ANNUAL REPORT 2020/2021

dotdigital GROUP PLC

CONTENT

CORPORATE STATEMENT

Dotdigital is a customer engagement platform that helps digital marketers and developers deliver communications across the customer journey. We harness the power of customer data, powering engagement, conversion and loyalty for brands as they grow and scale. Customers love our easy-to-use platform that connects first party data across the systems, surfacing powerful insights and automating predictive cross-channel messages.

*REVENUE	*ADJUSTED OPERATING PROFIT	*ADJUSTED EBITDA	CASH POSITION
£58.1m	£13.7m	£19.8m	£32.0m
23% from £47.4m	5% from £13.1m	9% from £18.2m	26% from £25.4m

* Adjusted for continuing operations.

CHAIRMAN'S REPORT

"The effectiveness of our model and the continued desirability of our product are evident in the numbers, but without the hard work and adaptability of our teams, we would not have been able to record such a positive performance."

MICHAEL O'LEARY
Non-Executive Chairman

OVERVIEW

To have delivered our strongest year to date amid pandemic-related challenges, while managing a pronounced increase in the uptake of newer channels beyond email, is testament to the exceptional people at Dotdigital.

The effectiveness of our model and the continued desirability of our product are evident in the numbers, but without the hard work and adaptability of our teams, we would not have been able to record such a positive performance. On behalf of the Board, I would like to thank everyone involved in the business for their contributions.

After a period of disruption in Q4 of the previous financial year, we have gone from strength to strength, facilitated by the acceleration of digital transformation brought about by the pandemic. While the mix of channel usage varied as our customers' circumstances changed and evolved, we saw consistent levels of overall demand, aided by the diversity of sectors and locations across our customer base. This was achieved while helping our customers that struggled where we could.

Although restrictions are easing and vaccination programmes are under way in most territories, Covid-19 will continue to be a risk factor for the foreseeable future, and not all its after effects will be easy to foresee. We therefore need to continue to monitor its impact on our customer base, and be ready to respond accordingly.

That said, we have traded well since the onset of the pandemic, proving that the inherent versatility of our offering means we can help organisations, in both good and more challenging times. As we emerge from the worst of the pandemic and with a robust model and strong financial position, I am confident that if we continue to support our customers and execute our strategy in a measured and purposeful way, we will remain on course to meet our growth ambitions.

STRATEGIC PROGRESS

This financial year saw a significant increase in appetite for our omnichannel offering, with SMS proving particularly popular and more and more organisations choosing to use push messaging, social, WhatsApp for business and live chat, in line with the growing demand among consumers for alternative and more personal means of engagement.

The team has built an advanced data-led platform that is tailored to the increasingly sophisticated needs of the modern marketeer and continues to do an excellent job of penetrating international markets, with all three of our regions demonstrating good levels of growth in the year. Performance in APAC was particularly strong, supplemented by the growing conversion of pipelines in new markets such as Japan.

Our relationships with strategic partners – a key route to market for Dotdigital – have deepened considerably, enabling better collaboration in driving awareness and ultimately sales across their customer bases. As a result, we saw encouraging growth in revenue from Adobe Commerce, Shopify, BigCommerce and Microsoft Dynamics – our four most valuable partnerships.

On the product front, we have continued to focus on building out our data and personalisation capabilities, and firmly believe we now have one of the most powerful, feature-packed and yet easy-to-use marketing automation platforms, capable of delivering unparalleled insight and strong return on investment without the need for a high level of technical expertise.

"For the past six years Dotdigital has been an outstanding marketing automation platform, It's easy to use, fast, secure and reliable. It has allowed us to create highly customised marketing emails with powerful automations. Dotdigital not only makes things easier, but also better than any other platform we have tested, saving us enormous amounts of time. It keeps getting better, and it's our main tool for us to do the same."

Andre Lopez | *Email Marketing Specialist and Designer, Copa Airlines*

SUSTAINABILITY

At the end of 2020, we set out to broaden and accelerate sustainability improvements throughout the organisation with a view to reducing the impact of our operations on the environment. Known internally as the 'dotgreen' initiative, it marked the point where sustainability was elevated from being an important consideration to a guiding principle for everything we do.

