

6 November 2024

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

Full Year Results

Enhanced technology platform paving the way for higher value opportunities

Dotdigital Group plc (AIM: DOTD), the leading SaaS provider of an all-in-one customer experience and data platform (CXDP), announces its final audited results for the year ended 30 June 2024 ("FY24").

Financial Highlights

- Group revenue increased 14% to £79.0m (FY23: £69.2m)
 - Organic revenue (excluding Fresh Relevance) increased 9% in constant currency (7% on a reported basis) to £74.3m
 - Recurring and repeating revenue as a percentage of total revenue of 94% (FY23: 94%)
 - Organic average revenue per customer (ARPC) growth of 15% to £1,861 per month (not materially affected by the Fresh Relevance acquisition)
 - Contracted ARR growth of 13%. Recognised contracted revenue remained at 79% of total
- Adjusted EBITDA increased 10% to £24.3m (FY23: £22.0m)
- Adjusted profit before tax increased 10% to £16.8m (FY23: £15.4m)
- Adjusted diluted earnings per share increased 6% to 4.71p (FY23: 4.43p)
- Cash balance at 30 June 2024 of £42.2m (31 December 2023: £37.1m), following acquisition of Fresh Relevance (of which £18.9m was paid in cash) and strong cash generation
- Proposed final dividend of 1.1p per ordinary share (FY23: 1.0p) in line with progressive dividend policy

Operational Highlights

- Acquisition and integration of Fresh Relevance, bringing web personalisation and advanced omnichannel capabilities to the Group
- Combined Dotdigital and Fresh Relevance offering now contributing to higher value deals, with a c. 60% increase in average order value from new customer wins.
- Functionality recurring revenues increased 27% to £31.6m due to the acquisition and increased engagement across the platform
- Growth in all geographic regions, with international revenue growth of 12% to £25.4m (inclusive of Fresh Relevance), with a significantly enhanced proposition in the Japanese market and continued growth in North America
- Revenue from the Group's strategic partners increased 9% to £34.1m (FY23: £31.2m), and the Group's active partner ecosystem has grown significantly with over 600 active agency partners and nearly 190 technology partners
- Product innovation delivering further enhancements to Dotdigital's platform and functionality, enabling more sophisticated campaigns and touchpoints with customers
- The Group enters FY25 with a larger pipeline of higher value opportunities

Milan Patel, CEO of Dotdigital, commented:

"We are pleased to have delivered a strong performance in FY24, which saw growth across all geographic regions and continued robust cash generation to support further investment and acquisitions.

"Our CXDP offering has developed substantially during the year through further product innovation and the acquisition of Fresh Relevance, which brings sought-after personalisation technology and opens doors to larger market opportunities. With Fresh Relevance now primed to scale outside of its core EMEA market, we anticipate further larger value opportunities and increased engagement from our customer base with the platform.

"As we enter FY25, with market drivers continuing to work in our favour and an enhanced product offering, we are positioned well for further growth."

Analyst Briefing and Investor Presentation

Management will be hosting an in-person briefing and Q&A for analysts today at 9am GMT. To register to attend the analyst presentation, please contact dotdigital@almastrategic.com.

The Company will also host a live presentation and Q&A covering the results via the Investor Meet Company platform on Friday, 8 November at 10am GMT. The presentation is open to all existing and potential shareholders. Investors can sign up to Investor Meet Company for free and add to meet Dotdigital via this [link](#).

Investor Deck: A copy of the slides relating to the FY24 results will be available on our website shortly: <https://www.dotdigitalgroup.com/events-presentations/>

Annual Report: A copy of the Annual Report for FY24 will be available on our website shortly: <https://www.dotdigitalgroup.com/reports/>

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About Dotdigital

Dotdigital Group plc (AIM: DOTD) is a leading provider of cross-channel marketing automation technology to marketing professionals. Dotdigital's customer experience and data platform (CXDP) combines the power of automation and AI to help businesses deliver hyper-relevant customer experiences at scale. With Dotdigital, marketing teams can unify and enrich their customer data, identify valuable customer segments, and deliver personalised cross-channel customer journeys that result in engagements, conversions, and loyalty.

Founded in 1999, Dotdigital is headquartered in London with offices in Croydon, Manchester, New York, Melbourne, Sydney, Singapore, Tokyo, Amsterdam, Cape Town, and Warsaw. Dotdigital's solutions empower over 4,000 brands across 150 countries.

