

dotDigital Group Plc

Acquisition

Delivery on management objectives through earnings enhancing acquisition, widening of operational base and capitalising on marketing synergies

dotDigital Group Plc (“dotDigital” or the “Company” or the “Group”), the full service digital marketing agency, announces the acquisition of the entire share capital of Netcallidus Limited (“Netcallidus”), a Northamptonshire based digital marketing agency which provides premium search engine marketing services to SME and enterprise organisations throughout the UK.

Netcallidus is a profitable, debt free company which commenced trading in 2002 although changed strategy to focus exclusively on search engine marketing in 2008 following a management buy-out by the current two directors. In the 7 months ended June 2009, Netcallidus reported a post tax profit of £57,109 on turnover of £188,509. In the management accounts for the 6 months ended December 2009, Netcallidus reported a post tax profit of £149,464 on turnover of £342,192.

The Company expects this high margin growth to accelerate as a result of a growing customer base and an exemplary record of customer retention which can be put down to the high quality of service provided through an innovative approach to the provision of search engine optimisation.

Accordingly, the acquisition agreement is based on an initial consideration followed by an earn-out scheme through the payments of cash and shares linked to a multiple of Netcallidus’s post tax profit in future years. On completion of the acquisition a cash payment was made of £513,981 and depending on the level of profits for the year ended June 2010 further cash payments in two tranches will be paid to bring the total cash paid (including the initial £513,981) to £1 million. The remaining consideration will be made in ordinary shares. Two further payments of consideration may be made, depending on the results for the years ended 30 June 2011 and 2012, following the submission of audited accounts. If targets are met the final consideration paid will be based on a 3 times the post tax profit of the year ended 30 June 2012, less all cash amounts paid and shares issued previously, on the basis of 40% in cash and 60% ordinary shares.

Netcallidus has provided the Company with a set of forecasts for the two years ahead which if achieved could have a significant impact on Group turnover and profits. These forecasts exclude any contribution as a result of the cross marketing synergies which, in the directors’ opinion, will be capitalised on to great effect given dotDigital’s large customer base.

Peter Simmonds, Chief Executive, dotDigital Group Plc, commented:

“Netcallidus is building its business based on a philosophy in common with ours: the pursuit of recurring, high quality and visible revenues. On its own, Netcallidus is a first class company capable of continued strong growth through a sustainable, transparent and ethical service to its customers. However as part of dotDigital the picture is bigger

still, given the abundance of opportunity to cross market search engine marketing services to our existing base of over three thousand customers.”

Mark Furber, Managing Director, Netcallidus Ltd, commented:

“dotDigital is well known in the internet marketing world and one of the stronger brands out there. As a combined entity, it is our ambition to become the leading provider of search marketing services in Britain. We share Peter’s aims for the enlarged Group and believe that with dotDigital’s infrastructure and support, Netcallidus can accelerate its planned expansion without compromise to quality of service.”

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Notes to Editors:

dotDigital Group Plc is a full service digital marketing agency and market leader in email marketing services. Founded in 1999 to provide bespoke website design and development services, the business is industry recognised through its market leading brand name ‘dotMailer’. In 2008, following the increasing focus towards digital marketing, the company underwent a rebranding, becoming “dotMailer – The Digital Marketing Agency,” providing website design and development, content management, e-commerce packages and more recently SEO. Devoted to innovative product platforms and excellent customer service, the company has developed strong brand recognition and loyalty. dotMailer listed on PLUS in January 2009 through the reverse takeover of West End Ventures Plc which changed its name to dotDigital Group Plc.

For more information please visit: www.dotdigitalgroup.com and www.dotmailer.co.uk