In the time since, our teams have worked tirelessly to make our infrastructure and working practices more environmentally friendly. I am pleased to report that, as a result, we can now claim to be the world's first carbon-neutral marketing automation platform.

We also obtained ISO 14001, the universally recognised certification awarded to organisations that meet a high standard of environmental management, became a Corporate Member of the Woodland Trust and, most recently, signed the Terra Carta, a part of HRH The Prince of Wales' Sustainable Markets Initiative that offers the basis of a recovery plan to 2030 with nature, people and planet at its heart.

In a relatively short space of time and against the backdrop of a pandemic, we have made significant, meaningful changes to become a more responsible business. While we are proud of our achievements, we know there is still room for improvement, and remain committed to driving further change to ensure we play our part in safeguarding the future of our planet.

PEOPLE

Our people are the lifeblood of Dotdigital. Ensuring we have the right balance of technological prowess, interpersonal skills and commercial acumen across our organisation is vital to the delivery of our strategy, and to that end we continued to strengthen our workforce in the period. Most notably, our sales function grew and became more specialised to meet the growing demand for our product, and we bolstered our marketing and customer care teams with the internal promotion of a new Global Vice President of Marketing and the external appointment of a new Head of Customer Success EMEA from a leading competitor.

As we move through the new financial year, we will continue to hire high-quality individuals that bring new skills and experience into the Group while increasing management bandwidth where necessary to enable us to reach our strategic goals more efficiently. At the same time, we will continue to invest in our existing colleagues, cementing Dotdigital as one of the best places to work in the industry from both a development and quality of life perspective.

DIVIDEND

The Board has agreed to maintain a progressive dividend in line with Group EBITDA growth. Therefore, subject to approval at the AGM in December 2021, the Board proposes that the Group will pay a final dividend of 0.86p per ordinary share (2020: 0.83p).

M.K.O'Leary

MICHAEL O'LEARY
Non-Executive Chairman
16 November 2021

EMPOWERING CUSTOMERS WITH INTELLIGENT TOOLS AND PEOPLE

Dotdigital empowers multidisciplinary teams to plan, test, execute and optimise cross-channel marketing campaigns. We empower 4,000+ brands across 150 countries and help marketers connect with their target audience at scale, through engaging messages that drive significant customer value.

WHAT DOES DOTDIGITAL DO?

Dotdigital is a SaaS-based customer engagement platform that harnesses the power of customer data, powering engagement, conversion and loyalty for brands as they grow and scale. Our technology integrates with key existing e-commerce and CRM platforms to create a powerful and robust marketing engine that supports key insight-driven activities and supercharges business growth.