CHAIR'S STATEMENT

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 and the business enjoys healthy cash balances that provide us with flexibility to accelerate growth and explore new opportunities. Our teams continue to push the envelope in terms of what's possible through R&D, while at the same time disciplined 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.

CHIEF EXECUTIVE OFFICER'S REPORT

Overview

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

Our CXDP has advanced materially during the year through a number of product enhancements, including new AI capabilities and omni-channel 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 at the end of the financial 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 growth in all customer cohorts also using more than two channels, as marketers 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 benefitting 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 despite continued macroeconomic uncertainty, 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 expectations¹ 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.

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

Fresh Relevance

Following the 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 the anticipated cost synergies realised. The Group has made further progress rationalising some of the joint marketing opportunities and optimising cost of sales.

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 with Fresh Relevance beyond the Group's core EMEA market and into the North American and APAC regions.

Business Review

Dotdigital's CXDP offering provides marketers across the globe with a comprehensive tool 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, WhatsApp, 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 marketers, 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%¹. In tandem, there is an ongoing drive for marketers to consolidate their marketing technology stack, making these services more cost effective and quicker to deploy. Marketers 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 2030². This is driven by evolving consumer preferences, with end users expecting 1-to-1, 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 marketers, 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<https://www.researchandmarkets.com/report/marketing-automation?rsId=AfmBOoqZuD7rm7udpE1fr70lu9EDgQfMUBi38M8bFydCtOVjC3sUJV58>

² <https://virtuemarketresearch.com/report/personalization-software-market>

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%).

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, 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 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 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.

DOTDIGITAL GROUP PLC

CONSOLIDATED INCOME STATEMENT **FOR THE YEAR ENDED 30 JUNE 2024**

		30.06.24 £'000	30.06.23 £'000
	Notes		
CONTINUING OPERATIONS			
Revenue from contracts with customers	3	78,973	69,228
Cost of sales	7	<u>-16,177</u>	<u>-14,351</u>
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 year 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

DOTDIGITAL GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	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

DOTDIGITAL GROUP PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2024

		30.06.24 £'000	30.06.23 £'000
	Notes		
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
		<u>63,402</u>	<u>32,236</u>
CURRENT ASSETS			
Trade and other receivables	16	18,011	15,261
Cash and cash equivalents	17	42,160	52,676
		<u>60,171</u>	<u>67,937</u>
TOTAL ASSETS		<u>123,573</u>	<u>100,173</u>
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
		<u>19,709</u>	<u>15,898</u>
TOTAL LIABILITIES		<u>28,373</u>	<u>19,863</u>
TOTAL EQUITY AND LIABILITIES		<u>123,573</u>	<u>100,173</u>

DOTDIGITAL GROUP PLC

COMPANY STATEMENT OF FINANCIAL POSITION

30 JUNE 2024

		30.06.24 £'000	Restated 30.06.23 £'000
	Notes		
ASSETS			
NON-CURRENT ASSETS			

Intangible assets	13	3	-
Property, plant and equipment	14	9	9
Investments	15	43,794	19,047
		<u>43,806</u>	<u>19,056</u>
CURRENT ASSETS			
Trade and other receivables	16	11,321	5,072
Cash and cash equivalents	17	724	396
		<u>12,045</u>	<u>5,468</u>
TOTAL ASSETS		<u>55,851</u>	<u>24,524</u>
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		<u>55,851</u>	<u>24,524</u>

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).

DOTDIGITAL GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 30 JUNE 2024**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance as at 1 July 2022	1,496	63,582	7,124
Transactions with owners			
Issue of share capital	-	-	-
Dividends	-	(2,926)	-
Transfer in reserves	-	285	-
Deferred tax on share options	-	-	-
Share-based payments	-	-	-
Transactions with owners	<u>-</u>	<u>(2,641)</u>	<u>-</u>
Total comprehensive income			
Profit for the year	-	12,595	-
Other comprehensive income	-	-	-
Total comprehensive income	<u>-</u>	<u>12,595</u>	<u>-</u>
Restated balance as at 30 June 2023	<u>1,496</u>	<u>73,536</u>	<u>7,124</u>
Balance as at 1 July 2023	1,496	73,536	7,124
Transactions with owners			
Issue of share capital	42	-	5,662
Dividends	-	(3,066)	-

Dividends	-	(3,000)	-
Transfer in reserves	-	969	-
Deferred tax on share options	-	-	-
Share-based payments	-	-	-
Transactions with owners	42	(2,097)	5,662
Profit for the year	-	11,066	-
Other comprehensive income	-	-	-
Total comprehensive income	-	11,066	-
Balance as at 30 June 2024	1,538	82,505	12,786

