works pretty autonomously in a CRM team this is always very beneficial and enjoyable. I always recommend Dotdigital to my friends in marketing as I have always been so impressed!"

The support at Dotdigital is excellent! The approach is always collaborative – for someone who works pretty autonomously in a CRM team this is always very beneficial and enjoyable. I always recommend Dotdigital.

Jessica Fox, CRM Manager, Neals Yard Remedies





Chief Executive Officer's report and financial review

Milan Patel
Chief Executive Officer

The Group's CXDP platform has advanced materially during the year through a number of product enhancements, including new AI capabilities and omnichannel functionality.

Overview

Dotdigital delivered a robust performance for FY24, despite challenging macro-economic conditions, following good demand for the Group's CXDP. The Group saw growth in all geographic regions along with continued strong cash generation.

The Group's CXDP platform has advanced materially during the year through a number of product enhancements, including new AI capabilities and omnichannel functionality. The regular pace of product innovation continues to drive incremental value and underpin the Group's cross-selling strategy, reflected in ARPC organic growth of 15% to £1,861 per month during the year.

The platform has been further enhanced through the integration of Fresh Relevance, acquired in September 2023 which has brought in-demand cross-channel personalisation and web technology to broaden and complement the Group's offering. This has supported both a shift to higher-value deals for customer acquisition, with roughly a 60% increase in average order value from new customers won in the last year, as well as increased engagement across the platform from both new and existing customers, driving functionality recurring revenue (licence, data and other bolt on functionality fees) growth of 27% to £31.6m (inclusive of Fresh Relevance).

Usage of email has continued to grow, alongside a growth in all customer cohorts also using more than two channels, as marketeers embrace more sophisticated means to reach their customers. We have seen a 44% increase in the volume of new messages from other channels (MMS, Mobile Push, WhatsApp etc).

We have commenced the new financial year with good trading momentum across all our geographic regions. As a result of investment into our product and teams, the Group's enhanced product proposition is resonating well within our global markets, and we are benefiting from strengthened brand recognition for our comprehensive offering of intelligent digital tools for marketers and merchants. With market drivers continuing to work in our favour, we have a high degree of confidence in the growth opportunity.

Results

The Group benefits from its profitable and cash generative business model with high levels of recurring revenues. For FY24, Group revenue grew 14% to £79.0m (FY23: £69.2m), with recurring and repeating revenue representing 94% of total (FY23: 94%). Organic revenue (excluding Fresh Relevance) increased by 9% in constant currency to £74.3m. Adjusted profit before tax grew 10% to £16.8m (FY23: £15.4m) and adjusted EBITDA was in line with expectations[1] at £24.3m (FY23: £22.0m). Cash generation during the period was strong, ahead of expectations and contributed to a cash balance of £42.2m at year end (31 December 2023: £37.1m).

The Group's strong cash generation and healthy cash balance provide the foundation for continued investment into our people, go to market strategy and product roadmap, as well as acquisitions to expand the range and depth of our offering.

We have continued to evaluate further acquisition opportunities over the period but have not progressed with any thus far due to them not meeting our required strategic objectives. We will continue to assess other opportunities in line with our disciplined approach for the benefit of all our stakeholders.

Fresh Relevance

Following acquisition in September 2023, Fresh Relevance has bedded in well to the Group, adding web personalisation and advanced omnichannel capabilities to the Group's CXDP platform. Over the last year, the focus has been around integrating the business with Dotdigital, and training business development staff to sell the product while optimising the business to drive profitability. As previously announced, the integration of Fresh Relevance is now complete, with much of the cost synergies realised. The Group has made further progress rationalising some of the joint marketing opportunities and optimising cost of sales.

Key highlights

	30.06.24 (£m)	30.06.23 (£m)	%
Revenue	79.0	69.2	14%
Adjusted profit before tax*	16.8	15.4	10%
Adjusted EBITDA**	24.3	22.0	10%
Net assets	95.2	80.3	19%
Cash***	42.2	52.7	-20%

* Adjusted profit before tax excludes share-based payment, exceptional costs and amortisation of intangibles on acquisition. See note 32.
** Adjusted EBITDA excludes share-based payment, exceptional costs and amortisation of intangibles on acquisition.
*** Reduction in cash due to the acquisition of Fresh Relevance in the year.

The Group continues to see demand building from the existing customer base, with cross sales and upsells achieved in the year, providing increased visibility of revenues and an enhanced awareness of the platform capabilities. Furthermore, the enhanced proposition is supporting the acquisition of higher value new customer wins, with c.15 new joint customers secured in the year. The Group has seen that customers taking both Dotdigital and Fresh Relevance solutions often leads to a significant increase in the average order value.

Following the integration and joint marketing work to date, the Group is now primed to scale the enhanced offering beyond the Group's core EMEA market and into the North American and APAC regions.

Business Review

Dotdigital's CXDP offering provides marketeers across the globe with a comprehensive offering to power digital marketing campaigns to enhance the experience for their customers. Through our enhanced AI and data capabilities, our platform enables powerful, personalised customer experiences at every touchpoint, which deliver increased engagement and a significant ROI.

The Group works with organisations of all sizes across c.60 countries with a focus on capturing mid-market and enterprise customers across both commerce and non-commerce verticals. While the Group's foundations are in email marketing, the Group now provides a comprehensive offering of customer touchpoints across email, web, SMS, MMS and beyond, as well as providing data-driven analytics to enhance return on investment from their campaigns.

Market Opportunity

Digital marketing remains at the forefront of agendas for marketeers, representing the highest return on investment. This large and growing market is estimated to be worth $6.5bn in 2024 and forecast to be worth $9.68bn in 2028, growing at a CAGR of 8.6%[2]. In tandem, there is an ongoing drive for marketeers to consolidate their marketing technology stack, making these services more cost effective and quicker to deploy. Marketeers also continue to focus not only on customer acquisition but also on retention Marketing.

Equally, the personalisation market is forecast to grow by over 23% annually from $1.6bn in 2024 to $5.14bn by 2030[3]. This is driven by evolving consumer preferences, with end users expecting one-to-one, personalised experiences across the channel of their choice.

In July 2024, Dotdigital conducted a survey of over 750 marketing professionals from a range of organisations from 13 sectors across the UK, Australia and the United States. Innovation was found to be a key priority among marketing professionals, with respondents seeing marketing automation (43%), data-driven marketing (34%), customer experience (31%) and AI integration (30%) as top investment areas. Artificial intelligence represents a critical tool for marketeers, through both the efficiency this can provide in the delivery of campaigns, using features like content suggestion as well as through the aggregation of data.

The demand for sophisticated digital marketing tools among marketing professionals continues to grow, with a focus on the significant ROI benefits derived by artificial intelligence and data. Accordingly, Dotdigital added new customers in the period across a range of verticals, including the e-commerce, travel and leisure markets.

[1] Market expectations for the year to 30 June 2024 were as follows:

- Revenue £78.7m
- Adjusted profit before tax £16.4m
- Adjusted EBITDA £24.0m

[2] https://www.researchandmarkets.com/report/marketing-automation?srsltid=AfmBOoqZuD7rm7udpE1fr70lu9EDgQfMUBi38M8bFydCt0VjC3sUJV58

[3] https://virtuemarketresearch.com/report/personalization-software-market

Chief Executive Officer's report and financial review continued

Our core growth strategies

Geographic

Product innovation

Strategic partnerships

Growth strategy
Dotdigital's organic growth strategy centres around three core pillars: geographic, product and partnerships.

The Board is also focused on complementing 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 new markets; consolidation in the market for talent and brand to expand geographical coverage; and specialist functionality for target verticals.

Geographic
The Group achieved double-digit growth across its geographic markets, with revenue from international regions, including Fresh Relevance, growing 12% from £22.8m to £25.4m and representing 32% of group revenues (FY23: 33%).

EMEA
In EMEA, Dotdigital's largest market, the Group delivered revenue growth of 14% to £59.7m (FY23: £52.3m). EMEA revenues represented 76% of Group revenues in FY24 (FY23: 76%). The acquisition of Fresh Relevance made an important contribution to the Group's new customer wins and upsells in the region. The Group has a strong brand within both commerce and non-commerce and delivered more new logo wins than in the prior year, including Neal's Yard, Great Ormond Street Hospital, Danone Benelux, Car Giant, Birmingham Airport and Krispy Kreme. This strong new business performance was somewhat offset by higher churn from some smaller customers due to increased administrations, leading to organic growth in EMEA for the year of 6%. The Group was pleased to see 6% growth in professional services, following a lower level of fees seen in FY23 as a result of slower decision making due to the uncertain macroeconomic backdrop.

Within EMEA, the Group has invested in the business with a focus on enhanced customer experience, new business development and business infrastructure to support further scaling of the Group.

APAC
APAC delivered growth of 27% in the period to AUS$13.8m (FY23: AUS$10.8m). While the Group maintains a healthy presence across the region, Japan represents a significant opportunity for Dotdigital, with the Group having established strong relationships in the country via its Tokyo office. Our proposition is now more tailored for the Japanese market, providing us with competitive differentiation and the capability to capitalise on the growing demand for more sophisticated offerings. In line with this opportunity, we are increasing our level of investment in the current financial year, growing our headcount within the Tokyo office, building on our partner network and establishing the office as a legal entity and adding further back-office operations. The Group is investing in dedicated resources for community advocates and solutions consultants in Japan which we expect to have a positive effect on attracting new customers.

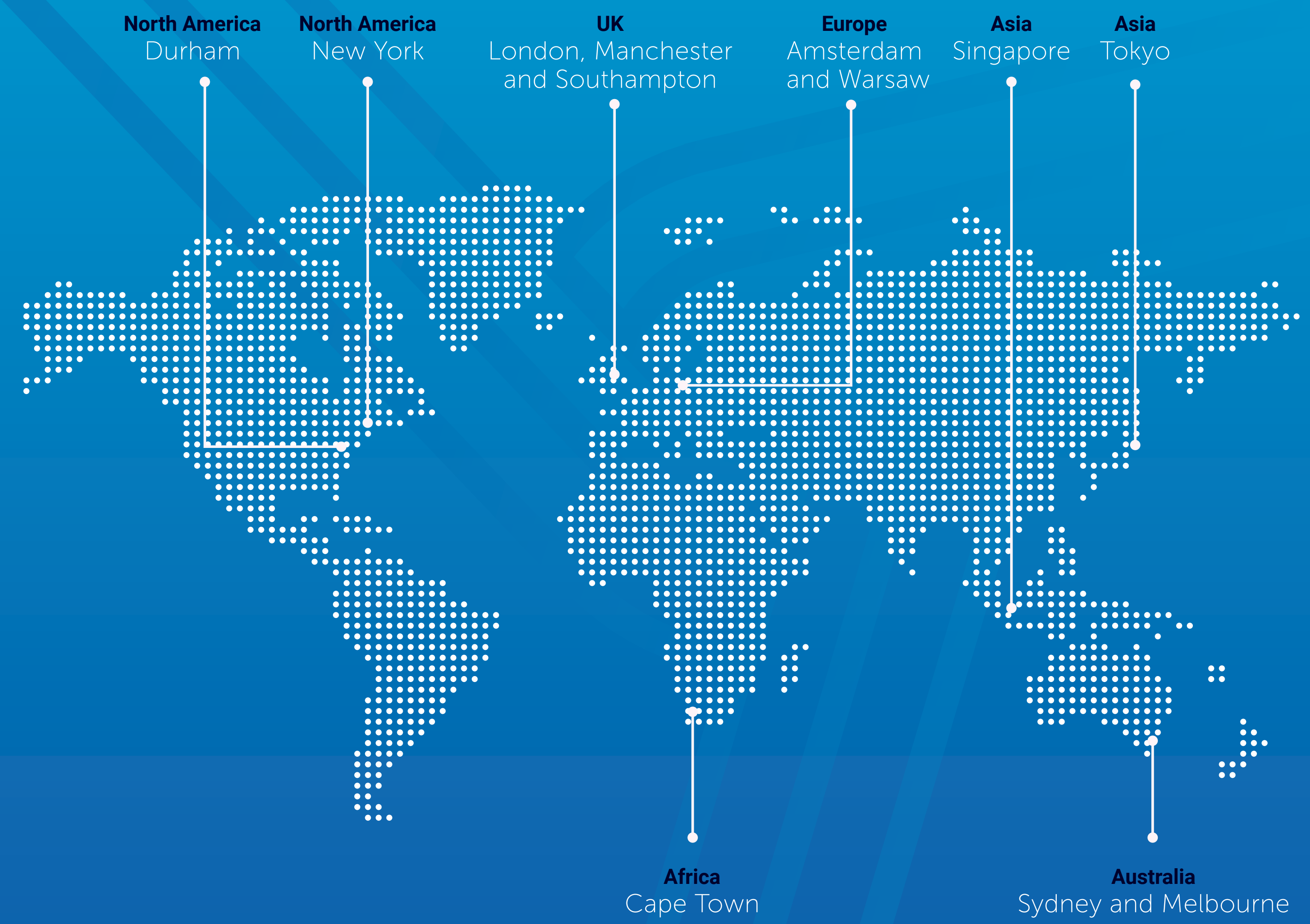
North America
Following the stabilisation and investment action taken in the previous year in North America, we are pleased to report a return to double-digit organic growth in the region. Including the contribution from Fresh Relevance, revenues increased 16% in the period to $15.2m with a healthy pipeline of opportunities in the region. The Group is now focused on the land and expand opportunities with higher value customers and is led by a more experienced team. The Group is now expanding beyond commerce with a focus on the wider addressable market and is investing in customer success and solutions consultants to build the pipeline of opportunities, particularly for the nascent Fresh Relevance offering in the region.

Product
The Group's core product focus for FY24 centred around the integration of Fresh Relevance to the platform, including the optimisation of user experience for customers using both platforms. The Group has established a single sign on feature (SSO), now utilised by all of the joint customers, and has established a homogenisation of interfaces to provide users with the same look and feel across both platforms. Further enhancements include Dotdigital tag, a joint web script for both products which combines the interface of both platforms into a single experience. The Group has also launched an advanced personalisation pack which works as an easy entry point for new customers, which can be subsequently scaled as usage grows and more functionality is adopted.

Following the launch of Dotdigital's marketing intelligence engine WinstonAI™ in 2023, further enhancements have been made during the year including the addition of email content and subject line assistants, grammar checking, tools for rewriting content tone and length, and a one-click email to SMS conversion feature. Pleasingly, the Group has seen a 59% increase in the number of email campaigns created through machine-learning powered product recommendations, and a 71% increase in predictive segmentation enabled by WinstonAI™.