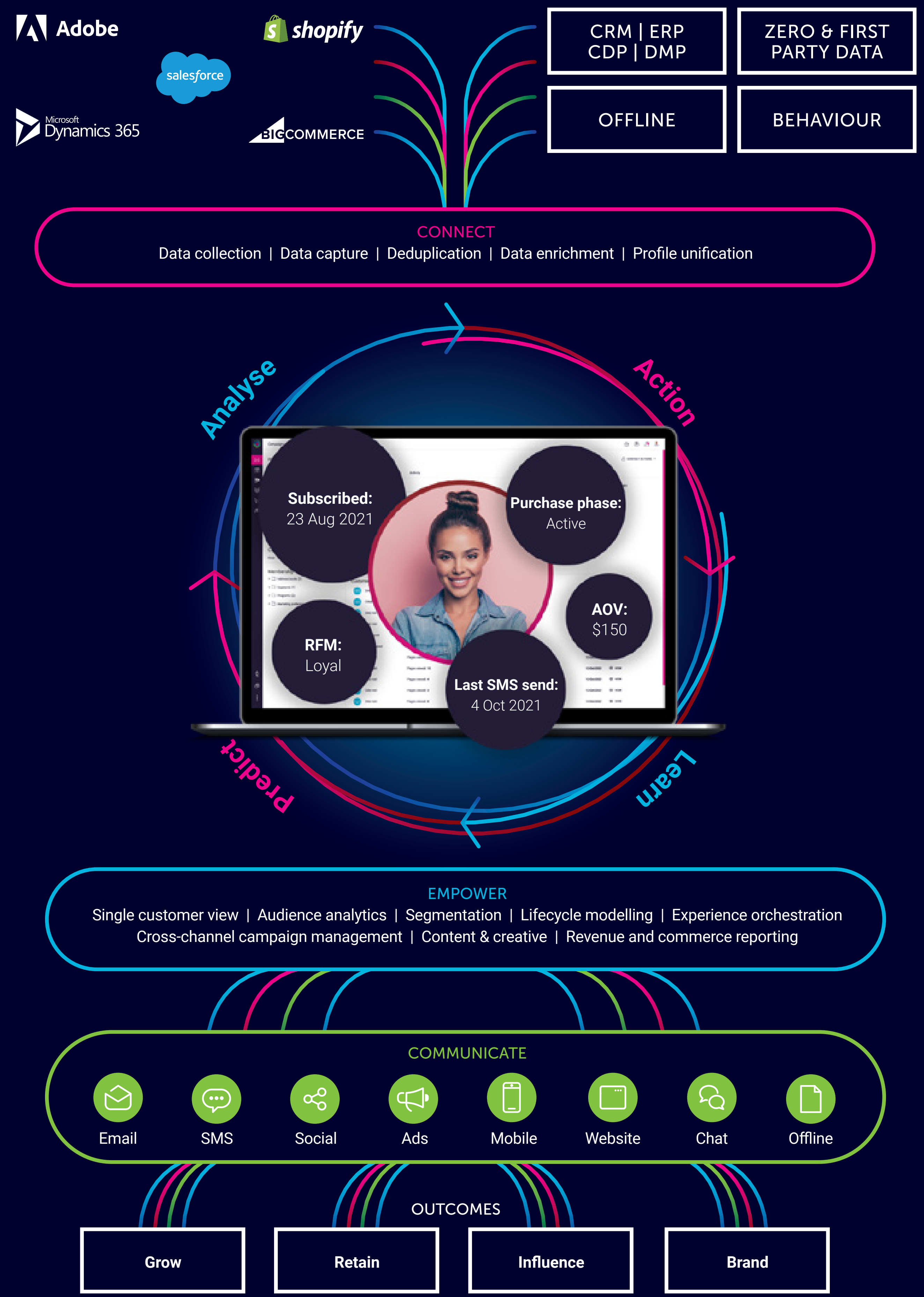
HOW DO WE EMPOWER MARKETERS?

Customers love our easy-to-use platform that connects first party data across the systems, surfacing powerful insights and automating predictive cross-channel messages. Data sits at the heart of our platform because it's the key to unlocking engagement at scale. Users can personalise, segment and automate revenue-generating campaigns in minutes with easy, time-saving tools. We help marketers reach time to value quickly and maximise the returns of every channel including email which has a return on investment of £42/$51 for every £1/$1 spent.

WHY DO CUSTOMERS CHOOSE DOTDIGITAL?

We want our customers to be confident in knowing that our platform is future-proof. Our technology is market leading, and our product managers are passionate about enhancing Dotdigital to make it the best choice for busy marketers. We are attentive towards customer feedback and industry practice – together they help shape our platform's and customers' future. Service is integral to our customers' delight. We know that sometimes it is easier to outsource tasks when there aren't enough hands on deck. Our experienced professional services team is always on hand to lend a hand – we design, code and build automated campaigns for global brands every day.

THE LEADING CUSTOMER ENGAGEMENT PLATFORM DESIGNED FOR MARKETERS



INVESTMENT CASE

Dotdigital is a leading, global, cross-channel, SaaS and marketing automation platform that enables our clients to communicate with their customers at the right time, with the right message, to the right person through the right channel.