	Retranslation reserve £'000	Reverse acquisition reserve £'000	Share- based payment reserve £'000	Total equity £'000
Balance as at 1 July 2022	296	(4,695)	2,005	69,808
Transactions with owners				
Dividends	-	-	-	(2,926)
Transfer in reserves	-	-	(285)	-
Deferred tax on share options	-	-	150	150
Share-based payments	-	-	721	721
Transactions with owners	-	-	586	(2,055)
Total comprehensive income				
Profit for the year	-	-	-	12,595
Other comprehensive income	(38)	-	-	(38)
Total comprehensive income	(38)	-	-	12,557
Balance as at 30 June 2023	258	(4,695)	2,591	80,310
Balance as at 1 July 2023	258	(4,695)	2,591	80,310
Transactions with owners				
Issue of share capital	-	-	-	5,704
Dividends	-	-	-	(3,066)
Transfer in reserves	-	-	(969)	-
Deferred tax on share options	-	-	16	16
Share-based payments	-	-	1,197	1,197
Transactions with owners	-	-	244	3,851
Total comprehensive income				
Profit for the year	-	-	-	11,066
Other comprehensive income	(27)	-	-	(27)
Total comprehensive income	(27)	-	-	11,039
Balance as at 30 June 2024	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.

DOTDIGITAL GROUP PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Called up share capital	Retained earnings	Share premium	Share-based payment reserve	Total equity £'000
	£'000	£'000	£'000	£'000	£'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
Transactions with owners					
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
Total comprehensive loss					
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.

DOTDIGITAL GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

		30.06.24 £'000	30.06.23 £'000
	Notes		
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 all 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)
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

DOTDIGITAL GROUP PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

		30.06.24 £'000	30.06.23 £'000
	Notes		
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 used in financing activities			
Equity dividends paid		(3,066)	(2,926)

Proceeds from share issues		<u>7</u>	<u>-</u>
Net cash flows used in financing activities		<u>(3,059)</u>	<u>(2,926)</u>
Increase in cash and cash equivalents		328	233
Cash and cash equivalents at beginning of year	31	<u>396</u>	<u>163</u>
Cash and cash equivalents at end of year	31	<u>724</u>	<u>396</u>

DOTDIGITAL GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **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

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

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 following accounting standards have been issued but are not yet effective at the reporting date:

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

		Effective 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 & 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

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

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 of 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.

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%-33.33% 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.

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, revalue 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 financial 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.

Other reserves relate to the charge for share-based payments 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
	<u>90</u>	<u>59</u>

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. Management review the work of developers during the period and make the following judgements:

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

(b) Valuation of goodwill - refer to note 12

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

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

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 of 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)

	30.06.2024			
	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	<u>10,690</u>	<u>991</u>	<u>(642)</u>	<u>11,039</u>
Financial position				
Total assets	113,894	8,552	1,127	123,573
Net current assets	<u>36,777</u>	<u>2,843</u>	<u>842</u>	<u>40,462</u>

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.

	30.06.2023			
	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	<u>12,522</u>	<u>686</u>	<u>(651)</u>	<u>12,557</u>
Financial position				
Total assets	95,742	4,170	261	100,173
Net current assets/(liabilities)	<u>50,620</u>	<u>2,647</u>	<u>(1,228)</u>	<u>52,039</u>

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

	30.06.24 £'000	30.06.23 £'000
Non-current assets		
United Kingdom	62,867	31,661
Rest of the World	535	575
	<u>63,402</u>	<u>32,236</u>

4. EMPLOYEES AND DIRECTORS

	30.06.24 £'000	30.6.23 £'000
Wages and salaries	30,529	26,290
Social security costs	3,231	2,744
Other pension costs	824	671
	<u>34,584</u>	<u>29,705</u>

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

	30.06.24	30.6.23
Directors	5	4
Sales and marketing	226	193
Product development and system engineers	161	126
Administration	59	61
	<u>451</u>	<u>384</u>

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	30.6.23 £'000
Deposit account interest	1,351	895
Finance income:	<u>1,351</u>	<u>895</u>
Interest on lease liabilities	-81	-81
Other net interest payable	-28	-
Interest capitalised	21	24
Finance expense:	<u>-88</u>	<u>-57</u>
Net finance income	<u>1,263</u>	<u>838</u>

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	11,570
	30.06.24 £'000	30.06.23 £'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	1081
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.