MMS functionality for the Group's North American customers was launched in November 2023, and the Group has seen a good level of adoption in the region with

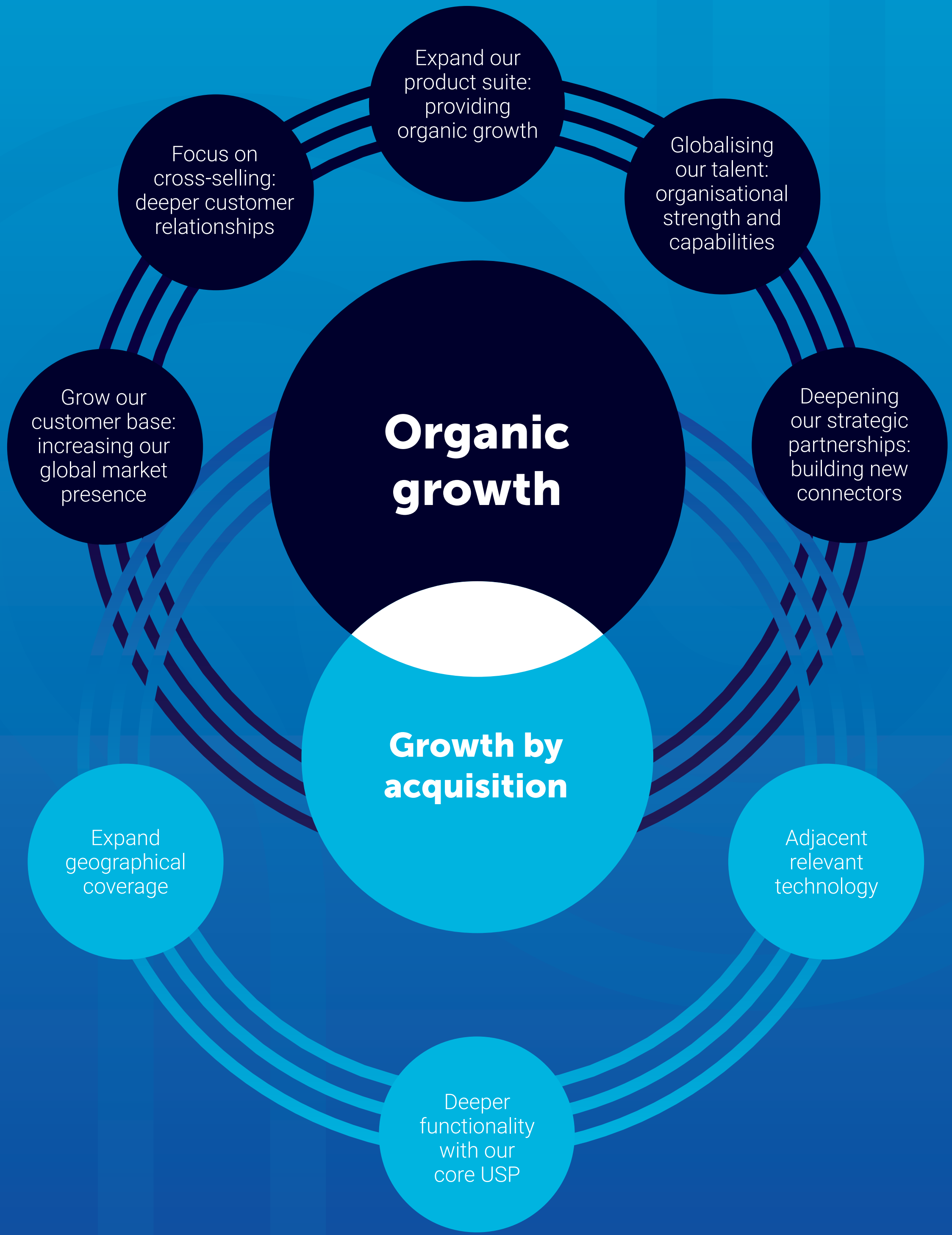
Our global presence



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.



> As a platform, Dotdigital has allowed multiple teams across Mind to engage the charity's audiences in the fight for mental health. Our relationship with our Dotdigital account manager is particularly valuable.

Kate Fairman | Senior Digital Campaign Officer, Mind

1.4m messages sent via this channel in H2 2024. As reported in March 2024, SMS/MMS channels now have liquid scripting capabilities to enable hyper-personalisation of messages such as abandoned cart, booking notifications and order notifications on these channels. Mobile has emerged as the most popular means for brands to interact with customers and, in line with this, the Group has furthered its work around enhancing its platform to support customer-led identifiers and is continuing to expand native marketing channel capabilities such as WhatsApp.

To enable customers to get the most from the full range of functionality across Dotdigital and Fresh Relevance's capabilities, the Group launched its Dotdigital Academy in February 2024. This platform provides a range of courses and webinars to ensure customers are extracting the greatest benefits out of their platform functionality, and to encourage knowledge sharing and community amongst Dotdigital customers.

In April 2024, we were pleased to be awarded the status of "Crowd Leader" by global software marketplace G2 in 11 marketing software categories, in recognition of our ongoing product innovation and best-in-class offering.

Partnerships

Revenue from our largest technology partners increased 9% to £34.1m (FY23: £31.2m) during the year. These partnerships are also proving key in attracting customers through joint marketing efforts and helping influence the outcome of leads from larger customers.

The Group retains strong relationships within the e-commerce segment, including partnerships with Magento (Now Adobe Commerce), Shopify, BigCommerce, WooCommerce, Commerce Cloud and Shopware. These partnerships contributed to an overall e-commerce partner channel revenue growth of 9% to £23.3m. Revenue from the Group's CRM connectors also grew by 10%, from £9.8m to £10.8m following progress with Microsoft Dynamics, Salesforce and Netsuite.

The Group's partnership program has grown substantially with over 600 active agency partners and nearly 190 tech partners increasing our serviceable addressable market and providing a continuous flow of new engagements. In the year, we have established 53 new integrations in-house, with 33 verified integration partners (those partners who have developed integrations with our platform and passed our rigorous quality and support checks). We now have 136 integrations in total, with new integration partnerships added including LinkedIn Leads for cross-channel marketing, Shopline for e-commerce, and Stamped.io for loyalty programs. In APAC, we have added key integrations with Retail Express, Cin7, and EC Force, which aligns with our sales growth in the region.

Current trading and outlook

The Group enters the new financial year with continued positive momentum and a good level of visibility of future revenues. While economic conditions remain challenging across our end markets, the impact on trading has been limited to date.

Looking forward to FY25, our core priority for the business is to convert a large pipeline of higher value contracts while placing an increased focus on retention across all regions. We are also focused on enhancing our CXDP, and maximising our personalisation capabilities across all regions through the scaling of Fresh Relevance. We also continue to appraise potential acquisitions to further the development and range of offering and unlock new verticals.

With a significantly enhanced product offering, the Board is confident that Dotdigital's investments in product innovation, strong new business prospects, and high levels of recurring revenue — alongside a large, diversified customer base and a robust financial position — underpin the Group's ongoing success. Supported by underlying market demand, these strengths position Dotdigital well for continued expansion in the year ahead.

Financial review

Business model

The Group principally sells access to a software platform and messaging functionality (email, SMS, MMS etc) to its customers. The contracts are typically between one and three years, and are priced based on the functionality required (which modules are selected), the volume of data to be put in the platform (contact numbers) and the volume of messaging required. Revenues from these customer contracts are recognised evenly over the life of the agreements in accordance with IFRS15. The 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 acquisition of Fresh Relevance in September 2023 added a range of advanced personalisation options for our customers, particularly around their use of the website and associated triggered messaging. In addition to the pricing levers described above, this has added website page views as an additional basis upon which we can drive pricing up.

In our standard contracts we have the ability to increase prices after the customers first renewal date. Whilst historically it has been the Group's preferred strategy to grow average revenue per customer through deployment of additional functionality and growth of customer contact and message volumes, through the financial year ending 30 June 2024, we increased our list prices broadly in line with inflation.

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

Chief Executive Officer's report and financial review continued

evidenced by the low churn we see amongst those customers who have invested in the full breadth of the products' functionality. We have a small amount of professional service revenue (less than 5% of total revenue) 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.

FY24 saw the business continue on a profile of stable double digit growth, with strong contributions from all regions. We have balanced investment in go to market activities to increase our serviceable addressable market (new geographies) without diluting our customer acquisition cost metrics.

In this context, and against the backdrop of a challenging macroeconomic environment in which many businesses reported slowing growth, we are proud to deliver revenue and adjusted profit before tax in line, with adjusted earnings per share and cash 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.

Total revenue increased by 14% FY24 to £79.0m (FY23: £69.2m), driven by SaaS and contracted marketing SMS revenue uplift of £8.3m (15%) and transactional SMS revenue uplift of £0.7m (6%). This growth was supported by the acquisition of Fresh Relevance which added £4.7m in the period. The vast majority of these acquired revenues related to contracted SaaS.

EMEA remains our largest region with revenue of £59.7m (FY23: £52.3m), however our organic growth in APAC of 27% shows our ability to deliver value to users across the globe in multiple languages.

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 79.5% in the year reported was substantially unchanged from FY23 (79.3%) as the positive impact of relatively lower growth in transactional SMS volume was offset slight dilution due to the acquisition of Fresh Relevance.

Operating expenses

Despite a 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 20% (FY23: 21%) despite slight short term dilution from the acquisition of Fresh Relevance. FY24 operating expenses of £47.2m (FY23: £40.4m) grew primarily because we increased headcount through the acquisition of Fresh Relevance and experienced inflationary pressure on both salary costs and third party suppliers in the year. We expect headcount to be relatively more stable throughout FY25, subject to making any further acquisitions.

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 £42.2m cash (FY23: £52.7m) despite the acquisition of Fresh Relevance which drove close to £20m of consideration. At year end we had a higher proportion of our cash in high interest accounts than ever, as we continue to refine our cash management processes.

Tax

Our effective tax rate increased to 16.1% (FY23: 12.4%) driven by the increase of the mainstream corporation tax rate. 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 4.71p (FY23: 4.43p). There has been a small adverse impact of the issuance of shares for the acquisition and the increased effective tax rate, each offsetting the growth in underlying profitability.

Dividend policy

Consistent with our progressive dividend policy we have increased our proposed final dividend in line with EBITDA growth to 1.1p in FY24 from 1p in FY23.

Milan Patel
Chief Executive Officer

6 November 2024

Alistair Gurney
Chief Financial Officer

6 November 2024

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

Youngevity experiences a 7.7% conversion rate boost through personalization and automation strategies

Youngevity is a global online business headquartered in California, serving customers across the Americas, EMEA, and APAC regions. The company is dedicated to providing its customers with the highest quality vitamins and supplements at unbeatable prices.

Youngevity has a wide technology stack, including Yotpo Reviews, Google Sheets and Annex Cloud. Integration with these tools was a key requirement for their new platform, along with finding a partner to provide guidance and support to achieve its long term-goals.

Challenge
Youngevity needed a new platform that could help boost its return on investment and support its global expansion. As the company offers a diverse range of products, it needs a versatile platform capable of managing multiple customer journeys depending on individual email preferences and product purchases. Also, Youngevity wanted to optimise its customer journey and break down barriers that may prevent customers from making a purchase. This, in turn, would boost Youngevity's revenue generation potential.

8%
conversion rate increase

39%
average open rate

413%
increase in contacts

Solution
Youngevity partnered with Dotdigital's Managed Services team to achieve its goal of increasing revenue. With Dotdigital's help, the company recognised two critical customer journeys that could help it achieve this objective – abandoned browse and abandoned cart programs.

To implement these strategies, Youngevity first tracked user behaviour on its website. With the help of Dotdigital's team, the brand then implemented a sophisticated abandoned browse program. The program triggered personalised emails to customers who had browsed through the website but had not made a purchase. To make the emails more effective, Youngevity used Dotdigital's integration with Adobe Commerce (Magento) to include AI-powered product recommendations, which were tailored and personalised to each customer's preferences. Over time, this approach enticed customers back to the Youngevity website, resulting in increased engagement and sales.

To further increase its ROI, Youngevity also implemented an abandoned cart strategy, sending a series of automated and personalised emails to customers who had added items to their cart but had not completed their purchase. These emails reminded customers of their abandoned items, while offering incentives such as discounts or time-sensitive deals. This strategic implementation significantly increased cart recovery rates, ultimately leading to a substantial boost in overall ROI.

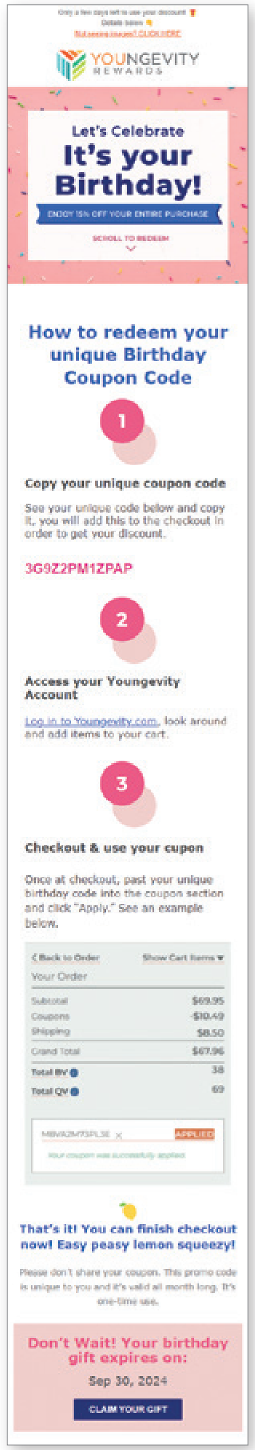
Thanks to the partnership with Dotdigital, Youngevity created a seamless and personalised experience for its customers, resulting in increased engagement and sales.

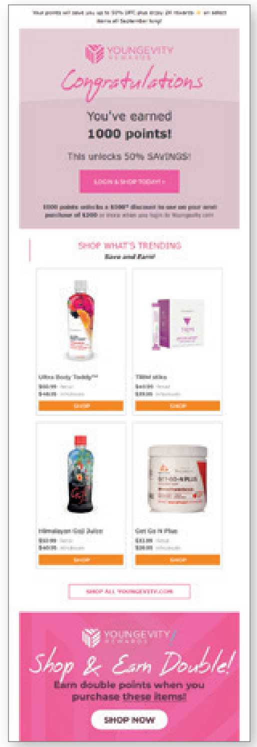
Results
Youngevity's collaboration with Dotdigital has proven to be a successful partnership. The company experienced a 7.7% increase in customer conversion rates. Additionally, Youngevity witnessed a 39% average year-over-year open rate boost, which is a significant improvement in customer engagement. These positive outcomes are a testament to the effectiveness of Youngevity's personalised approach to customer engagement.

Also, Dotdigital's recent interface updates and unified contacts provided Youngevity with enhanced customer data analysis and order predictions, allowing Youngevity to better understand its customers and their needs, leading to improved customer satisfaction and loyalty.

Looking ahead
Youngevity plans to enhance its automation efforts and continue to work closely with Dotdigital's Managed Services team. Together, they aim to create a personalised welcome series for customers and distributors, which will provide an introduction to Youngevity and its products. This enhanced series will be achieved through deeper personalisation, increased automation, and tagging campaigns to monitor daily suppressions.

Youngevity also plans to integrate SMS marketing into its overall marketing strategy. This marketing strategy will be used primarily for new product launches and significant events.





> We found Dotdigital to be the perfect marketing platform. Dotdigital offer data insights, integrations, and a user-friendly interface. The team's expertise and guidance has helped us grow email revenue significantly. Our partnership continues to succeed, and we look forward to achieving more success together in the future.

Aliyah Hassan Kent | Director of Digital Product, Youngevity

Principal risks, impact and mitigations

Our risk management framework enables a consistent approach to identifying, managing, and overseeing 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 Operational Risk Committee. Members of the Operational Risk Committee are assigned to principal risks, and these become executive owners responsible for confirming that adequate controls are in place and that the necessary action plans are implemented. The Chairman of the Operational Risk Committee (Steve Shaw, CPTO) reports on the principal risks to the main Group's Audit & Risk Committee.

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
Global economic disruption **Financial and operational** **Movement:** Stable	Global external events like pandemics, economic slumps, or wars can potentially disrupt our financial performance. Relying on a single region for revenues and resources heightens the risk to our financial performance if that region faces economic downturns, war, or political instability.	• Steadily growing recurring contracted revenue streams • Sufficient liquidity resources to withstand extended periods without accessing capital markets • Ongoing investment in Business Continuity Planning (BCP) for ensuring staff availability, building access, and hardware failure resilience • BCP provisions for both office and remote staff to address potential energy supply disruptions.
Optimising and growing high-performance teams **Operational** **Movement:** Stable	The inability to promptly attract, hire, develop, support, and retain high-performing individuals hampers our capacity to accomplish our business objectives.	• Expanded People team resources to support international regions for localised partnering, support, and talent development, particularly in growth regions • Continued investment into our company-wide employee learning and development programmes and our learning platform • Increased investment in our people engagement platform, integrating with business tools like talent acquisition • Monitoring employee churn, quarterly surveying employee engagement, and maintaining a health score • Implemented measures to reduce employee churn, including benefit reviews, bonuses, manager learning and support, and career development • Develop and launch a company-wide Values project to support engagement, development, and retention • Monitored and mitigated developing global employee legislation changes and requirements.