"Dotdigital has demonstrated a high level of product quality, service, performance, privacy and support in marketing automation and plays a critical role in the growth and success of Shopify Plus merchants globally. We're looking forward to another big year ahead."

Matt O'Leary | *Senior Partnerships Manager, Ecosystem, Shopify Plus*

Strategy

Clear and compelling strategy

- Focused on both the B2B and B2C digital experiences for our customers
- Rapid product innovation supporting up and cross-sell opportunities
- International growth based on proven blueprint
- Brand success extended through global strategic partners

Scalable

Highly scalable platform and predictable financial model

- Software as a service
- Predictable and transparent financial model
- Diverse customer base
- Profitable with significant cash balances and no debt
- High levels of recurring revenues

Growth

Attractive industry growth

- Email marketing automation has a proven superior ROI for marketers
- Global marketing automation spend, according to Forrester Research, is growing at double digit and is predicted to reach $25.1bn by 2023
- Marketers are predicted to send more emails in the next five years complemented with omnichannel features
- New messaging channels as customers create omnichannel experiences

Independence

The successful Dotdigital culture

- Highly talented and motivated people focused on customer success
- Creative marketing approach to empower customers
- Flexible, extendable and effective product that drives retention and beats the competition
- Unique industry position with many competitors distracted

Leadership

Experienced management team

- Executive team with proven track record of success
- Strong Non-Executive Board with experience of scaling businesses of this size
- Wider management team with the motivation to continue the profitable growth story
- All employees aligned to the strategic priorities of geographic growth, product innovation and building strong strategic partnerships

Outlook

Strong growth outlook

- Innovation to support marketing move to omnichannel and artificial intelligence
- Ability to supplement with sensible technology acquisitions
- Attract further world-class partners to increase the addressable market
- New geographic markets with greater potential than UK alone

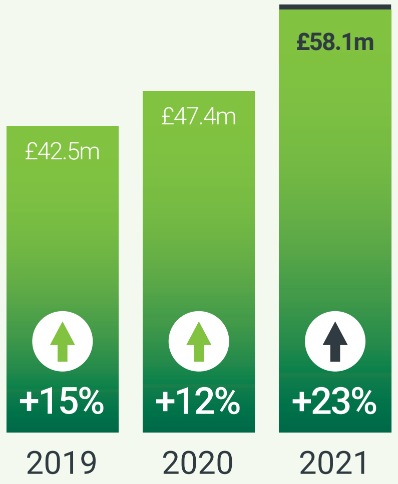
KEY PERFORMANCE INDICATORS

We use our key performance indicators (KPIs) to measure our business. These indicators provide us with the visibility of both our strategic and financial performance which is set by the Board at the start of every year.

FINANCIAL

Revenue (continued)

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

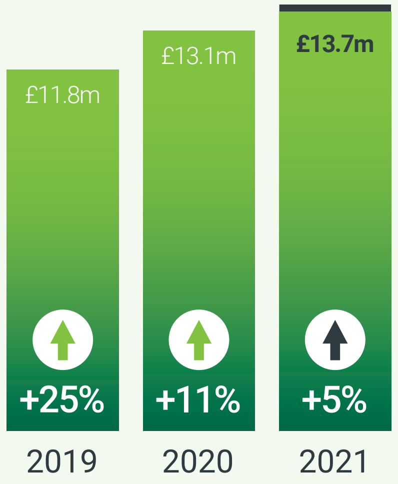


Cash position

We aim to have a strong cash position.

*Adjusted operating profit (continued)**

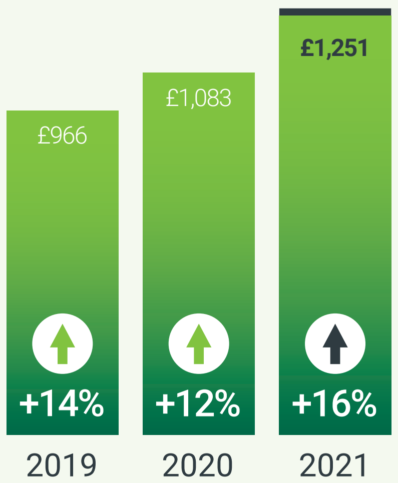
We aim to have strong adjusted operating profit growth from normal business.