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
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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% (2022: 19%)	3,296	3,597
Effects of:		
Adjustments 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:

	30.06.24 £'000	30.06.23 £'000
From all operations		
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	<u>14,720</u>	<u>13,565</u>

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

		30.06.24	
	Earnings £'000	Weighted average number of shares	Per share Amount Pence
From all operations			
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	<u>14,720</u>	<u>312,664,393</u>	<u>4.71</u>

		30.06.23	
	Earnings £'000	Weighted average number of shares	Per share Amount Pence
From all operations			
Basic EPS			
Profit for the year attributable to the owners of the parent	12,595	299,216,130	4.21
Adjusted basic			

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	30.06.23	
	Shares	Shares	
Basic EPS	<u>305,472,095</u>	<u>299,216,130</u>	
Diluted EPS	<u>312,664,393</u>	<u>306,435,606</u>	

12. GOODWILL

Group		
	30.06.24	30.06.23
COST	£'000	£'000
At 1 July	13,192	13,192
Additions	<u>12,598</u>	<u>-</u>
At 30 June	<u>25,790</u>	<u>13,192</u>
IMPAIRMENT		
At 1 July	<u>3,512</u>	<u>3,512</u>
At 30 June	<u>3,512</u>	<u>3,512</u>
NET BOOK VALUE	<u>22,278</u>	<u>9,680</u>

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
	<u>17,151</u>
Current assets	
Trade and other receivables	808
Tax asset	118
Cash and cash equivalents	498
	<u>1,424</u>
Total assets	<u>18,575</u>
Liabilities	
Non-current liabilities	
Deferred tax	3,974
	<u>3,974</u>
Current liabilities	
Trade and other payables	2,680
	<u>2,680</u>
Total liabilities	<u>6,654</u>
Total fair value of assets acquired	<u>11,921</u>
Goodwill	<u>12,598</u>
Consideration in cash	18,823
Consideration in ordinary shares	5,696
Total consideration	<u>24,519</u>
Consideration transferred settled in cash	18,823
Cash and cash equivalents acquired	(498)
Net cash outflow on acquisition	<u>18,325</u>

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.

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 is 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%).

13. INTANGIBLE ASSETS

Group

	Technology	Customer relationships	Intellectual property
	£'000	£'000	£'000
At 1 July 2023	1,200	1,205	55
Additions	-	-	3
Acquisition	7,251	9,878	-
At 30 June 2024	8,451	11,083	58
AMORTISATION			
At 1 July 2023	670	1,205	47
Amortisation for the year	850	612	1
At 30 June 2024	1,520	1,817	48
NET BOOK VALUE			
At 30 June 2024	6,931	9,266	10

Computer Internally generated development Domain

	software £'000	costs £'000	names £'000	Totals £'000
COST				
At 1 July 2023	1,080	50,359	51	53,950
Additions	16	9,690	-	9,709
Acquisition	-	-	-	17,129
At 30 June 2024	1,096	60,049	51	80,788
AMORTISATION				
At 1 July 2023	980	31,151	37	34,090
Amortisation for the year	49	7,629	1	9,142
At 30 June 2024	1,029	38,780	38	43,232
NET BOOK VALUE				
At 30 June 2024	67	21,269	13	37,556

	Technology £'000	Customer relationships £'000	Intellectual Property £'000
COST			
At 1 July 2022	1,200	1,205	55
Additions	-	-	-
Disposals	-	-	-
Exchange differences	-	-	-
At 30 June 2023	1,200	1,205	55
AMORTISATION			
At 1 July 2022	550	1,205	46
Amortisation for the year	120	-	1
Disposals	-	-	-
Exchange differences	-	-	-
At 30 June 2023	670	1,205	47
NET BOOK VALUE			
At 30 June 2023	530	-	8

	Computer Software £'000	Internally generated development costs £'000	Domain names £'000	Totals £'000
COST				
At 1 July 2022	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	1,080	50,359	51	53,950
AMORTISATION				
At 1 July 2022	899	24,778	37	27,515
Amortisation for the year	82	6,375	-	6,578
Disposals	-	(2)	-	(2)
Exchange differences	(1)	-	-	(1)
At 30 June 2023	980	31,151	37	34,090
NET BOOK VALUE				
At 30 June 2023	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	
As at 1 July 2023	-
Additions	3
Foreign currency translation	-
	<hr/>
At 30 June 2024	3
	<hr/>
DEPRECIATION	
As at 1 July 2023	-
Depreciation for the year	-
	<hr/>
At 30 June 2024	-
	<hr/>
NET BOOK VALUE	
At 30 June 2024	<hr/> <hr/> 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
Acquisition	-	-	2	20	22
Re-measurement of existing lease liabilities	8	-	-	-	8
Disposals	(1,959)	-	-	-	(1,959)
Exchange differences	3	-	1	5	9
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2024	5,118	685	615	3,218	9,636
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2024	2,155	641	569	2,703	6,068
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE					
At 30 June 2024	<hr/> <hr/> 2,963	<hr/> <hr/> 44	<hr/> <hr/> 46	<hr/> <hr/> 515	<hr/> <hr/> 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