Risk area	Impact	Mitigation of risk
Geography-specific market and political environments **Financial and operational** **Movement:** Stable	Relying on a single region for revenues and resources heightens the risk to our financial performance if that region faces economic downturns, war, or political instability.	• Expanding revenue beyond EMEA, North America, and ANZ to South America, Singapore, and Japan • Executive team continuously scouting new territorial growth opportunities • Assessing market conditions and political climates in regions with staff, offices, prospects, and customers • Distributing critical staff and engineering teams across regions to enhance resilience.
Data privacy **Operational and technological** **Movement:** Stable	As a global business operating in many regions, we navigate a complex and evolving data protection landscape affected by frequent legislative changes. Inadequate adaptation to regulatory requirements, coupled with the possibility of data breaches resulting from negligence or lack of awareness, may lead to reputational damage, fines, or other negative impacts. Furthermore, our inability to offer the necessary privacy-related product features for customer compliance may result in a competitive disadvantage and lost business.	• Provisioning of global instances of our platforms, allowing customers to meet data sovereignty requirements • Maintained certification to the internationally recognised standard for Privacy Information Management (ISO 27701); expanding the scope to also include recently acquired assets • Registration to the EU-US Data Privacy Framework • Ongoing mandatory data security and privacy training published to all staff • Maintaining a public Trust Centre with easily accessible support documentation to communicate vital compliance information to potential customers, existing clients, and partners • Continue to build our products with privacy-by-design in mind; providing features to customers aiding their own compliance requirement.
Environmental **Strategic and Operational** **Movement:** Stable	The effects of the climate crisis are growing more evident worldwide. Although our business model centers on digital services, we acknowledge that various aspects of our operations, such as cloud computing, office spaces, and employee commuting, all contribute to our environmental footprint. Customers, partners, and investors are now paying closer attention to whether businesses comply with environmental regulations and uphold their ESG responsibilities. As our staff and revenue figures increase, we will be subject to more stringent environmental legislation.	• Maintained and extended our ISO 27001 certified Environmental Management System (EMS) for evaluating operations, setting goals, and driving improvement • Completed ESOS energy audits for ESOS Phase 3 deadline • Operated carbon neutral across all companies, including acquired assets, offsetting any remaining unavoidable GHG emission scopes 1, 2, and 3 (business travel, data centres, major cloud vendors, remote workers, transmission and distribution (T&D) losses for office electricity, and well-to-tank for fuels) • Dotdigital's CXDP platform is hosted on cloud providers powered entirely by renewable energy, with plans to transition acquired assets to the same providers • The internal group, Dotgreen, oversees EMS and propels environmental initiatives within the company, as well as engaging partners, customers, and the community. Evaluated and introduced an Electric Vehicle (EV) scheme to encourage staff to adopt EVs • Dedicated Sustainability website page highlights green credentials (https://dotdigital.com/sustainability/) and expansion of joining disclosure platforms such as Ecovadis and CDP (Carbon Disclosure Project).

Principal risks, impact and mitigations continued

Risk area	Impact	Mitigation of risk
Evolving technology and customer requirements **Operational and technological** **Movement:** Stable	Not adequately anticipating or addressing evolving customer needs, introducing competitive improvements, or maintaining existing products might negatively affect growth and customer retention.	• Ongoing investment in R&D by expanding engineering and product teams • Investment in future-proof architecture, data platform, and modern Application Programming Interface (API) for evolving data needs • Customer acquisition, expansion, and retention-led roadmap that anticipates customer needs and incorporates the latest cutting-edge technologies such as Generative AI, and balances enhancements with maintaining high-quality products • Quarterly marketing-led releases showcasing product evolution • Continuous review of synergy tech acquisition opportunities to strengthen go-to-market strategies • Increased focus on building integrations with technology partners to enable new growth opportunities.
Internet service providers (ISPs), reputation, internet browser-related and device risks **Strategic and Technological** **Movement:** Increased	A large part of our revenue comes from charging customers for sending emails or SMS messages. Industry changes or delivery issues can significantly impact our business. Factors that may affect this include campaign links flagged as threats by browsers, blocked, filtered or throttled messages by ISPs, receivers or SMS providers and blocked domains and IP addresses. Global changes to SMS legislation, changes in relationships or supplier price changes, upstream SMS supplier outages, and infrastructure problems causing service disruptions can also lead to potential revenue loss. Industry changes ranging from consumer privacy updates in devices, browsers, or operating systems along with networks or mailbox providers changing the way they deliver email and measure senders adds risk. This risk could negatively affect our products, causing them to not achieve their intended results.	• Monitored technology landscape changes, improved risk mitigation, and educated customers on necessary adjustments such as Yahoo and Google filtering changes • Continued investment in platform functionality to assist customer compliance with best practices, global anti-spam regulations, and counter-abuse attempts • Continued risk-based vetting of prospective customers and data acquisition practices across messaging channels • Demonstrated anti-abuse commitment through membership in industry groups such as Messaging, Malware and Mobile Anti-Abuse Working Group (M3AAWG) and the Email Sender and Provider Coalition (ESPC) • Increased SMS industry presence, partnership building with Tier 1 providers and carriers, and involvement in groups such as Cellular Telephone Industries Association (CTIA) • Maintained multiple connections with upstream messaging providers, assessed routing options, and negotiated contracts based on volume forecasts • Regular executive team monitoring of messaging financial and operational metrics.
Use of public cloud service suppliers **Technological** **Movement:** Stable	We rely on public cloud suppliers to host our platforms and products. Multiple data center failures, prolonged issues, or service termination by a cloud supplier could negatively affect our business, operations, and finances. Due to the nature of public cloud computing, the shared infrastructure increases the chances of targeted cyber attacks on the provider or infrastructure.	• Careful selection of top-tier cloud computing suppliers with high uptime service-level agreements (SLAs) and quick recovery following data center failures • Global, resilient platform instances for localized service and reduced global impact during regional outages • Data replication across regional facilities • Frequent Disaster Recovery plan simulations to maintain Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) • Utilization of platform-agnostic technologies for smoother migration to alternative cloud providers.

Risk area	Impact	Mitigation of risk
Competitive environment **Strategic** **Movement:** Increased	Operating in a competitive sector, our business faces risks from competitors offering more features, innovative solutions, stronger financial support, lower pricing, better brand recognition, and improved global coverage. As the number of competitors grows, it increases risk and is more challenging to differentiate our business.	• Constantly assess market maturity to stay ahead of competitors and develop differentiating products for less mature markets • Focused approach targeting specific verticals like retail, commerce, government, higher education, non-profits, charities, and D2C to reduce competition • Investing in differentiated features, best-in-class 24/7 support, enhanced brand recognition, and improved service delivery • Regularly reviewing product pricing and packages to cater to customer needs • Pursuing aligned technology acquisitions that differentiate us from competitors and developing USPs in niches that attract new customers • Expanding partner ecosystem and resources for service and technology partners • Growing regional account and customer success teams, launching a customer and partner academy, and utilizing feature usage data to drive product adoption and deliver additional value.
Key messaging channel integrations **Strategic** **Movement:** Stable	We continue to invest in integrating with third-party platforms like Meta, Google, LinkedIn, and TikTok to enhance our feature set. While we carefully adhere to access requirements, any future term changes could affect our capacity to sustain these integrations.	• Sustain robust relationships with these platforms • Align our platform policies with third-party platforms • Consistently invest in key integrations to maintain relevancy for customers and comply with third-party or statutory changes.
Loss of a strategic partnership **Strategic** **Movement:** Increased	Revenues might be affected if a strategic technology partner is acquired, alters contractual terms, experiences market share loss, or has a massive customer exodus. In these situations, customers may switch to a technology partner with which we lack integration. Should a strategic partner significantly change partnership terms, block access to, or stop accepting connections to our products, there is also the risk that customers may opt for a competitor that maintains a connection instead of re-platforming away from the technology partner.	• Broadening our service and technology partner program for a partner-first approach • Retaining agreements with key strategic partners and evaluating potential new targets • Allocating resources for strategic partnerships and refining our partner strategy and program • Diversifying to connect with more e-commerce and CRM platforms beyond market-share leaders • Consistently investing in product development and integration with various marketing and e-commerce technologies in our customers' SaaS ecosystem • Developing schemes, extensibility, and dedicated resources to encourage partners to integrate with our products.

Principal risks, impact and mitigations continued

Risk area	Impact	Mitigation of risk
Acquisitions **Strategic and operational** **Movement:** Stable	The business strategically focuses on pursuing acquisitions which provide significant opportunities for diversification and market presence expansion. However, we acknowledge the potential risks involved, such as integration challenges, cultural differences, unexpected liabilities, and possible effects on our financial performance.	• Thorough financial, legal, privacy, security and technology due diligence, utilising internal and external resources • Allocated integration planning and execution resources for enhanced management capacity • Comprehensive pre-acquisition integration plans covering communication, people, go-to-market, change management, product, engineering, business operations, and synergies, ready for post-transaction implementation • Warranty and indemnity insurance based on risk levels.
Advancement of Artificial Intelligence (AI) technology **Technological and operational** **Movement:** Increased	The potential impact and risk of AI encompasses various areas, including job displacement, ethical challenges, and unintended consequences. Additionally, AI-driven data collection and analysis can give rise to privacy and surveillance concerns. The development and implementation of AI systems also pose ethical challenges, as biased algorithms or the concentration of decision-making power can lead to unintended harmful consequences or reinforce social inequalities.	• Establishing a comprehensive company-wide AI policy • Keeping track of and applying emerging AI legislation • Integrating controls in our products, allowing customers to turn off their usage of Generative AI to elevate any privacy concerns • Transparently providing resources to partners and customers about our AI • Employing procurement procedures to evaluate AI-inclusive software and its applications • Restricting staff access to open shared Generative AI platforms to stop company data being used in training public Generative AI.
Information security and cyber risks **Technological and operational** **Movement:** Increased	The ever-increasing number, sophistication, and impact of cyber threats and security incidents continue to pose a significant risk to all businesses with an online presence. As a business heavily reliant on digital technologies and interconnected systems, vulnerabilities to potential attacks may result in substantial financial loss, operational disruptions, and reputational damage, as well as regulatory sanctions. This current landscape underscores the importance of maintaining robust cybersecurity measures and adapting to evolving threats.	• Further growth of the dedicated Information Security and Privacy function • Maintained certification to the internationally recognised standard for Information Security Management (ISO 27001) upgrading the latest version of the standard, and expanding the scope to include recently acquired assets • Maintained certification to the UK government-backed Cyber Essentials Plus scheme • Continued to invest in external consultancy services to assess technical controls and internal processes and procedures • Conducted a consistent learning program for staff to stay informed about cyber-related risks, which includes practical phishing simulations • Improved our products and back-office systems to strengthen our security posture, minimize risks, and stay current with the latest security technology • The transference of some risk by the maintenance of Cyber Insurance.

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 losses (T&D)
- Well-to-tank for fuels plus electricity generation

The Group's Scope 1 and 2 GHG emission sources are from global 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 1 July 2023 – 30 June 2024 Energy usage (kWh)	Previous reporting year 1 July 2022 – 30 June 2023 Energy usage (kWh)
Natural gas	39,848	146,258
Electricity	189,329	545,481
Other fuels (stationary)	0	0
Other fuels (mobile)[1]	23,442	18,697
Total energy	**252,619**	**710,436**
of which in the UK	**68%**	**81%**

	GHG emissions (tonnes of CO2e)	GHG emissions (tonnes of CO2e)
Scope 1&2 gross CO2e	**66.4 (-58.3%)**	**159.4**
of which in the UK	**54%**	**75%**
Scope 3 gross CO2e	**415.8 (+22.9%)**	**338.2**
Total gross CO2e	**482.2 (-3.1%)**	**497.7**
Scope 1&2 net CO2e	30.1(-76.4%)	127.3
Scope 3 net CO2e	383.7 (+15.0%)	333.6
Total net CO2e (before carbon offsets)	413.8 (-10.2%)	460.9
Purchased carbon offsets	500	465
Total net CO2e	-86.2	-4.1

	Intensity ratios (kilograms of CO2e)	Intensity ratios (kilograms of CO2e)
Per turnover* Scope 1&2 CO2e gross figure	**0.84 (-63.6%)**	**2.31**
Per turnover* Total CO2e gross figure	6.10 (-15.3%)	7.20
Per employee Scope 1&2 CO2e gross figure**	**141 (-64.3%)**	**395**
Per employee** Total CO2e gross figure	1,026 (-16.7%)	1,232

Baseline and previous year comparison

[1] The baseline year (2019/20) and previous year (2022/23) energy consumption and carbon emissions are reported from the Dotdigital SECR 2022/2023 report.

The stationary and mobile fuel usage and thus "emissions from the combustion of other fuels (mobile and stationary)" have been revised in order to consider some data corrections. As a consequence, fuel and energy related activities not included in Scopes 1 & 2 were reduced too as these are connected. 2019/20 total GHG emissions are now 8% lower than previous estimates.

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 2024 was 79,000 thousand £.

** Additionally, the Group also report Scope 1 and 2 emissions in tonnes of CO2e per FTEE. FTEE at the end of June 2024 was 470.

Energy and emissions summary

The Group's total energy usage decreased by 64.4% from the previous year (+53.4% compared to the baseline year). The total gross GHG emissions have decreased by 3.1% from the previous year (+28.5% on the baseline year). This is due to:

- The closure, downsizing of offices and more accurate calculations due to the availability of better energy data
- There was a slight increase in business travel reported during the period, however other Scope 3 reductions offset this increase
- Home working decreased. In previous years the model was based on a historic staff survey which was re-run for 2023-2024, providing updated data on home working patterns. As more time has passed since COVID-19, more staff have returned to use offices more frequently
- Cloud infrastructure use also increased, with additional computing in Amazon Web Services.

Initiatives during the reporting period

- An internal sustainability advocacy group (Dotgreen) continues to publish awareness information on topics such as personal carbon offsetting, home renewables, and electric vehicles
- Successfully maintained ISO 27001 certification, expanding the scope to include recently acquired assets
- Launched a UK employee salary sacrifice EV scheme with the current uptake resulting in savings of 1.89 tCO2e
- Conducted a home energy usage survey across all employees, enabling more accurate offsetting of the emissions associated with home working
- Made progress in the more accurate measuring of office energy usage
- Started to implement improvements suggested in last year's Energy Saving Opportunity Scheme (ESOS) audit, to further reduce office energy usage
- The closure and downsize of some offices, reducing emissions related to office use
- Introduced a Sustainable Partner program, helping raise awareness to both customers and the wider Dotdigital partner ecosystem
- Migrated IT infrastructure from recently acquired assets to carbon neutral cloud service providers
- Maintained our long-standing corporate membership of the Woodland Trust
- Grown the 'Dotforest' to 30,000 trees through various initiatives such as corporate gifting and donations https://ecologi.com/dotdigital.

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 and mitigations or solutions are found and executed where possible. They also report to and present their findings to the Audit and Risk Committee on a regular basis.

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 the heart of our business.

The Group seeks to create a balanced culture whereby development of our people drives our success and ensures we operate as efficiently as possible.