STRATEGIC**

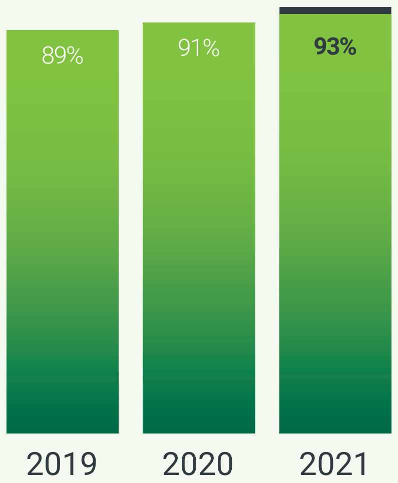
ARPC

We aim to continue to grow Average Revenue Per Customer (ARPC).



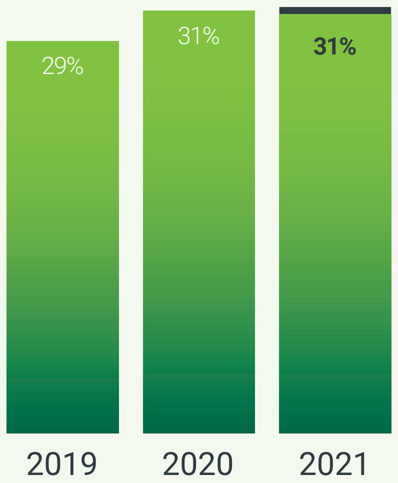
Recurring revenue

We aim to have recurring revenues of over 90%.



International

We aim to expand revenue from outside the UK.



* Adjusted operating profit excludes share-based payment (note 28), exceptional costs (note 5) and amortisation of intangibles on acquisition.

** Does not include the discontinued operations (note 12).

Our non-financial KPIs provide us with an indication of our platform's ability and a measurement of how successful we are in supporting our customers. Both elements are crucial to the success of our business. Employee remuneration is specifically linked to these KPIs.

NON-FINANCIAL KPIs

Customer Support Satisfaction score (CSAT)

98.4%
2021

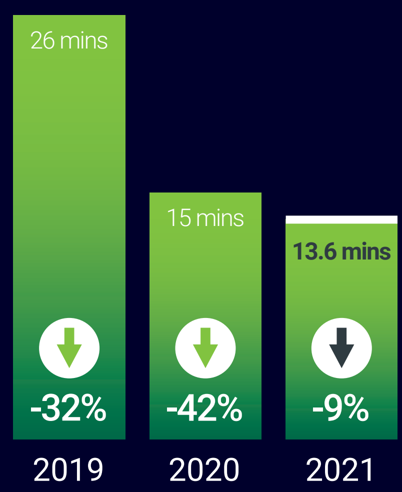
97.4% — 2019
98.0% — 2020

Email delivery rate

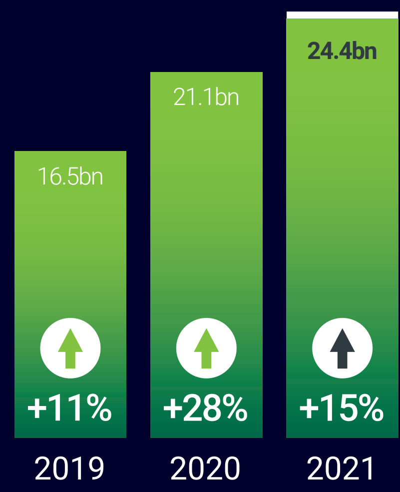
99.0%
2021

98.5% — 2019
98.9% — 2020

Mean email delivery time



Message sending volume



CASE STUDY

A more personalised online shopping experience results in a 52% increase in revenue

REEDS Jewelers is the largest family-owned retail jewellery chain in North America, selling diamonds, watches, and a large selection of fine jewellery. From its beginnings in 1946 as a single store in Wilmington, North Carolina, REEDS has since become a true American success story as a full-service multichannel retailer with stores in 13 states and a leading e-commerce website, REEDS.com. The company strives to make every customer feel like family with personalised service, close attention to detail, lasting quality, and timeless style.