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
Remeasurement 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	14	-	14
Foreign currency translation	(3)	-	(3)

At 30 June 2023	<u>3,034</u>	<u>186</u>	<u>3,220</u>
NET BOOK VALUE			
At 30 June 2023	<u>1,980</u>	<u>9</u>	<u>1,989</u>

Company

	Computer Equipment £'000
COST	
As at 1 July 2023	17
Additions	4
Foreign currency translation	-
	<u>21</u>
At 30 June 2024	<u>21</u>
DEPRECIATION	
As at 1 July 2023	8
Depreciation for the year	4
	<u>12</u>
At 30 June 2024	<u>12</u>
NET BOOK VALUE	
At 30 June 2024	<u>9</u>

	Computer Equipment £'000
COST	
As at 1 July 2022	11
Additions	6
	<u>17</u>
At 30 June 2023	<u>17</u>
DEPRECIATION	
As at 1 July 2022	4
Depreciation for the year	4
	<u>8</u>
At 30 June 2023	<u>8</u>
NET BOOK VALUE	
At 30 June 2023	<u>9</u>

15. INVESTMENTS

Company

	Group undertakings 30.6.24 £'000	Group undertakings 30.6.23 £'000
COST		
At 1 July	22,837	22,116
Additions	25,717	721
Disposals	-	-
	<u>48,554</u>	<u>22,837</u>
At 30 June	<u>48,554</u>	<u>22,837</u>
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 was 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.

Subsidiary	Registered office
Dotdigital EMEA Ltd	No.1 London Bridge
Dynmark International Ltd	London
Fresh Relevance Ltd	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	30.06.23	30.06.24	Restated* 30.06.23
	£'000	£'000	£'000	£'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
	<u>18,011</u>	<u>15,261</u>	<u>11,321</u>	<u>5,072</u>

*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 entity'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	-	-
	<u>42,160</u>	<u>52,676</u>	<u>724</u>	<u>396</u>

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
307,508,353 (2023: 299,216,130)	£0.005	<u>1,538</u>	<u>1,496</u>
		<u>1,538</u>	<u>1,496</u>

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
As at 1 July 2023	73,536	7,124	(4,695)
Issue of share capital	-	5,662	-
Dividends	(3,066)	-	-
Profit for the year	11,066	-	-
Transfer of reserves	969	-	-
Deferred tax on share options	-	-	-
Other comprehensive income: currency translation	-	-	-
Share-based payment	-	-	-
Balance as at 30 June 2024	82,505	12,786	(4,695)

	Retranslation Reserve £'000	Share based Payment reserve £'000	Totals £'000
As at 1 July 2023	258	2,591	78,814
Issue of share capital	-	-	5,662
Dividends	-	-	(3,066)
Profit for the year	-	-	11,066
Transfer of reserves	-	(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	231	2,835	93,662

Group

	Retained earnings £'000	Share premium £'000	Reverse acquisition reserve £'000
As at 1 July 2022	63,582	7,124	(4,695)
Dividends	(2,926)	-	-
Profit for the year	12,595	-	-
Transfer of reserves	285	-	-
Deferred tax on share options	-	-	-
Other comprehensive income: currency translation	-	-	-
Share-based payment	-	-	-
Balance as at 30 June 2023	73,536	7,124	(4,695)

	Retranslation reserve £'000	Share based Payment reserve £'000	Totals £'000
As at 1 July 2022	296	2,005	68,312
Dividends	-	-	(2,926)

Dividends	-	-	(2,720)
Profit for the year	-	-	12,595
Transfer in reserves	-	(285)	-
Deferred tax on share options	-	150	150
Other comprehensive income: currency translation	(38)	-	(38)
Share-based payment	-	721	721
Balance as at 30 June 2023	258	2,591	78,814