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 develop strong relationships with both the customers and the wider partner ecosystem we have built. We value our suppliers and have multi-year contracts with our key suppliers to minimise volatility in our operations and cost base. We aim to pay all 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
We use our position of strength to create positive change for the people and communities with which we interact. The Group has maintained its ISO 27001 certificate and has continued to operate as a carbon neutral business. We have also continued to meet 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 strengthened our partnership with The Girl's Network, who work to create mentorship programmes that empower and inspire. We also held initiatives in support of Breast Cancer Awareness Week and International Women's Week.

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.

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.

ESG statement

Dotdigital has a proud foundation of support and interest in many key areas. This year we have built upon those strong foundations to deliver numerous projects, initiatives and change across all Dotvoice pillars.

Welcome to the Dotdigital CODE
Our newly established Dotdigital Values reflect our dedication to Collaboration, Openness and Honesty, Diversity, and Enjoyment. These values embody our unique culture and guide the way we work together as a cohesive team, ensuring an unparalleled customer experience.

CODE. Our Dotdigital Values are:

Collaborate to succeed
We win by…

- Making sure the right people are at the table
- Harnessing our collective strengths to reach our goals
- Always looking forward and learning from each other along the way

Always open and honest
We all lead by…

- Approaching every day with integrity and trust others do the same
- Owning our words, actions and decisions
- Being genuine and transparent in all we say and do

Embrace the power of diversity
We value unique perspectives by…

- Being inclusive, ensuring all voices matter
- Welcoming new ideas and approaches
- Fostering a true sense of belonging

Enjoy what we do
It's not only about work! We keep things fun by…

- Thinking outside the box
- Supporting work-life balance
- Creating meaningful connections and celebrating wins together

Our values were formulated through a collaborative and inclusive process that involved team members from across our global organisation. We employed various methods to gather the collective knowledge and insights of those who ultimately create the distinctive Dotdigital culture – our people.

This approach has given us an authentic representation of our culture and the principles we stand for. We regard our values as not only the foundation of our success, but also an essential part of Dotdigital's ongoing growth.

We will now focus on embedding these values into every aspect of our work, which will enable us to retain a leadership position in industry and maintain our customer-centric ethos. We are committed to implementing initiatives that will aid our collective growth and ensure alignment with our values, thereby contributing to a healthy, innovative and inclusive environment for everyone on our team.

In conclusion, the creation of CODE, our Dotdigital values, signifies the dedication and continuation of a consistent, value-driven journey as one unified team. By embracing these values, we build on the established culture that empowers our people, enhances customer experiences and fosters sustainable growth.

HR to People rebrand
In reflection of our values, the HR Department recognised an opportunity and need to truly reflect our people focus. Rebranding from Human Resources to People Success was a natural progression to ensure we align all we do to support the success of our employees and ultimately the business.

In addition to ensuring this message is clear internally, it is equally important that we send a clear message about our values and people externally. This will strengthen our employer brand and enable us to attract and better engage with prospective employees.

Gender pay gap
Dotdigital has made a clear commitment to addressing gender equality. Focusing on key areas such as education, recruitment, employee retention, and career development.

Our gender pay gap has shown improvement over the past year, narrowing from 29% to 21%. We are seeing positive change across key indicators such as overall gender split as the % of female increases. We are also delighted to report that nearly 55% of internal promotions this year were achieved by women in the business.

While we are delighted with our progress, we recognise that there is still more work to be done.

We are committed to implementing innovative strategies to further reduce the gender pay gap and continue to create an inclusive environment where everyone can thrive.

Our DEI plan that we are implementing across the organisation includes key elements such as strengthening our hiring efforts by collaborating with community organisations and implementing diverse recruitment channels to attract a wide range of talent, enhancing employee experience and development by offering equitable opportunities and resources for professional growth, mentorship and networking.

We promote a culture of inclusivity by organising awareness campaigns, training programs, and events to facilitate open dialogues and foster understanding among our employees. Important governance activities include conducting regular pay audits to identify potential areas of pay disparity and address them promptly and setting clear diversity and inclusion metrics to evaluate our progress and continuously refine our approach.

ESG Statement continued

> We engage, empower, and inspire people for high-performance, to achieve their personal and company goals.
>
> **David Aldrich |** Chief People Officer

At Dotdigital, we are dedicated to cultivating a vibrant, inclusive, and equitable workplace driven by our commitment to diversity and equal opportunity for all.

Our mission is to create a more diverse, equitable, and empowering environment for everyone at Dotdigital.

Dotvoice
Dotvoice, our employee voice groups, continue to provide innovative and impactful initiatives to educate, influence, support and promote key areas of interest and importance to our employees.

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, educate and provide support to employees across the following key wellbeing pillars; physical, mental, financial, emotional, and social.

Our approach is to focus on areas of wellbeing. We plan our year into areas of focus, coinciding with the pillars of wellbeing, physical, mental, financial, emotional and social. We are delivering regular planned activities to provide a more focused and informative discussion to the business.

In January 2024, our messaging was focused on financial wellbeing, given the anxiety that the post-holiday season can bring. We shared information in our Employee Wellbeing app utilising region-specific resources to support all our employees globally.

Our second quarterly focus was on mental health, focusing on Mental Health Awareness week. We shared resources, both online and via our employee wellbeing app, to promote and communicate the importance of looking after your mental health. The Dotwellbeing group are currently exploring how to we can bring mental health first-aiders into the business as a resource, and how we can make use of our existing Learning and Development platform to provide content that promotes positive mental wellbeing and resilience.

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. This year we have:

- Successfully maintained ISO14001 certification, expanding the scope to also include the Fresh Relevance business, which was acquired in September 2023.
- Launched a UK employee salary sacrifice EV scheme with the current uptake resulting in savings of 1.89 tCO_2e. Collaboration is being leveraged to extend the reach of the EV scheme and further promote it.
- Conducted a home energy usage survey across all employees to provide valuable input for our corporate SECR and enabling us to more accurately offset the emissions associated with home working.
- Made great progress in measuring our office energy usage, again, feeding into our SECR and carbon offsetting initiatives.
- Started to implement improvements suggested in last year's Energy Saving Opportunity Scheme (ESOS) audit, to further reduce office energy usage.
- Further reduced emissions relating to office use as we have closed or downsized three offices.
- Introduced a Sustainable Partner program, helping to raise awareness to both our customers and the wider partner ecosystem.
- Migrated the IT infrastructure from the Fresh Relevance business to a carbon neutral cloud service provider infrastructure.
- Maintained our long-standing corporate membership of the Woodland Trust.
- Grown the 'Dotforest' to 30,000 trees.

Looking ahead, we are working hard to complete the migration of the Fresh Relevance platform to the same carbon natural cloud service provider which has been used by Dotdigital for many years. Additionally, the Dotgreen group continue to look for more ways to further reduce Dotdigital's negative impact on the environment, whilst continuing to produce awareness information for staff, partners and customers.

We continue to operate as a carbon neutral business, including the emissions associated with the Fresh Relevance business since its acquisition in September 2023. For details of our streamlined energy and carbon reporting, please see page 27.

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

DotDEI focuses on all aspects of diversity and inclusion, working together to provide educational resources, plan company-wide activities that raise awareness on various topics, organise and host speaker sessions, workshops, and events, and recognise international and local awareness days with the goal of fostering an inclusive workplace.

The year began with Pride Week, celebrating our LGBTIQA+ community. We shared regional perspectives by discussing the different cultural and legal attitudes in our operational regions. A live employee panel shared stories from our colleagues, providing insight into the challenges and successes they have experienced.

The group was also proud to launch a DEI Guide, designed to help colleagues ensure that their day-to-day work life aligns with DEI principles. The guidance included suggestions for representation at events, effective meeting practices, and inclusive socializing and team building. Additional notes were provided to support our inclusive hioring process.

We also hosted our first Neurodiversity Awareness Week, which featured employee stories, an employee panel, and regional infographics for educational purposes. In collaboration with the People team, we launched the Neurodiversity Guidelines to further create an inclusive and supportive work environment. These guidelines provided resources, support, and learning materials for all Dotdigital employees.

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.**

One of Dotcommunity's primary objectives this year has been to reinforce our partnership with The Girls' Network. For over 10 years, this inspiring organization has empowered girls from underprivileged communities by connecting them with mentors and a network of professional female role models. We are thrilled that we are currently mentoring four girls who are working with mentors in Dotdigital. They will complete their programme this year.

Our latest initiative, Breast Cancer Awareness Week, encouraged employees to share their personal experiences with breast cancer. To foster engagement, we organised various activities such as WEAR PINK days, bake sales, and spotlighting colleagues' stories. With the combined efforts of our offices in Australia and the UK, the bake sales alone successfully raised AUD$ 488 and £470, respectively.

We were overjoyed to host yet another International Women's Week across our business. In March 2024, we raised awareness and support for International Women's Day over the course of a week. Our activities encompassed a wide range of programs such as promoting women-centric charities, coordinating regional panel discussions, and sharing inspirational women's stories. Additionally, we proudly hosted an International Women's Day event in partnership with TGN, The Girls' Network. Their ambassadors were invited to speak on the night, enriching the experience for all attendees. The entire week proved to be a resounding success with great feedback from all our offices!

As we reflect on all these achievements, it's clear that there's so much to look forward to in the year ahead! We expect exciting initiatives, stronger partnerships, and even more impactful contributions across all the pillars of Dotvoice.

Strategic Report
The Strategic report was approved by a duly authorised committee of the Board of Directors on 6 November 2024 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 before being appointed as Group Company Secretary in 2009. He later took on the roles of Chief Financial Officer in 2015 and Chief Executive Officer in 2016. As 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), Milan has successfully overseen the Group's admission to ISDX (now Aquis - AQSE) and its listing on AIM.

Before becoming the Group's permanent CEO over eight years ago, Milan managed the Group's financial management and reporting, regulatory compliance, legal, and corporate governance functions. He offers valuable strategic financial and commercial expertise to the Board. In addition to his financial acumen, he possesses a wide range of operational skills, robust leadership qualities, international business development experience, mergers and acquisition expertise, and strong decisive management skills.

As the leader of the Executive team, Milan is responsible for guiding the Company's vision and growth strategy. Specifically, he spearheads the Group's international growth strategy, accelerated product innovation, strategic partnership development, and acquisition strategy execution. Throughout the Company's life on public markets, Milan has consistently demonstrated a solid track record in delivering performance against plans.

Alistair Gurney FCA
Chief Financial Officer

Alistair joined the Board on 19 September 2022 as Chief Financial Officer. He is a Chartered Accountant (FCA ICAEW), 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 led Group financial planning and analyses activities at Unit4 Business Software. During this period, he also steered the Group through financial due diligence as Advent International sold 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. He trained as an accountant at Deloitte, working in the transaction and restructuring services team.

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. 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 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. Since September 2023 John has been Executive Chairman of PE backed company Aura Futures Ltd.

Boris Huard
Non-Executive Director

Boris joined the Board on 26 March 2019 and is also the CEO of CitNOW Group, a Living Bridge and Tenzing portfolio company providing SaaS and Data solutions to the automotive industry across 50 countries. Boris brings present day experience of running global software, big data and analytics businesses–topics of key importance to Dotdigital.

Boris joined CitNOW in 2024, having previously held roles in the technology industry for 20 years, ranging from Board Director with Maxima Plc, Chief Executive at Sword CT Space, UK & I Executive Board at Experian and Global ID&F MD for GBG Plc.

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-continents 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 and Risk 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 EY.

Liz was CFO for Callcredit (now Transunion), a successful consumer data business, where as a founder member, she oversaw its rapid growth from start-up to a £150m revenue business. 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.

She is also a Trustee and Chair of Finance and Investment for Yorkshire Cancer Research and sits on the Council of the University of Leeds, where she is also a member of the Audit and Risk Committee.

Previous NED and Audit Chair roles have included Tracsis plc, an AIM-listed software business in the transportation sector, 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 ten 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

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.

   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 Finance 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 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 Dotcommunity, which consists of employees across all departments and seniority levels to engage with stakeholders to help enrich communities. The ESG report can be found on pages 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 via our annual employee satisfaction survey, the opinions and feedback provided by our employees are 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.

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 Audit and Risk Committee. The Group also keeps an active risk register which is also formally reviewed by the Committees 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.

   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 30 January 2024.

   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 2023 to June 2024.

	Board		Audit and Risk Committee		Remuneration Committee		Nomination Committee	
	Attended	Total	Attended	Total	Attended	Total	Attended	Total
Executive Directors								
Milan Patel	12	12	3	4	2	3	–	–
Alistair Gurney	12	12	4	4	–	–	–	–
Non-Executive Directors								
Boris Huard	12	12	4	4	3	3	1	1
John Conoley	12	12	4	4	3	3	1	1
Elizabeth Richards	12	12	4	4	3	3	1	1

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. All of the Directors retire at the AGM, thereby providing shareholders with the ability to decide on the election of the Company's Board. Their biographical details can be found on pages 32 to 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, along with the Executive Directors, is responsible for the induction programme of new members.

Corporate governance report continued

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

Through 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, 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 has been completed and findings along with the recommendations have been discussed with the Board and where necessary been implemented.

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 and Risk 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 results of the last AGM 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 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 and Risk Committee report

Responsibilities and scope of the Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Board. As reported in the Annual Report and Accounts for the year ended 30 June 2023, the terms of reference of the Committee were reviewed by the Board, resulting in more extensive oversight of risk management. 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;
- 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;
- Assisting the Board in its assessment of the Group's principal and emerging risks and their disclosure in the Annual Report and Accounts; and
- Monitoring developments in the Group's risk management processes by reviewing reports from the operational risk committee.

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 four times during the financial year.
- At its meeting on 1 November 2024 the Committee reviewed the Group's preliminary announcement of its results for the financial year to 30 June 2024 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.
- In line with the Financial Reporting Council's (FRC) initiative for continuing improvement in corporate reporting, the Committee successfully oversaw the response to the FRC's periodic review of the reporting of listed securities.
- It has assisted the Board in its assessment of the Group's principal and emerging risks and their disclosure in the Annual Report and Accounts and has monitored developments in the Group's risk management processes by reviewing reports from the operational risk committee.

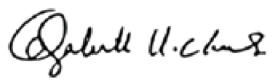
Independence of external auditors

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 1 November 2024 and signed on its behalf by:



Elizabeth Richards
Chair 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 2024. 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 2024 and how the Remuneration policy will be operated for the year ending 30 June 2025;
- **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 2024 and how the Policy will operate for the year ending 30 June 2025.

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 2024.

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 Chairman's fee level and 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.

The Directors' Report on Remuneration, detailed on page 41, provides details of the amounts earned in respect of the year ended 30 June 2024 and how the Directors' Remuneration Policy has operated.

The report will be subject to an advisory shareholder vote at the 2024 AGM.

Review of the year ended 30 June 2024

As described earlier in the Annual Report, the Group has performed well during the year, delivering continuing operations revenue of £79.0 million, continuing double-digit revenue growth and total profit before tax excluding exceptional costs and share-based payments of £16.8m, a 10% increase on the prior year. Consequently, the Executive Directors earned an annual cash bonus against sliding scale revenue and profit targets equivalent of 70.3% of maximum potential (56.25% of potential for the revenue target and 84.38% for the profit target).

Performance Share Plan (PSP) awards granted to Milan Patel on 23 September 2021 over 201,458 shares partially vested post year end at 35% of maximum potential. While the relative three-year total shareholder return target was below threshold (0% of this part vests), and earnings per share was between threshold and maximum against the targets (70% of this part vests).

In respect of PSP awards granted in the year ended 30 June 2024, on 5 December 2023, the Chief Executive Officer was granted a PSP award over 626,787 shares, while the Chief Financial Officer was granted an award over 346,382 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 2026.

