

26 January 2023

Dotdigital Group plc
("Dotdigital" or the "Group")

Trading Update & Notice of Half Year Results

Trading in line following continued healthy demand

Dotdigital Group plc (AIM: DOTD), the leading 'SaaS' provider of an omnichannel marketing automation and customer engagement platform, announces a trading update for the six months ended 31 December 2022 ("H1 2023"). The trading performance reported in this statement is based on unaudited management accounts.

Highlights

- Revenue tracking in line with market expectations for the full year, with H1 revenue up by 9% to £33.8m (H1 2022: £30.9m)
- Adjusted profit before tax in line with market expectations for the full year
- Functionality recurring revenue (licence, data charges and additional functionality) up by 13% to £12.2m (H1 2022: £10.8m)
- Average revenue per customer (ARPC) continued to increase in line with customer revenue growth
- Cash balance on 31 December 2022 of £49.6m (30 June 2022: £43.9m)

Overview

The Board considers H1 2023 to have been a period of encouraging progress as we began to benefit from the operational building blocks put in place in the second half of the prior year.

In EMEA, our largest and most established market, notwithstanding the uncertain macroeconomic backdrop, overall demand was positive. As Marketeers' look to rationalise their marketing technology stack, a cost-effective and efficient onboarding solution is a priority, and Dotdigital's platform, which offers a demonstrable ROI across their customer journey, is proving a popular solution. Our pipeline of higher value deals and bookings grew through Q2 and has positioned us well heading into H2.

Following a series of key hires, the Group's in-region sales team in North America is now embedded and beginning to convert a growing pipeline. The US operation is now performing with evidence of increasing bookings from both new and existing customers. Notwithstanding currency tailwinds in H1, the Board is confident North America is back on a positive trajectory and will report positive underlying growth come the full year.

Albeit from a lower base, APAC again delivered strong sales growth. The Group continues to invest in its presence in the region, further expanding localised go-to-market teams and, in Japan, appointing an experienced country lead that will help build and execute on our market strategy.

From a product perspective, the Group remains focused on delivering best in class performance and building out its Customer Data Experience Platform (CDXP) capability. In H2 we will be releasing more integrations into our strategic partners (Fresh Relevance, Yotpo, Trustpilot, Netsuite, Commerce Tools, Cvent) with more focus and release of predictive analytics functionality and real time automations for the customer journey.

Revenue through strategic partners continues to trend upwards. The Group strengthened its go to market teams from Sales to Customer Success and its Partner Management teams across all three regions in the period and is well positioned moving into H2.

Outlook

Our platform remains at the forefront of the industry, providing Marketeers with a complete set of powerful, data-driven, and easy-to-use tools. While remaining cognisant of the challenging macroeconomic backdrop, with a growing global reputation, talented and committed teams, and good visibility over the second half, the Group looks forward with confidence.

Looking ahead, we remain focused on building and optimising our three regions, investing in our platform and CDXP capability, and deepening our relationships with our strategic partners. At the same time we will actively seek opportunities to supplement organic growth through acquisitions.

Notice of Half Year Results

The Group expects to announce its results for the six months ended 31 December 2022 on 7 March 2023.

Milan Patel, CEO of Dotdigital, commented:

"We entered the financial year on a high and with a renewed sense of optimism having successfully addressed the operational challenges of the previous financial year and seeing evidence of increasing commercial momentum across the Group. What followed was six months of continued progress on all fronts.

We are confident that the business is moving in the right direction strategically and anticipating ongoing healthy demand for our platform across our territories.

The market opportunity remains strong, underpinned by a robust business model and a strong balance sheet which gives us confidence in investing in both our organic growth strategy as well as building on strategic M&A opportunities to accelerate our platform functionality."

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