Company

	Retained earnings	Share premium	Share based Payment reserve	Totals
	£'000	£'000	£'000	£'000
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)
Loss for the year	(1,815)	-	-	(1,815)
Transfer in reserves	969	-	(969)	-
Share based payments	-	-	1,197	1,197
Balance as at 30 June 2024	7,057	12,786	2,828	22,671

Company

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

20. TRADE AND OTHER PAYABLES

	Group		Company	
	30.06.24	30.06.23	30.06.24	Restated* 30.06.23
	£'000	£'000	£'000	£'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. LEASE LIABILITIES

Group			
	Properties	Motor Vehicles	Totals
	£'000	£'000	£'000
At 1 July 2023	2,118	26	2,144
Additions	1,772	85	1,857
Principal repayments	(967)	(45)	(1,012)
Interest	78	3	81
Remeasurement of existing lease liabilities	8	-	8
Foreign currency retranslation	2	-	2
At 30 June 2024	<u>3,011</u>	<u>69</u>	<u>3,080</u>
Current	722	24	746
Non-current	<u>2,289</u>	<u>45</u>	<u>2,334</u>
At 30 June 2024	<u>3,011</u>	<u>69</u>	<u>3,080</u>

Group

	Properties	Motor Vehicles	Totals
	£'000	£'000	£'000
At 1 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 retranslation	1	-	1
At 30 June 2023	<u>2,118</u>	<u>26</u>	<u>2,144</u>
Current	797	26	823
Non-current	<u>1,321</u>	<u>-</u>	<u>1,321</u>
At 30 June 2023	<u>2,118</u>	<u>26</u>	<u>2,144</u>

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

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

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 from group undertakings	-	-	10,944	2,834
Cash and cash equivalents	42,160	52,676	724	396
	<u>54,626</u>	<u>62,887</u>	<u>11,849</u>	<u>3,230</u>
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	-	-
	<u>11,602</u>	<u>9,699</u>	<u>31,642</u>	<u>2,335</u>

*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	60
30-60 days	578	66
More than 60 days	2,649	1,18
	<u>3,373</u>	<u>2,45</u>

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
	<u>1,684</u>	<u>1,305</u>

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
Charged to the income statement	459	(193)
Utilisations and other movements	(80)	(394)
As at 30 June	<u>1,684</u>	<u>1,305</u>

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

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.

Capital policy

The Group's objectives when managing capital are to safeguard its ability to continue as a

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.

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	6 to 12 months	1 to 2 years	2 to 5 years	Total contractual cash flows carrying amounts £'000
	£'000	£'000	£'000	£'000	£'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	6 to 12 months	1 to 2 years	2 to 5 years	Total contractual cash flows carrying amounts £'000
	£'000	£'000	£'000	£'000	£'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 ACTIVITIES

	30.06.24 Lease Liabilities £'000	30.06.23 Lease Liabilities £'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

The gross movement in deferred tax is as follows:

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 2023	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).

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
	<u>1,628</u>	<u>1,461</u>

The Board of Directors are deemed to be key management personnel. Details of directors' emoluments are provided in the Remuneration Committee report.

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
	<u>977</u>	<u>945</u>

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	-
			<u>(20,547)</u>	<u>2,835</u>

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

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	
	Relative EPS (50%)	Relative TSR (50%)	Relative EPS (50%)	Relative TSR (50%)	Relative 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
	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		21 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 RECONCILIATION OF PROFIT BEFORE CORPORATION TAX TO CASH GENERATED FROM OPERATIONS**

	Group		Company	
	30.06.24	30.06.23	30.06.24	Restated 30.06.23
	£'000	£'000	£'000	£'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	-	-
Finance Income	(1,351)	(895)	-	-
Share-based payments	1,197	721	-	-
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**

	30.6.24 £'000	30.6.23 £'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

All resources raised in development have been explained 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
	<u>19,056</u>	<u>-</u>	<u>19,056</u>
Current assets			
Trade and other receivables	2,939	2,133	5,072
Cash and cash equivalents	396	-	396
	<u>3,335</u>	<u>2,133</u>	<u>5,468</u>
Total assets	<u>22,391</u>	<u>2,133</u>	<u>24,524</u>
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 reserves	2,600	-	2,600
Retained earnings	10,969	-	10,969
	<u>22,189</u>	<u>-</u>	<u>22,189</u>
Liabilities			
Current Liabilities			
Trade and other payables	202	2,133	2,335
	<u>202</u>	<u>2,133</u>	<u>2,335</u>
Total equity and liabilities	<u>22,391</u>	<u>2,133</u>	<u>24,524</u>



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