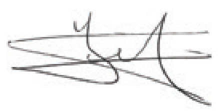
Outlook for 2025

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 2025:

- The Chief Executive Officer's base salary was increased by c.5% from £380,000 to £400,000 from 1 July 2024, which is below the average workforce increase. Following a review of the Chief Financial Officer's salary (which was set below market from appointment), his personal performance and noting his increased experience given that he has now completed c. two years in the role, the Committee has agreed to move the salary towards market over time. As such, the Chief Financial Officer received a c.14% increase from £210,000 to £240,000 from 1 July 2024. Subject to continued personal and Company performance, a further increase of up to £270,000 may be awarded effective 1 July 2025 to take the salary broadly to market.
- Pension provision will be capped at 5% of salary.
- The Chairman's fee and Non-Executive Director fees were increased by 4% from 1 July 2024 to £104,000 and £52,000 respectively following a review of the relevant time commitments and market data.
- 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 PSP awards to the Chief Executive Officer and Chief Finance Officer during 2024 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

6 November 2024

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. 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.

Annual Report on Remuneration

The Directors' emoluments for the year ended 30 June 2024 were as per the following table. This information has been audited.

Executive Directors	Salary/Fees £'000	Benefits £'000	Bonus £'000	Pension £'000	Share-based payment* £'000	Total £'000	Number of outstanding options
A Gurney	210	12	147	8	74	451	622,872
M Patel	380	5	334	19	239	977	2,444,907
	590	**17**	**481**	**27**	**313**	**1,428**	**3,067,779**

Non-Executive Directors	Salary/Fees £'000	Benefits £'000	Bonus £'000	Pension £'000	Share-based payment** £'000	Total £'000	Number of outstanding options
B Huard	50	–	–	–	–	50	–
J Conoley	100	–	–	–	–	100	–
E Richards	50	–	–	–	–	50	–
	200	**–**	**–**	**–**	**–**	**200**	**–**

* The share-based payment calculation is based on annual share option awards granted to Milan Patel in 2020, 2021, 2022 and 2023 and Alistair Gurney in 2022 and 2023, which are assessed for vesting in the third year of the performance period. Under International Reporting Standards (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, 2025 and 2026 respectively for Milan Patel and 2025 and 2026 for Alistair Gurney. To be fully paid out, half the award is based on the Group achieving an annual compounded total shareholder return (TSR) in the upper quartile of AIM 100 and the other half is based on hitting an earnings per share (EPS) target set by the Remuneration Committee.

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

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

** 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.

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	0.53
B Huard	95,084	0.01
E Richards	42,669	0.01
A Gurney	27,000	0.01
	1,795,935	**0.58**

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[1]	1,375,000	935,000	0.5	18/12/22	18/12/27
M Patel	21/12/20[2]	306,728	81,283	0.5	21/12/23	21/12/30
M Patel	23/09/21[3]	201,458	–	0.5	23/09/24	23/09/31
M Patel	08/12/22[4]	600,379	–	0.5	08/12/25	08/12/32
A Gurney	08/12/22[4]	276,490	–	0.5	08/12/25	08/12/32
M Patel	05/12/23[4]	626,787	–	0.5	05/12/26	05/12/33
A Gurney	05/12/23[4]	346,382	–	0.5	05/12/26	05/12/33

[1] Awards vested on 18 December 2022 at 68% of the maximum based on absolute TSR targets.

[2] Awards vested on 20 December 2023 at 26.5% of the maximum based on absolute TSR and EPS targets.

[3] Awards vested post year end on 26 September 2024 (being the date that the Remuneration Committee assessed and confirmed the performance targets) at 35% of the maximum based on absolute TSR and EPS targets.

[4] Vesting is based on sliding scale relative TSR targets (50% of awards) and EPS targets (50% of awards) measured over three years.

Composition of the Remuneration Committee

For the period from 1 July 2023 to 30 June 2024, the Remuneration Committee comprised independent Non-Executive Directors, namely Boris Huard (Chairman), John Conoley and Elizabeth Richards.

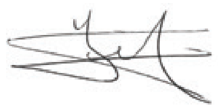
The Committee makes recommendations to the Board on Executive Directors' service agreements and remuneration. In doing so it has undertaken relevant research to ensure that remuneration levels are competitive with the industry average. The Committee met three times during the year. The Chief Executive 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 6 November 2024 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 2024.

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 £69.2m in the year ended June 2023 to £79.0m for the year ended June 2024, an increase of 14% in part due to the acquisition of Fresh Relevance.

Adjusted profit before tax grew by 10% to £16.8m for the year ended June 2024 (2023: £15.4m).

Dividends

The Board proposes a dividend payment of £3,391,938 comprising an ordinary dividend of 1.10p per ordinary share (2023: £3,049,840, an ordinary dividend of 1.00p 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, was 31 days (2023: 29 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 2024, are as follows:

	30.06.24		30.06.23	
Director	Number of shares held	Percentage shareholding %	Number of shares held	Percentage shareholding %
M Patel	1,631,182	0.53	1,631,182	0.55
B Huard	95,084	0.01	95,084	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 2024, are as follows:

Director	30.06.24 Number of options held	30.06.23 Number of options held
M Patel	2,444,907	2,043,565
A Gurney	622,872	276,490

The share options granted to Milan Patel can only be exercised at the end of a three-year vesting period, based on total shareholder return performance relative to the AIM 100 index and absolute EPS 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 2024, 2025, 2026 for the respective options to Milan.

The share options granted to Alistair Gurney can only be exercised following the end of the performance period in December 2025 and 2026 respectively based on the same performance targets as Milan Patel. Under IFRS 2 Share-based payments, the Group has provided an estimate for the cost as if they fully paid out at the end of the performance period. 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 2026 .

Substantial interests

On 30 September 2024, 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	52,005,305	16.91
Octopus Investments	35,346,408	11.49
Tink Taylor, Founder and President	29,776,667	9.68
Investec Wealth & Investment	24,393,419	7.93
Slater Investments	14,179,758	4.61

Future outlook

The Group provides an all-in-one 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 2023 to the date of this report.

J Conoley
A Gurney
B Huard
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.

Report of the Directors continued

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.

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
There are no events after the date of this report or the date the financial statements were approved by the Board of Directors which impact on the figures as presented.

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 Cavendish and Singer are the joint brokers. The closing mid-market share price at 30 June 2024 was 92.5p (2023: 84.6p).

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 £23,678 (2023: £17,902).

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. 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 they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors
The auditors, Moore Kingston Smith LLP, will be proposed for reappointment at the forthcoming AGM in accordance with section 489 of the Companies Act 2006.

The Directors' report was authorised for issue by the Board of Directors on 6 November 2024 and was signed on its behalf by:

Milan Patel
Chief Executive Director

6 November 2024

Independent Auditor's Report to the Members of Dotdigital Group Plc

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 2024 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 2024 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 international 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.

Independent Auditor's Report to the Members of Dotdigital Group Plc continued

Key audit matters continued

Key audit matters	How our scope addressed this matter
Incorrect revenue recognition	
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. The Group generated revenue of £78,973,000 in the financial year ended 30 June 2024 (2023: £69,228,000) (Note 3). There is a risk of incorrect revenue recognition due to fraud, arising from: • Recognition of revenue in the wrong period; • Revenue not being recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'; and • Manipulation of revenues around the year-end through management override of internal controls. We therefore identified incorrect revenue recognition as a key audit matter.	Our audit work included, but was not restricted to: Evaluating and critically assessing the Group's revenue recognition accounting policy to determine whether it was in compliance with IFRS 15. 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. Performing a detailed review of the IT environment surrounding the revenue process to gain additional comfort over completeness and integrity of data flowing from the source system, Engagement Cloud, through to the accounting system. Substantive testing procedures included agreeing revenue transactions selected for testing through to supporting evidence including sales invoice, contracts, and cash receipts. Reviewing material credit notes, invoices, and receipts post year end to ensure they were recorded in the correct accounting period. Performing sales cut off tests to ensure revenue had been recognised in the correct accounting period. Testing accrued and deferred revenue to ensure that items included within these balances had been recognised correctly. In addition, we reviewed the adequacy of the disclosures in the financial statements in accordance with the requirements of IFRS 15. *Key observations* From our audit testing, we did not identify any material misstatements of revenue.
Acquisition accounting	
The Group acquired Fresh Relevance Limited during the year for a total consideration of £24,519,000. Consequently, recognising goodwill of £12,598,000 and other intangible assets of £17,129,000 on the date of acquisition, as detailed in note 12. The Directors are required to make an assessment of the applicable accounting treatment of the acquired entity. Due to the complex nature of this process, we identified the accounting for the acquisition of Fresh Relevance Limited as a key audit matter.	Our audit work included, but was not restricted to: Obtaining and reviewing the Sales and Purchase Agreement and agreeing the relevant accounting entries. Reviewing key estimates and judgments applied by the management to determine the fair value of intangibles in relation to technology, customer relationships and goodwill recognised as at acquisition date. Reviewing the completion accounts of the entity acquired in the year. Testing a sample of material and high risk balances on the completion accounts. This involved cut off testing on revenue and costs ensuring that they have been recognised correctly for the purposes of the completion accounts. Evaluating the accounting policy and detailed disclosures to check whether information provided in the financial statements is compliant with the requirements of IFRS 3 Business Combinations. *Key observations* Based on our audit work, we concluded that acquisition accounting has been correctly applied in accordance with the requirements of IFRS 3 and that management's year-end impairment assessment is appropriate. We consider that the disclosures in the financial statements relating to this area are adequate.

Key audit matters	How our scope addressed this matter
Valuation of intangible assets and goodwill	
The Directors are required to make an assessment to determine whether there are impairment indicators relating to the Group's intangible assets and goodwill. The Group had intangible assets with a net book value of £37,556,000 as at 30 June 2024 (30 June 2023: £19,860,000). (Note 13) The Group had goodwill with a net book value of £22,278,000 as at 30 June 2024 (30 June 2023: £9,680,000). (Note 12) 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. Based on the judgemental nature of an impairment review, we identified impairment of intangible assets and goodwill as a key audit matter.	Our audit work included, but was not restricted to: Obtaining management's analysis of their assessment of whether there were any indicators of impairment. 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. 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. Performing a detailed review of management's Weighted Average Cost of Capital (WACC) calculations. Critically assessing and challenging management over the appropriateness of the useful economic life of the intangible assets. 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. Considering the appropriateness of the amortisation policy for intangible assets. Critically assessing management's identification of continuing Cash Generating Units (CGUs). *Key observations* 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. 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.
Capitalisation and valuation of development costs	
During the year, the Group capitalised development costs of £9,690,000 (2023: £8,729,000) 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. 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.	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: 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. 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. Performing substantive analytical review on internal staff costs capitalised by agreeing to payroll reports for the development employees. Testing a sample of 3rd party development costs to supporting documentation. Considering whether certain administrative overhead expenditure which had been capitalised was directly attributable to the development of the asset. We also reviewed the client's accounting policy to ensure that it is consistent with IAS 38. *Key observations* Based on our audit work, we concluded that the development costs have been capitalised in accordance with the requirements of IAS 38.

Independent Auditor's Report to the Members of Dotdigital Group Plc continued

Key audit matters continued

Key audit matters	How our scope addressed this matter
Impairment of investments The Directors are required to make an assessment to determine whether the carrying value of the Parent Company's investments in subsidiaries is recoverable. The Company had investments in subsidiaries of £43,794,000 as at 30 June 2024 (30 June 2023: £19,047,000) (Note 15). The process for assessing whether impairment exists under UK adopted international accounting standards 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. Due to the complex nature of this process, we identified impairment of investments as a key audit matter.	Our audit work included, but was not restricted to: Obtaining management's cash flow forecasts utilised in management's impairment assessment and critically assessing these. This included: Reviewing the board minutes and holding discussions with management to understand the strategy for the subsidiaries and expectations going forward. Challenging management's assumptions utilised in the impairment models, including cash flow forecasts, growth rates and discount rates. Performing a sensitivity analysis to check whether management's forecasts would leave positive headroom if the assumptions of values increased or decreased. 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. 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. *Key observations* 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.

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 £789,728, based on 1% 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 £558,506, based on 1% 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 £394,864 and £279,253 respectively.

We agreed to report to the Audit Committee all audit differences in excess of £39,486 for the Group and £27,925 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.

Independent Auditor's Report to the Members of Dotdigital Group Plc continued

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

- 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.

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.

Moore Kingston Smith LLP

Jonathan Russell
Senior Statutory Auditor

For and on behalf of

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

6 November 2024

FINANCIAL STATEMENTS

Contents

Financial statements

Consolidated income statement

For the year ended 30 June 2024

	Notes	30.06.24 £'000	30.06.23 £'000
Continuing operations			
Revenue from contracts with customers	3	78,973	69,228
Cost of sales	7	(16,177)	(14,351)
Gross profit		**62,796**	**54,877**
Administrative expenses	7	(47,222)	(40,359)
Operating profit from continuing operations pre share-based payments, amortisation of acquired intangibles and exceptional costs		**15,574**	**14,518**
Share-based payments	29	(1,219)	(736)
Amortisation of acquired intangibles	13	(1,462)	(120)
Exceptional costs	5	(973)	(114)
Operating profit from continuing operations		**11,920**	**13,548**
Finance costs	6	(88)	(57)
Finance income	6	1,351	895
Profit before income tax from continuing operations	7	**13,183**	**14,386**
Income tax expense	8	(2,117)	(1,791)
Profit for the year from continuing operations		**11,066**	**12,595**
Profit for the period attributable to the owners of the parent		**11,066**	**12,595**
Earnings per share from all operations (pence per share)			
Basic	11	3.62	4.21
Diluted	11	3.54	4.11
Adjusted basic	11	4.82	4.53
Adjusted diluted	11	4.71	4.43

Consolidated statement of comprehensive income

For the year ended 30 June 2024

	Notes	30.06.24 £'000	30.06.23 £'000
Profit for the year		**11,066**	**12,595**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		(27)	(38)
Total comprehensive income attributable to:			
Owners of the parent		**11,039**	**12,557**
Total comprehensive income for the year			
Comprehensive income from continuing operations		11,039	12,557

Consolidated statement of financial position

For the year ended 30 June 2024

	Notes	30.06.24 £'000	30.06.23 £'000
Assets			
Non-current assets			
Goodwill	12	22,278	9,680
Intangible assets	13	37,556	19,860
Property, plant and equipment	14	3,568	2,696
		63,402	**32,236**
Current assets			
Trade and other receivables	16	18,011	15,261
Cash and cash equivalents	17	42,160	52,676
		60,171	67,937
Total assets		**123,573**	**100,173**
Equity attributable to the owners of the parent			
Called up share capital	18	1,538	1,496
Share premium	19	12,786	7,124
Reverse acquisition reserve	19	(4,695)	(4,695)
Share-based payment reserve	19	2,835	2,591
Retranslation reserve	19	231	258
Retained earnings	19	82,505	73,536
Total equity		**95,200**	**80,310**
Liabilities			
Non-current liabilities			
Lease liabilities	21	2,334	1,321
Deferred tax	24	6,330	2,644
		8,664	**3,965**
Current liabilities			
Trade and other payables	20	18,348	14,629
Lease liabilities	21	746	823
Current tax payable		615	446
		19,709	**15,898**
Total liabilities		**28,373**	**19,863**
Total equity and liabilities		**123,573**	**100,173**

The financial statements were approved and authorised for issue by the Board of Directors on 6 November 2024 and were signed on its behalf by:

Milan Patel
Director

Company registration number: 06289659 (England and Wales)

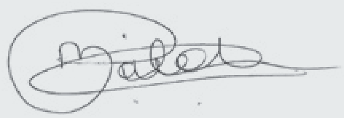
Company statement of financial position

For the year ended 30 June 2024

	Notes	30.06.24 £'000	Restated 30.06.23 £'000
Assets			
Non-current assets			
Intangible assets	13	3	–
Property, plant and equipment	14	9	9
Investments	15	43,794	19,047
		43,806	**19,056**
Current assets			
Trade and other receivables	16	11,321	5,072
Cash and cash equivalents	17	724	396
		12,045	**5,468**
Total assets		**55,851**	**24,524**
Equity attributable to the owners of the parent			
Called up share capital	18	1,538	1,496
Share premium	19	12,786	7,124
Share-based payment reserve	19	2,828	2,600
Retained earnings	19	7,057	10,969
Total equity		**24,209**	**22,189**
Liabilities			
Current liabilities			
Trade and other payables	20	31,642	2,335
Total liabilities		**31,642**	**2,335**
Total equity and liabilities		**55,851**	**24,524**

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 loss for the Company was £1,814,895 (2023: profit of £4,459,042).