CHALLENGE

Over its 75 years in business, REEDS has developed a reputation for delivering exceptional service to customers in more than 65 brick-and-mortar stores. The next frontier for the jeweller was ensuring that the personalised, detail-driven experience it was known for providing in-store was also mirrored in the digital space.

However, as REEDS worked to further personalise their customers' online experiences, the marketing team experienced several pain points with their existing marketing platform. They found it to be increasingly limiting, inflexible, and challenging for many team members to use. But most importantly, as Colby Raker, a Digital Analyst at REEDS explains, it was inhibiting them from taking their efforts to the next level.

"In the luxury space, since there can be a longer consideration period before consumers make a purchase, there's a lot of opportunity to nurture customers through email," explains Colby. "That said, we felt like we were only able to use our solution for mass communications — and not for anything advanced. We tried to become more confident in our ability to target customers and create segments, but we struggled to make progress."

Knowing that tools like segmentation and personalisation were key to improving engagement and loyalty among their customers, Colby and her team set out to find a provider that would help them as they strived to aim higher and set clearer marketing goals.

SOLUTION

When REEDS representatives, along with their e-commerce solution partner, Kadro, began considering Dotdigital, they were impressed by the many possibilities that the platform opened up — such as its ease of use, supportive team, and ability to seamlessly integrate with their e-commerce platform Adobe Commerce.

"We went through a long evaluation process with REEDS to determine which solutions made the most sense, and eventually we chose Dotdigital," says Malcolm Allen, Chief Technology Officer and Owner of Kadro. "The biggest selling features for us were the tight integration with Adobe Commerce and how easy it was to send all the various types of data into their platform — not to mention how friendly and available everyone was."

After selecting Dotdigital as their new marketing provider, the REEDS team began the implementation process in May 2020 — and just a few weeks later, it was fully up and running.

"We were pretty much transitioned to all marketing communications on Dotdigital by August, so it was an incredibly efficient process," Colby said. "The migration was a big deal, but it didn't feel taxing or daunting because we had such great support from the Dotdigital team."

"REEDS already had a lot of email programmes with their previous service provider," Malcolm adds. "Dotdigital helped recreate that and improve it in their platform. It was very smooth for such a large integration."

REEDS worked with Dotdigital to unlock single customer view capabilities that integrated data from its point of sale and online subscriber data, allowing the team to build a 360-degree view of an individual shopper. This insight was then overlaid with behavioural data feeds based on a customer's online browsing behaviour, which was used to build automated emails based on omnichannel buying intent.