The financial statements were approved and authorised for issue by the Board of Directors on 6 November 2024 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 2024

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Retranslation reserve £'000	Reverse acquisition reserve £'000	Share-based payment reserve £'000	Total equity £'000
Balance at 1 July 2022	**1,496**	**63,582**	**7,124**	**296**	**(4,695)**	**2,005**	**69,808**
Transactions with owners							
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)
Total comprehensive income							
Profit for the year	–	12,595	–	–	–	–	12,595
Other comprehensive income	–	–	–	(38)	–	–	(38)
Total comprehensive income	–	12,595	–	(38)	–	–	12,557
Balance as at 30 June 2023	**1,496**	**73,536**	**7,124**	**258**	**(4,695)**	**2,591**	**80,310**
Balance as at 1 July 2023	**1,496**	**73,536**	**7,124**	**258**	**(4,695)**	**2,591**	**80,310**
Transactions with owners							
Issue of share capital	42	–	5,662	–	–	–	5,704
Dividends	–	(3,066)	–	–	–	–	(3,066)
Transfer in reserves	–	969	–	–	–	(969)	–
Deferred tax on share options	–	–	–	–	–	16	16
Share-based payments	–	–	–	–	–	1,197	1,197
Transactions with owners	42	(2,097)	5,662	–	–	244	3,851
Profit for the year	–	11,066	–	–	–	–	11,066
Other comprehensive income	–	–	–	(27)	–	–	(27)
Total comprehensive income	–	11,066	–	(27)	–	–	11,039
Balance as at 30 June 2024	**1,538**	**82,505**	**12,786**	**231**	**(4,695)**	**2,835**	**95,200**

- 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
- Share-based payment reserve relates 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 2024

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Share-baesd payment reserve £'000	Total equity £'000
Balance as at 1 July 2022	**1,496**	**9,400**	**7,124**	**1,915**	**19,935**
Transactions with owners					
Dividends	–	(2,926)	–	–	(2,926)
Transfer in reserves	–	36	–	(36)	–
Share-based payments	–	–	–	721	721
Transactions with owners	–	(2,890)	–	685	(2,205)
Total comprehensive income					
Profit for the year	–	4,459	–	–	4,459
Total comprehensive income	–	4,459	–	–	4,459
Balance as at 30 June 2023	**1,496**	**10,969**	**7,124**	**2,600**	**22,189**
Balance as at 1 July 2023	**1,496**	**10,969**	**7,124**	**2,600**	**22,189**
Issue of share capital	42	–	5,662	–	5,704
Dividends	–	(3,066)	–	–	(3,066)
Transfer in reserves	–	969	–	(969)	–
Share-based payments	–	–	–	1,197	1,197
Transactions with owners	42	(2,097)	5,662	228	3,835
Loss for the year	–	(1,815)	–	–	(1,815)
Total comprehensive loss	–	(1,815)	–	–	(1,815)
Balance as at 30 June 2024	**1,538**	**7,057**	**12,786**	**2,828**	**24,209**

- 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.
- Share-based payment reserve relates to the charge for the share-based payment in accordance with IFRS 2 and the transfer on the exercise or lapsing of share options.

Consolidated statement of cash flows

For the year ended 30 June 2024

	Notes	30.06.24 £'000	30.06.23 £'000
Cash flows from operating activities			
Cash generated from operations	30	23,212	21,985
Interest paid		(88)	(57)
Tax paid		(2,057)	(1,119)
Net cash generated from operating activities		**21,067**	**20,809**
Cash flows from investing activities			
Purchase of subsidiary net of cash acquired	12	(18,325)	–
Additional consideration for repayment of debt at acquisition	12	(607)	–
Purchase of intangible fixed assets	13	(9,709)	(8,760)
Purchase of property, plant and equipment	14	(195)	(306)
Interest received		1,351	895
Net cash flows used in investing activities		**(27,485)**	**(8,171)**
Cash flows from financing activities			
Equity dividends paid		(3,066)	(2,926)
Payment of lease liabilities		(1,012)	(917)
Proceeds from share issues		7	–
Net cash flows used in financing activities		**(4,071)**	**(3,843)**
(Decrease)/Increase in cash and cash equivalents		**(10,489)**	**8,795**
Cash and cash equivalents at beginning of year	31	52,676	43,919
Effect of foreign exchange rate changes		(27)	(38)
Cash and cash equivalents at end of year	31	**42,160**	**52,676**

Company statement of cash flows

For the year ended 30 June 2024

	Notes	30.06.24 £'000	30.06.23 £'000
Cash flows from operating activities			
Cash generated from operations	30	22,217	3,165
Net cash generated from operating activities		**22,217**	**3,165**
Cash used in investing activities			
Purchase of investment	12	(18,823)	–
Purchase of intangible fixed assets	13	(3)	–
Purchase of property, plant and equipment	14	(4)	(6)
Net cash flows used in investing activities		**(18,830)**	**(6)**
Cash flows from financing activities			
Equity dividends paid		(3,066)	(2,926)
Proceeds from share issues		7	–
Net cash flows used in financing activities		**(3,059)**	**(2,926)**
Increase in cash and cash equivalents		**328**	**233**
Cash and cash equivalents at beginning of year	31	396	163
Cash and cash equivalents at end of year	31	**724**	**396**

Notes to the consolidated financial statements

For the year ended 30 June 2024

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 the accounting policies and presentation required by UK adopted International Accounting Standards, 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 share-based payments, 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 that are relevant to companies that prepare financial statements in accordance with UK adopted International Accounting Standards.

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

New and amended standards adopted by the Group

IAS 1 and IFRS Practice Statement 2

Presentation of Financial Statements – amendments regarding the disclosure of accounting policies

IAS 8

Accounting Policies, Changes in Accounting Estimates – amendments regarding the definition of accounting estimates

IAS 12

Income Taxes – amendments regarding deferred tax related to assets and liabilities arising from a single transaction

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 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 for periods commencing on or after
IFRS 16	*Leases – amendments regarding lease liability in a sale and leaseback*	1 January 2024
IAS 1	*Presentation of Financial Statements – amendments regarding the classification of liabilities as current or non-current and non-current liabilities with covenants*	1 January 2024
IFRS 7 and IAS 7	*Financial Instruments – supplier finance arrangements*	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

The Group financial statements consolidate those of the Company and all its subsidiary undertakings drawn up to 30 June 2024.

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. All revenue is from contracts signed with new customers and upgrades and additional functional recurring revenue sold to existing contracted businesses.

The Group recognises revenue when the amount of revenue can be reliably measured, and it is probable that 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. For most of our revenue streams, there is a low level of judgement applied in determining the transaction price or the timing of transfer of control.

Disaggregation of revenue from contracts with customers

The Group has disaggregated revenue recognised from contracts based on the geographical location of the customer and recurring revenue profile, as management believe that they best depict how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. For disaggregation of revenue based on geographical location of customer please see the segmental reporting disclosure (Note 3).

Revenue Profile

	2024 £'000	2023 £'000
Non-recurring revenue	4,590	3,837
Repeating revenue	11,665	11,013
Recurring revenue	62,718	54,378
Total	**78,973**	**69,228**

Licence fees

The Group provides an all-in-one customer experience and data platform (CXDP) to other businesses via a licence fee for the use of the Dotdigital platform. The licence fee is sold as a fixed price bespoke contract. The licence fee also scales to provide access to varying functionalities, including reporting and AI capabilities, within the platform. Management consider these functionalities to be indistinct from the licence fee. Revenue is recognised over time on the basis that access to an IP exists at any given time throughout the licence period. The contract price is recognised on a straight-line basis over the licence period. Variable consideration can be charged for extra capacity required under the licence. In these circumstances, the rules for usage-based royalties are applied and revenue is recognised when the performance obligation has been satisfied (charged in line with the contract as the usage occurred).

Message plans

Message plans allow businesses to send a fixed amount of messages for a fixed fee. The plans are considered to be a combined performance obligation with the Dotdigital licence as they are not distinct in the context of the contract. Revenue is therefore recognised in line with the licence fee. Management believe that if they were to apply an accounting policy in which the messages were considered to be a separate performance obligation, this would not have a material impact. Overage fees can be incurred where message plans have been exceeded or have not been purchased in advance. In these circumstances the rules for usage-based royalties are applied and revenue is recognised when the performance obligation has been satisfied (charged in line with the contract as the usage occurred). For overages fees where management do not consider it possible to forecast and recognise revenue having regard to the variable consideration constraint, extra capacity not purchased in advance is charged in line with the contract as usage occurs.

Professional services

Professional services are considered to have a human element and can include training, design, build, support work and onboarding. Revenue is recognised over time on the basis that the customer benefits from the service as it is provided. The output method is used to assess the stage of completion of each service at the reporting date. Judgement is required to determine the stage of completion. A review of deliverables by management and the professional services team is undertaken at the reporting date and considered together with time elapsed. Management believes that this provides a faithful depiction of the transfer of goods based on prior experience.

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.

Integration licence fees

A licence to access a strategic partner's platform through an integration with the Dotdigital platform. Revenue is recognised over time on the basis that access to an IP exists at any given time throughout the licence period. The contract price is recognised on a straight-line basis over the licence period.

Contract assets and contract liabilities

Costs to obtain a contract relate to sales commissions paid to staff and commissions paid to strategic partners for referrals or integrations to their platforms. The costs are deferred as contract assets and are amortised on a systematic basis consistent with the pattern or transfer of services to which the asset relates.

Where a customer prepays their contract in advance of commencement, the value of the consideration received is initially recognised as a contract liability. Revenue is subsequently recognised as the performance obligations are met.

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 approved 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

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

2. Accounting policies continued

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.

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.
- *Intellectual Property*
  Acquired intellectual property is shown at historical cost. Intellectual property has a finite life and is carried at cost less accumulated amortisation. Amortisation is calculated using straight-line method to allocate the cost of intellectual property over its useful life of 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 resource 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 Fresh Relevance platform had the acquisition not occurred. The useful life of the intangible assets are assessed to have a finite life of 8 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 customer contracts within Fresh Relevance. The useful life of the intangible assets are assessed to have a finite life of 13 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
Leasehold improvements:	over the term of the lease
Fixtures and fittings:	25% on cost
Computer equipment:	25%-33.3% 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.

Dotdigital EMEA Limited and Fresh Relevance Limited qualify to prepare R&D tax credit claims under the SME scheme and to account for them under IAS 12 'Income Taxes'.

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 payment 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 2024 were optional.

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

2. Accounting policies continued

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.

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, revaluate 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. The Group applies the simplified approach to measuring expected credit losses.

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. Short-term highly liquid investments that have a maturity of up to 95 days are classified as cash equivalents. 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.
- *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:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) 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

(c) 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.

The share-based payment reserve relates to the charge for share-based payment in accordance with IFRS 2 'Share-based Payment' 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 Payment' 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, South African Rand and Polish Zloty 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.

	30.06.24 £'000	30.06.23 £'000
US Dollar	66	68
Australian Dollar	15	17
Singaporean Dollar	(23)	(42)
Euro	6	4
Belarusian Ruble	–	(8)
South African Rand	9	9
Polish Zloty	17	11
	90	**59**

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 judgements 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:

Critical 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

2. Accounting policies continued

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 and intangible assets arising from acquisition – 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.

Other estimates and assumptions

Estimates and assumptions used by the business that do not 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:

(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 15.08% (2023: 4.28%). This has increased as a result of the increase in the cost equity which was impacted by the increase in the share price at the year end compared to last year and the increase 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:
  i. expected life
  ii. expected volatility
  iii. expected dividend yield
  iv. 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 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 as shown in the tables that follow:

Geographical revenue and results (from all operations)

30.06.24	EMEA £'000	US £'000	APAC £'000	Total £'000
Income statement				
Revenue	59,731	12,082	7,160	78,973
Gross profit	45,576	10,737	6,483	62,796
Profit/(loss) before income tax	12,390	1,159	(366)	13,183
Total comprehensive income/(loss) attributable to the owners of the parent	**10,690**	**991**	**(642)**	**11,039**
Financial position				
Total assets	113,894	8,552	1,127	123,573
Net current assets	36,777	2,843	842	40,462

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 (2023: 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.

30.06.23	EMEA £'000	US £'000	APAC £'000	Total £'000
Income statement				
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
Total comprehensive income/(loss) attributable to the owners of the parent	**12,522**	**686**	**(651)**	**12,557**
Financial position				
Total assets	95,742	4,170	261	100,173
Net current assets/(liabilities)	50,620	2,647	(1,228)	52,039

The Company is domiciled in the UK, its consolidated non-current assets, other than financial instruments and deferred tax assets are as follows:

	30.6.24 £'000	30.6.23 £'000
United Kingdom	62,867	31,661
Rest of the World	535	575
	63,402	**32,236**

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

4. Employees and Directors

	30.06.24 £'000	30.06.23 £'000
Wages and salaries	30,529	26,290
Social security costs	3,231	2,744
Other pension costs	824	671
	34,584	**29,705**

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

	30.06.24	30.06.23
Directors	5	4
Sales and marketing	226	193
Product development and system engineers	161	126
Administration	59	61
	451	**384**

Included in the total employees cost above, £7,315,285 (2023: £6,581,768) was capitalised in relation to internally generated development costs.

5. Exceptional costs

Exceptional costs incurred in the year relate to professional acquisition costs £389,000 (2023: £100,000), employers NI paid on the exercise of LTIPs by a member of the leadership team £143,000 (2023: £nil), severance payment as a result of a departmental restructure £430,000 (2023: £nil) and professional fees related to the valuation of share options and review of long-term incentive plan £11,000 (2023: £14,000).

6. Net finance income

	30.06.24 £'000	30.06.23 £'000
Deposit account interest	1,351	895
Finance income	**1,351**	**895**
Interest on lease liabilities	(81)	(81)
Other net interest payable	(28)	–
Interest capitalised	21	24
Finance expense	**(88)**	**(57)**
Net finance income	**1,263**	**838**

7. Profit from continuing operations

Costs by nature

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

	30.06.24 £'000	30.06.23 £'000
Outsourcing and tech infrastructure	16,177	14,351
Total cost of sales	**16,177**	**14,351**

	30.6.24 £'000	30.6.23 £'000
Direct marketing	3,328	3,004
Partner commission	1,795	1,109
Staff-related costs (inc Directors' emoluments)	27,336	23,544
Auditor's remuneration	128	140
Amortisation of intangibles*	7,691	6,458
Depreciation charge*	974	1,025
Legal, professional and consultancy fees	977	840
Computer expenditure	1,432	1,081
Bad debts	459	(193)
Foreign exchange losses	90	593
Travel and subsistence costs	483	421
Office running	599	465
Insurance	274	214
Staff welfare	604	535
Bank and credit card charges	477	431
Telephone	122	128
Subscriptions	50	53
Recruitment fees	60	214
Other costs	343	297
Total administrative expenses	**47,222**	**40,359**

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

	30.06.24 £'000	30.06.23 £'000
Fees payable to the Company's auditor for the audit of Parent Company and consolidated financial statements	20	41
Fees payable to the Company's auditor for other services		
– audit of Company subsidiaries	104	63
– review of interim accounts	4	4
– overrun of prior year audit services	–	32
	128	**140**

* 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 2024

8. Income tax expense

Analysis of the tax charge from continuing operations:

	30.06.24 £'000	30.06.23 £'000
Current tax on profits for the year	2,030	1,448
Foreign tax suffered	301	266
Changes in estimates related to prior years	48	38
Deferred tax on origination and reversal of timing differences	(262)	39
	2,117	**1,791**

Factors affecting the tax charge:

	30.06.24 £'000	30.06.23 £'000
Profit on ordinary activities from all operations before tax	**13,183**	**14,386**
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK: 25% (2023: 25%)	3,296	3,597
Effects of:		
Adjustment in respect of prior years	(67)	(46)
Expenses not deductible	300	66
Research and development enhanced claim	(1,469)	(1,761)
Income not taxable	(1)	(18)
Share options	55	78
Amounts not recognised and previously unrecognised	(4)	–
Tax rate changes	1	(160)
Effects of overseas tax rates	8	35
Other	(2)	–
Total tax charge for the year	**2,117**	**1,791**

Deferred tax was calculated using the rate 25% (2023: 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 effective tax rate in the period was 16.06% (2023: 12.44%). UK deferred balances have been recognised at 25% in the period (2023: 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 loss for the financial year was £1,814,895 (2023: profit of £4,459,042).

10. Dividends

Amounts recognised as distributions to equity holders in the period.

	30.06.24 £'000	30.06.23 £'000
Paid dividend for year end 30 June 2023 of 1.00p (2022: 0.98p) per share	3,066	2,926
Proposed dividend for the year end 30 June 2024 of 1.10p (2023: 1.00p) per share	**3,392**	**3,050**

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.

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:

From all operations	30.06.24 £'000	30.06.23 £'000
Profit for the year attributable to the owners of the parent	11,066	12,595
Amortisation of acquisition-related intangible fixed assets (see note 13)	1,462	120
Professional acquisition costs (see note 5)	389	100
Other exceptional costs (see note 5)	584	14
Share-based payment (see note 29)	1,219	736
Adjusted profit for the year attributable to the owners of the parent	**14,720**	**13,565**

Management does not consider the above adjustments to reflect the underlying business performance. The other exceptional costs relate to professional fees.

	30.06.24		
From all operations	Earnings £'000	Weighted average number of shares	Per share Amount Pence
Basic EPS			
Profit for the year attributable to the owners of the parent	11,066	305,472,095	3.62
Adjusted basic EPS			
Adjusted profit for the year attributable to the owners of the parent	14,720	305,472,095	4.82
Options and warrants	–	7,192,298	–
Diluted EPS			
Profit for the year attributable to the owners of the parent	11,066	312,664,393	3.54
Adjusted diluted EPS			
Adjusted profit for the year attributable to the owners of the parent	**14,720**	**312,664,393**	**4.71**

	30.06.23		
From all operations	Earnings £'000	Weighted average number of shares	Per share Amount Pence
Basic EPS			
Profit for the year attributable to the owners of the parent	12,595	299,216,130	4.21
Adjusted basic EPS			
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	–
Diluted EPS			
Profit for the year attributable to the owners of the parent	12,595	306,435,606	4.11
Adjusted diluted EPS			
Adjusted profit for the year attributable to the owners of the parent	**13,565**	**306,435,606**	**4.43**

Weighted average number of shares

	30.06.24 Shares	30.06.23 Shares
Basic EPS	305,472,095	299,216,130
Diluted EPS	312,664,393	306,435,606

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

12. Goodwill

Group

	30.06.24 £'000	30.06.23 £'000
Cost		
At 1 July	13,192	13,192
Additions	12,598	–
At 30 June	25,790	13,192
Impairment		
At 1 July	3,512	3,512
At 30 June	3,512	3,512
Net book value	**22,278**	**9,680**

On 11 September 2023, the Group acquired all the voting rights of Fresh Relevance Limited for a purchase consideration of £18.8m in cash and £5.7m in shares in exchange for all Fresh Relevance Limited shares. Further consideration of £0.6m was paid at acquisition to aid Fresh Relevance Limited in the repayment of debt.

The Directors believe the acquisition will:

- Accelerate Dotdigital's CXDP roadmap, bringing highly complementary cross-channel personalisation and website technology together with technical expertise.
- Increase the Group's addressable market, enabling the acquisition of higher value customers and supporting customer retention by providing the means to expand its role in existing customers' technology stacks.
- Add over £6.0m of annual revenues, of which 93% are recurring SaaS revenue, and £0.6m annual EBITDA before integration costs.
- Create revenue and cost synergies over the medium term and is expected to be earnings enhancing in the financial year ending 30 June 2025.

Goodwill of £12.6m was recognised on the acquisition, being the excess of the purchase consideration over the fair value of net assets acquired as set out below.

Fair value of assets acquired

	£'000
Assets	
Non-current assets	
Intangibles assets	17,129
Property, plant and equipment	22
	17,151
Current assets	
Trade and other receivables	808
Tax asset	118
Cash and cash equivalents	498
	1,424
Total assets	**18,575**

	£'000
Liabilities	
Non-current liabilities	
Deferred tax	3,974
	3,974
Current liabilities	
Trade and other payables	2,680
	2,680
Total liabilities	**6,654**
Total fair value of assets acquired	**11,921**
Goodwill	**12,598**
Consideration in cash	18,823
Consideration in ordinary shares	5,696
Total consideration	**24,519**
Consideration transferred settled in cash	18,823
Cash and cash equivalents acquired	(498)
Net cash outflow on acquisition	**18,325**

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 15.08% (2023: 4.28%). This has increased as a result of the increase in the cost equity which was impacted by the increase in the share price at the year end compared to last year and the increase 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 9% (2023: 11%) and the same rate has been used as the long-term constant growth rate.

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 in 80% (2023: 73%).

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 109% (2023: 145%) discount rate and growth rate of -4% (2023: -5%).

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

13. Intangible assets

Group

	Technology £'000	Customer relationships £'000	Intellectual property £'000	Computer software £'000	Internally generated development costs £'000	Domain names £'000	Totals £'000
Cost							
At 1 July 2023	1,200	1,205	55	1,080	50,359	51	53,950
Additions	–	–	3	16	9,690	–	9,709
Acquisition	7,251	9,878	–	–	–	–	17,129
At 30 June 2024	**8,451**	**11,083**	**58**	**1,096**	**60,049**	**51**	**80,788**
Amortisation							
At 1 July 2023	670	1,205	47	980	31,151	37	34,090
Amortisation for the year	850	612	1	49	7,629	1	9,142
At 30 June 2024	**1,520**	**1,817**	**48**	**1,029**	**38,780**	**38**	**43,232**
Net book value							
At 30 June 2024	**6,931**	**9,266**	**10**	**67**	**21,269**	**13**	**37,556**

	Technology £'000	Customer relationships £'000	Intellectual property £'000	Computer software £'000	Internally generated development costs £'000	Domain names £'000	Totals £'000
Cost							
At 1 July 2022	1,200	1,205	55	1,056	41,651	46	45,213
Additions	–	–	–	26	8,729	5	8,760
Disposals	–	–	–	(1)	(17)	–	(18)
Exchange differences	–	–	–	(1)	(4)	–	(5)
At 30 June 2023	**1,200**	**1,205**	**55**	**1,080**	**50,359**	**51**	**53,950**
Amortisation							
At 1 July 2022	550	1,205	46	899	24,778	37	27,515
Amortisation for the year	120	–	1	82	6,375	–	6,578
Disposals	–	–	–	–	(2)	–	(2)
Exchange differences	–	–	–	(1)	–	–	(1)
At 30 June 2023	**670**	**1,205**	**47**	**980**	**31,151**	**37**	**34,090**
Net book value							
At 30 June 2023	**530**	**–**	**8**	**100**	**19,208**	**14**	**19,860**

Development cost additions represent 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 licences the use of the platform.

Technology represents the cost that would be incurred to build the entire Comapi and Fresh Relevance platforms had the acquisitions not occurred. Customer relationships represent the value of customer contracts within Comapi and Fresh Relevance.

Company

	Intellectual property £'000
Cost	
At 1 July 2023	–
Additions	3
Foreign currency translation	–
At 30 June 2024	**3**
Depreciation	
As at 1 July 2023	–
Depreciation for the year	–
At 30 June 2024	**–**
Net book value	
At 30 June 2024	**3**

14. Property, plant and equipment

Group

	Right of use assets £000	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Totals £'000
Cost					
At 1 July 2023	5,209	685	612	2,998	9,504
Additions	1,857	–	–	195	2,052
Acquisitions	–	–	2	20	22
Re-measurement of existing lease liabilities	8	–	–	–	8
Disposals	(1,959)	–	–	–	(1,959)
Exchange differences	3	–	1	5	9
At 30 June 2024	**5,118**	**685**	**615**	**3,218**	**9,636**
Depreciation					
At 1 July 2023	3,220	596	555	2,437	6,808
Depreciation for the year	894	45	14	265	1,218
Disposals	(1,959)	–	–	–	(1,959)
Exchange differences	–	–	–	1	1
At 30 June 2024	**2,155**	**641**	**569**	**2,703**	**6,068**
Net book value					
At 30 June 2024	**2,963**	**44**	**46**	**515**	**3,568**

	Right of use assets £000	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Totals £'000
Cost					
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)
At 30 June 2023	**5,209**	**685**	**612**	**2,998**	**9,504**
Depreciation					
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)
Re-measurement of existing lease liabilities	14	–	–	–	14
Exchange differences	(3)	(3)	(14)	(22)	(42)
At 30 June 2023	**3,220**	**596**	**555**	**2,437**	**6,808**
Net book value					
At 30 June 2023	**1,989**	**89**	**57**	**561**	**2,696**

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

14. Property, plant and equipment continued

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

	Properties £'000	Motor vehicles £'000	Totals £'000
Cost			
As at 1 July 2023	5,014	195	5,209
Termination of leases	(1,959)	–	(1,959)
Additions	1,772	85	1,857
Re-measurement of existing lease liabilities	8	–	8
Foreign currency translation	3	–	3
At 30 June 2024	**4,838**	**280**	**5,118**
Depreciation			
As at 1 July 2023	3,034	186	3,220
Depreciation for the year	852	42	894
Termination of leases	(1,959)	–	(1,959)
At 30 June 2024	**1,927**	**228**	**2,155**
Net book value			
At 30 June 2024	**2,911**	**52**	**2,963**

	Properties £'000	Motor vehicles £'000	Totals £'000
Cost			
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	–	–	–
At 30 June 2023	**5,014**	**195**	**5,209**
Depreciation			
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)
At 30 June 2023	**3,034**	**186**	**3,220**
Net book value			
At 30 June 2023	**1,980**	**9**	**1,989**

Company

	Computer equipment £'000
Cost	
As at 1 July 2023	17
Additions	4
Foreign currency translation	–
At 30 June 2024	**21**
Depreciation	
As at 1 July 2023	8
Depreciation for the year	4
At 30 June 2024	**12**
Net book value	
At 30 June 2024	**9**

	Computer equipment £'000
Cost	
As at 1 July 2022	11
Additions	6
Foreign currency translation	–
At 30 June 2023	**17**
Depreciation	
As at 1 July 2022	4
Depreciation for the year	4
At 30 June 2023	**8**
Net book value	
At 30 June 2023	**9**

15. Investments

Company

	Shares in Group undertakings 30.06.24 £'000	Shares in Group undertakings 30.06.23 £'000
Cost		
At 1 July	22,837	22,116
Additions	25,717	721
Disposals	–	–
At 30 June	**48,554**	**22,837**
Impairment		
At 1 July	3,790	3,754
Impairment (Lapsed share options)	970	36
At 30 June	**4,760**	**3,790**
Net book value		
At 30 June	**43,794**	**19,047**

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
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	Non-trading	Ordinary	100
Dotdigital Poland S.p. z.o.o	Development hub	Ordinary	100
Fresh Relevance Ltd	Cross-channel personalisation platform	Ordinary	100
Fresh Relevance Inc	Cross-channel personalisation platform	Ordinary	100

All of the above subsidiaries have been included within the consolidated results, however Dynmark International Ltd and Fresh Relevance Limited were exempt from audit by virtue of s479A of Companies Act 2006. Dotdigital EMEA Limited, Dynmark International Ltd and Fresh Relevance Ltd were incorporated in England and Wales. Dotdigital Inc was incorporated in Delaware (US), Fresh Relevance Inc was incorporated in Delaware (US), Dotdigital APAC Pty Limited was incorporated in New South Wales (Australia), Dotdigital B.V. was incorporated in 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

15. Investments continued

Subsidiary	Registered office
Dotdigital EMEA Ltd	No.1 London Bridge, London SE1 9BG
Dynmark International Ltd	No.1 London Bridge, London SE1 9BG
Fresh Relevance Ltd	No.1 London Bridge, London SE1 9BG
Dotdigital Inc	16192 Coastal Highway, Lewes, Delaware 19958-9776, County of Sussex, USA
Fresh Relevance Inc	6 Liberty Square, Unit 248, Boston, MA 02109, 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	
	30.06.24 £'000	30.06.23 £'000	30.06.24 £'000	Restated* 30.06.23 £'000
Current:				
Trade receivables	14,026	11,487	181	–
Less: Provision for impairment of trade receivables	(1,621)	(1,305)	–	–
Trade receivables – net	12,405	10,182	181	–
Other receivables	61	29	–	–
Amounts owed by Group undertakings	–	–	10,944	4,967
VAT	–	–	150	34
Prepayments and contract assets	5,545	5,050	46	71
	18,011	**15,261**	**11,321**	**5,072**

* See note 35.

Amounts owed by Group undertakings have been reviewed for impairment in accordance with IFRS 9. The Group undertaking has excess cash and is able to make full payment upon request. Management are therefore satisfied that an impairment is not required.

Included within Group prepayments is an amount of £326,827 (2023: £255,846) 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 entitiy's ability to repay amounts owed.

On that basis, the loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for trade receivables:

	Current £'000	30-60 days £'000	60-90 days £'000	Over 90 days £'000	Total £'000
As at 30 June 2024					
Trade receivables	7,353	3,560	809	2,304	14,026
Provision for impairment	102	24	269	1,226	1,621
Expected loss rate	1%	1%	33%	53%	

	Current £'000	30-60 days £'000	60-90 days £'000	Over 90 days £'000	Total £'000
As at 30 June 2023					
Trade receivables	6,320	2,629	871	1,667	11,487
Provision for impairment	68	11	171	1,055	1,305
Expected loss rate	1%	1%	20%	63%	

No expected credit losses have been recognised on contract assets.

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

17. Cash and cash equivalents

	Group		Company	
	30.06.24 £'000	30.06.23 £'000	30.06.24 £'000	30.06.23 £'000
Cash at bank	9,701	17,534	724	396
Short-term deposit accounts	32,459	35,142	–	–
	42,160	**52,676**	**724**	**396**

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

18. Called up share capital

Allotted, issued, fully paid number	Nominal value	30.06.24 £'000	30.06.23 £'000
307,508,354 (2023: 299,216,130)	£0.005	1,538	1,496
		1,538	**1,496**

During the reporting period the Company undertook the following transactions involving the issuing of share capital:

On 11 September 2023 6,862,684 shares were issued as part of the consideration for Fresh Relevance Limited shares. The shares had a nominal value of £34,000 and a share premium value of £5,662,000. See note 12 and 19.

On 3 November 2023 an employee exercised their share options increasing the issued share capital by 437,500 shares.

On 18 December 2023 an employee exercised their share options increasing the issued share capital by 741,647 shares.

On 28 March 2024 an employee exercised their share options increasing the issued share capital by 250,393 shares.

19. Reserves
Group

	Retained earnings £'000	Share premium £'000	Reverse acquisition reserve £'000	Retranslation reserve £'000	Share-based payment reserve £'000	Totals £'000
As at 1 July 2023	73,536	7,124	(4,695)	258	2,591	78,814
Issue of share capital	–	5,662	–	–	–	5,662
Dividends	(3,066)	–	–	–	–	(3,066)
Profit for the year	11,066	–	–	–	–	11,066
Transfer of reserves	969	–	–	–	(969)	–
Deferred tax on share options	–	–	–	–	16	16
Other comprehensive income:						
Currency translation	–	–	–	(27)	–	(27)
Share-based payment	–	–	–	–	1,197	1,197
Balance as at 30 June 2024	**82,505**	**12,786**	**(4,695)**	**231**	**2,835**	**93,662**

	Retained earnings £'000	Share premium £'000	Reverse acquisition reserve £'000	Retranslation reserve £'000	Share-based payment reserve £'000	Totals £'000
As at 1 July 2022	63,582	7,124	(4,695)	296	2,005	68,312
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
Balance as at 30 June 2023	**73,536**	**7,124**	**(4,695)**	**258**	**2,591**	**78,814**

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

19. Reserves continued

Company

	Retained earnings £'000	Share premium £'000	Share-based payment reserve £'000	Totals £'000
As at 1 July 2023	10,969	7,124	2,600	20,693
Issue of share capital	–	5,662	–	5,662
Dividends	(3,066)	–	–	(3,066)
Profit for the year	(1,815)	–	–	(1,815)
Transfer in reserves	969	–	(969)	–
Share-based payments	–	–	1,197	1,197
As at 30 June 2024	**7,057**	**12,786**	**2,828**	**22,671**

	Retained earnings £'000	Share premium £'000	Share-based payment reserve £'000	Totals £'000
As at 1 July 2022	9,400	7,124	1,915	18,439
Dividends	(2,926)	–	–	(2,926)
Profit for the year	4,459	–	–	4,459
Transfer in reserves	36	–	(36)	–
Share-based payments	–	–	721	721
As at 30 June 2023	**10,969**	**7,124**	**2,600**	**20,693**

20. Trade and other payables

	Group		Company	
	30.06.24 £'000	30.06.23 £'000	30.06.24 £'000	Restated* 30.06.23 £'000
Current:				
Trade payables	2,262	2,175	52	–
Social security and other taxes	688	588	–	–
Other payables	214	170	–	–
Amounts owed to Group undertakings	–	–	31,492	2,133
VAT	1,202	730	–	–
Accruals and contract liabilities	13,982	10,966	98	202
	18,348	**14,629**	**31,642**	**2,335**

* See note 35.

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

Contract liabilities at 30 June 2024 were £7,937,000. Included within revenue is £1,751,000 relating to contract liabilities of £5,750,000 that had been recognised at 30 June 2023 (£1,322,000 was included within revenue in the year ended 30 June 2023, which related to contract liabilities recognised at 30 June 2022). Contract liabilities have significantly increased during the year due to an uplift in customers who have chosen to pay upfront on their contracts.

21. Leasing liabilities

Group

	Properties £'000	Motor vehicles £'000	Totals £'000
As at July 2023	2,118	26	2,144
Additions	1,772	85	1,857
Principal repayments	(967)	(45)	(1,012)
Interest	78	3	81
Re-measurement of existing lease liabilities	8	–	8
Foreign currency translation	2	–	2
At 30 June 2024	**3,011**	**69**	**3,080**
Current	722	24	746
Non-current	2,289	45	2,334
At 30 June 2024	**3,011**	**69**	**3,080**

Group

	Properties £'000	Motor vehicles £'000	Totals £'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
At 30 June 2023	**2,118**	**26**	**2,144**
Current	797	26	823
Non-current	1,321	–	1,321
At 30 June 2023	**2,118**	**26**	**2,144**

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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

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	
	30.06.24 £'000	30.06.23 £'000	30.06.24 £'000	Restated* 30.06.23 £'000
Financial assets at amortised cost				
Trade and other receivables	12,466	10,211	181	–
Amounts owed to Group undertakings	–	–	10,944	2,834
Cash and cash equivalents	42,160	52,676	724	396
	54,626	**62,887**	**11,849**	**3,230**

	Group		Company	
	30.06.24 £'000	30.06.23 £'000	30.06.24 £'000	Restated* 30.06.23 £'000
Financial liabilities at amortised cost				
Trade payables	2,262	2,175	52	–
Accrued liabilities and other payables	6,260	5,380	98	202
Amounts owed from Group undertakings	–	–	31,492	2,133
Lease liabilities	3,080	2,144	–	–
	11,602	**9,699**	**31,642**	**2,335**

* See note 35.

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 Operational Risk Committee. The Audit and Risk Committee and in turn 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 £9,267,366 (2023: £8,377,583) 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 2024 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:

	30.06.24 £'000	30.06.23 £'000
0-30 days	146	609
30-60 days	578	664
More than 60 days	2,649	1,184
	3,373	**2,457**

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

	30.06.24 £'000	30.06.23 £'000
0-30 days	126	68
30-60 days	269	11
More than 60 days	1,289	1,226
	1,684	**1,305**

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

	30.06.24 £'000	30.06.23 £'000
As at 1 July	1,305	1,892
Receivables written off in the year	459	(193)
Unused amount reversed	(80)	(394)
As at 30 June	**1,684**	**1,305**

As of 30 June 2024, no other receivables or contract assets were impaired (2023: £nil).

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 of 45 days, consisted of a value of £3,685,294 (2023: £2,203,244) of which £1,288,148 (2023: £1,219,374) 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, Investec Bank Plc and HSBC Bank Plc, which have A, B and A+ 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 2024

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 (2023: £nil) and amounts payable over one year are £nil (2023: £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 £'000	6 to 12 months £'000	1 to 2 years £'000	2 to 5 years £'000	Total contractual cash flows carrying amounts £'000
Contractual maturities at 30 June 2024					
Trade and other payables	11,400	–	–	–	11,400
Lease liabilities	467	442	862	1,704	3,475
Total non-derivatives	**11,867**	**442**	**862**	**1,704**	**14,875**

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

23. Reconciliation of liabilities arising from financing activites

	30.06.24 £'000	30.06.23 £'000
As at 1 July	2,144	2,576
Cash flows	(1,012)	(917)
Interest	81	81
Foreign exchange movement	2	1
Lease additions, terminations and re-measurements	1,865	403
As at 30 June	**3,080**	**2,144**

24. Deferred tax

Deferred tax liability

	Acquired intangibles £'000	Accelerated capital allowances £'000	Short-term timing differences £'000	R&D relief in excess of amortisation £'000	Share-based payments £'000	Tax Losses £'000	Total £'000
At 1st July 2022	163	82	(82)	3,181	(453)	(136)	2,755
(Credit)/charge to the consolidated income statement	(30)	(22)	(18)	350	(176)	(65)	39
(Credit) to the consolidated statement of changes in equity	–	–	–	–	(150)	–	(150)
At 1st July 2023	**133**	**60**	**(100)**	**3,531**	**(779)**	**(201)**	**2,644**
Acquired	4,282	5	(14)	–	–	(309)	3,964
(Credit)/charge to the consolidated income statement	(366)	(20)	(7)	261	17	(147)	(262)
(Credit) to the consolidated statement of changes in equity	–	–	–	–	(16)	–	(16)
At 30 June 2024	**4,049**	**45**	**(121)**	**3,792**	**(778)**	**(657)**	**6,330**

	30.06.24 £'000	30.06.23 £'000
As at 1 July	2,644	2,755
Acquired	3,964	–
Current year provision	(278)	(111)
	6,330	**2,644**

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

	30.06.24 £'000	30.06.23 £'000
Deferred tax assets	(1,556)	(1,080)
Deferred tax liabilities	7,886	3,724
	6,330	**2,644**

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. (2023: £nil).

26. Contingent liabilities

The Company and Group have no Contingent liabilities as at the year end. (2023: £nil).

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

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.

Key management personnel

	30.06.24 £'000	30.06.23 £'000
Aggregate emoluments	1,288	1,191
Company contributions to money purchase pension scheme	27	22
Share-based payments from the LTIP options granted	313	248
	1,628	**1,461**

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.

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

	30.06.24 £'000	30.06.23 £'000
Salaries	714	698
Other benefits	5	4
Pension costs	19	19
Share-based payments on the LTIP options granted	239	224
	977	**945**

The number of Directors for whom retirement benefits are accruing under defined contribution pension schemes amounted to 2 (2023: 2).

Company

The following transactions were carried out with related parties

			30.06.24 £'000	30.06.23 £'000
Year end balances arising from sales/purchase of services				
Dotdigital EMEA Limited	Subsidiary	Receivables	10,337	4,968
Dotdigital EMEA Limited	Subsidiary	(Payables)	(31,491)	(2,133)
Fresh Relevance Limited	Subsidiary	Receivables	607	-
			(20,547)	**2,835**

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

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., Dotdigital Development SA Pty Ltd, Dotdigital SG Pte. Limited, Dynmark International Limited, Dotdigital Poland S.p. z.o.o, Fresh Relevance Limited and Fresh Relevance Inc.

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 £1,196,972 (2023: £721,070) and £22,248 movement in the provision of NI (2023: £15,003).

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 2024 had a WAEP of 44.23p (2023: 36.91p) and a weighted average contracted life of 8.86 years (2023: 7.27 years) and their exercise prices ranged from 0.5p to 181.2p. All share options are settled in form of equity issued.

	30.06.24		30.06.23	
	No of options	WAEP	No of options	WAEP
Outstanding at the beginning of the period	7,512,423	36.91p	6,059,337	49.04p
Granted during the year	4,244,955	40.13p	1,654,722	2.30p
Forfeited/cancelled during the period	(544,474)	28.2p	(201,636)	117.51p
Exchanged for shares	(1,402,893)	0.5p	-	-
Outstanding at the end of the period	9,810,011	44.23p	7,512,423	36.91p
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 0.5p (2023: n/a). 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	
	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
Share price at grant date	152.0p	152.0p	264.0p	264.0p	196.0p	196.0p
Exercise price	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
Risk-free rate	(0.08)%	(0.08)%	0.38%	0.38%	0.57%	0.57%
Expected volatility	40.40%	40.40%	39.00%	39.00%	43.00%	43.00%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Fair value of options	152.0p	99.0p	264.0p	181.0p	196.0p	115.0p

	08 December 2022		24 December 2022		5 December 2023	
	EPS (50%)	Relative TSR (50%)	EPS (50%)	Relative TSR (50%)	EPS (50%)	Relative TSR (50%)
Number of options granted	438,435	438,434	283,157	283,156	1,018,371	1,018,370
Share price at grant date	93.0p	93.0p	83.9p	83.9p	96.0p	96.0p
Exercise price	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
Risk-free rate	3.10%	3.10%	3.50%	3.50%	4.30%	4.30%
Expected volatility	52.60%	52.60%	52.70%	52.70%	50.30%	50.30%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Fair value of options	92.54p	71.0p	83.45p	60.0p	95.2p	68.0p

Notes to the consolidated financial statements continued

For the year ended 30 June 2024

29. Share-based payment transactions continued

	19 December 2017	24 October 2018	14 December 2020	15 December 2021	12 April 2022
Number of options granted	1,375,000	2,305,000	535,920	567,300	91,127
Share price at grant date	85.95p	77.5p	148.0p	181.0p	86.4p
Exercise price	0.50p	0.50p	147.5p	181.2p	0.50p
Option life in years	5 years	5 years	10 years	10 years	5 years
Risk-free rate	1.33%	1.23%	(0.01)%	0.54%	1.65%
Expected volatility	30.0%	30.0%	34.3%	35.5%	53.2%
Expected dividend yield	1%	1%	0.56%	0.46%	1%
Fair value of options	65.3p	52.7p	47.0p	62.0p	80.5p

	14 April 2022	22 December 2022	12 April 2023	5 March 2024	21 March 2024
Number of options granted	1,367,547	35,149	85,264	250,393	1,957,821
Share price at grant date	90.0p	83.9p	91.8p	95.2p	87.3p
Exercise price	86.5p	85.35p	0.50p	0.50p	87.6p
Option life in years	10 years	5 years	5 years	1 year	5 years
Risk-free rate	1.68%	3.55%	3.40%	4.63%	3.78%
Expected volatility	50.3%	60.7%	58.3%	57.9%	57.9%
Expected dividend yield	0.96%	1.03%	1.07%	1.05%	1.15%
Fair value of options	42.0p	46.56p	85.25p	93.7p	46.8p

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, 24 December 2022 and 5 December 2023 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 and Company reconciliation of profit before corporation tax to cash generated from operations

	Group		Company	
	30.06.24 £'000	30.06.23 £'000	30.06.24 £'000	Restated 30.06.23 £'000
Current:				
Profit/(loss) before tax from all operations	13,183	14,386	(1,815)	4,459
Amortisation	9,142	6,578	–	–
Depreciation	985	1,035	4	4
Finance lease non-cash movement	265	326	–	–
Loss on disposal of fixed assets	–	38	–	–
Share-based payments	1,197	721	–	–
Finance income	(1,351)	(895)	–	–
Impairment on investment	–	–	970	36
Finance expense	88	57	–	–
	23,509	**22,246**	**(841)**	**4,499**
(Increase)/decrease in trade receivables	(1,941)	(2,236)	4,088	(3,527)
Increase in trade payables	1,644	1,975	18,970	2,193
Cash generated from operations	**23,212**	**21,985**	**22,217**	**3,165**

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 £'000	Company £'000
As at 1 July 2022	43,919	163
As at 30 June 2023	52,676	396
As at 30 June 2024	**42,160**	**724**

32. Adjusted profit before tax

	Group £'000	Company £'000
Profit before income tax	13,183	14,386
Amortisation of acquired intangibles (see note 13)	1,462	120
Professional acquisition costs(see note 5)	389	100
Other exceptional costs (see note 5)	584	14
Share-based payment (see note 29)	1,219	736
Adjusted profit before income tax	**16,837**	**15,356**

33. Project development

During the year the Group incurred £9,690,448 (2023: £8,729,106) in development investments. All resources utilised in development have been capitalised as outlined in the accounting policy governing this area.

34. Events after the end of the reporting period

There are no events after the end of the reporting period which impact the Group's and Company's financial statements.

35. Prior year restatement

During the year, the Company discovered that the intercompany balance with a subsidiary had erroneously been shown as a net balance. There has been no impact on the prior year's Company shareholder funds, however current assets increased by £2,133,000 and current liabilities increased by £2,133,000.

Company statement of financial position 30 June 2023	As previously reported £'000	Adjustments £'000	As restated £'000
Assets			
Non-current assets			
Property, plant and equipment	9	-	9
Investments	19,047	-	19,047
	19,056	**-**	**19,056**
Current assets			
Trade and other receivables	2,939	2,133	5,072
Cash and cash equivalents	396	-	396
	3,335	**2,133**	**5,468**
Total assets	**22,391**	**2,133**	**24,524**
Equity attributable to the owners of the parent			
Called up share capital	1,496	-	1,496
Share premium	7,124	-	7,124
Share-based payment reserve	2,600	-	2,600
Retained earnings	10,969	-	10,969
	22,189	**-**	**22,189**
Liabilities			
Current Liabilities			
Trade and other payables	202	2,133	2,335
	202	**2,133**	**2,335**
Total equity and liabilities	**22,391**	**2,133**	**24,524**

Company information

For the year ended 30 June 2024

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A Gurney
B Huard
M Patel
E Richards

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G Kasparian

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