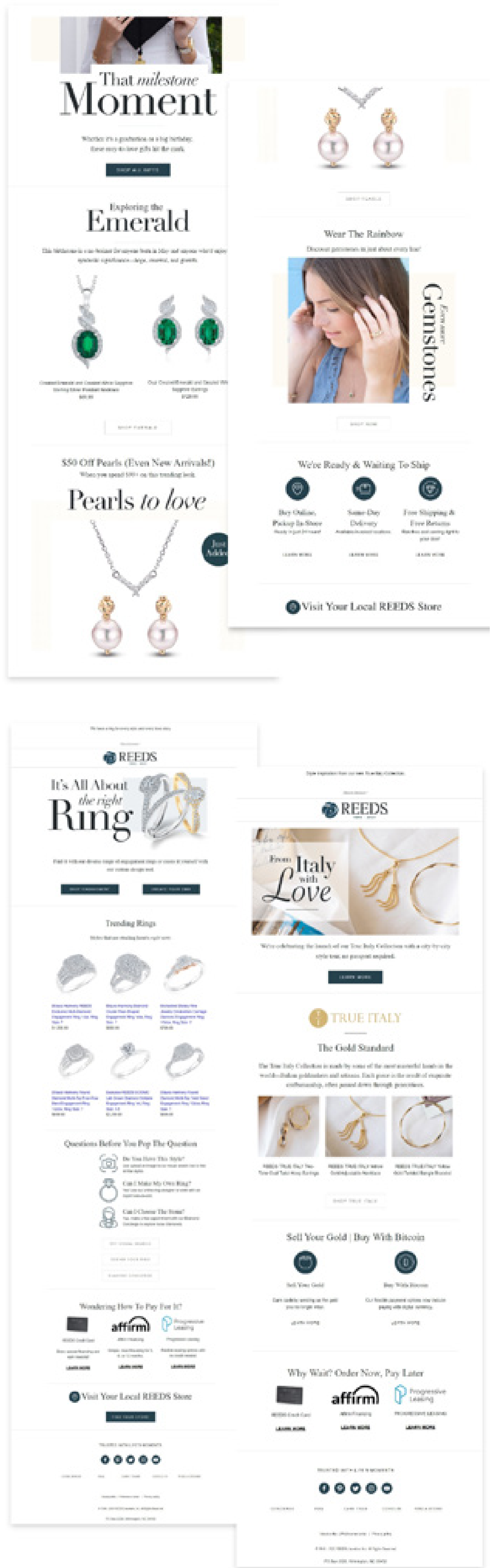
RESULTS

REEDS has had tremendous success since their Dotdigital partnership began. By sending personalised, targeted email campaigns to customers based on what they're browsing online, they've seen higher engagement — which has led to a 52% increase in revenues and average order value uplift of 18%.

As Colby notes, REEDS has also been able to expand their use of triggered messaging. "Before, we were sending about 95% marketing messages and 5% triggered messages," Colby says. "That's greatly improved with Dotdigital. We're now able to target more cart abandoners and browse abandoners, and send more communications than we were ever able to before."

REEDS has also discovered ways to optimise each customer's journey and deliver real value through their emails. For instance, their strategy enabled them to build personalised post-purchase aftercare into their engagement plan — with educational campaigns on how to care for, clean, and maintain jewellery so that it looks as sparkling as the day it was bought.

"REEDS has focused on putting its customers front and centre of its business for over 75 years, so we were delighted to help them extend that highly personalised, one-to-one customer service strategy into their digital marketing capabilities," says Tink Taylor, founder and president of Dotdigital Group. "With a single view of the customer across its channels, it can now elevate personalisation even further to drive not only sales, but long-term customer loyalty too."



CHIEF EXECUTIVE OFFICER'S REPORT AND FINANCIAL REVIEW

"Our powerful data-driven platform is delivering results at scale, supported by a diversified customer base with broad sector exposure and providing us with a significant opportunity to continue our growth ambitions."

MILAN PATEL
Chief Executive Officer

OVERVIEW

I am pleased to report on a record year for Dotdigital, delivering our strongest financial performance to date and demonstrating the solidification of our transformation to an omnichannel platform.

This positive performance has been achieved in what has been a turbulent environment as a result of the Covid-19 pandemic, testing both our customers and our own resilience. We are the strong business we are today because of our passionate team who continued to innovate and stay motivated, supporting our customers through difficult times and taking our business forward to new heights. Backed by our solid financial footing, we did not have any staff on furlough and we continued to add to our teams across our regional operations.

During the year we saw increased uptake of our digital marketing platform, from both new and existing customers, resulting in organic revenue growth of 23% to £58.1m (2020: £47.4m) and adjusted EBITDA growth of 9% to £19.8m (2020: £18.2m). The translation of this financial performance into platform volume growth demonstrates the scale of the Group's reach: 24 billion messages were sent via the platform, an increase of 15% YoY, complemented by an increased uptake of other channels including mobile messages, with a strong 28% YoY uplift in SMS, taking the total number of SMS sent to 665 million (2020: 520 million).

Underpinning this growth is the Group's recurring SaaS model, with 93% of total revenue comprising of recurring revenue. The Group is cash generative and maintains a strong balance sheet, with no debt and net cash balances of £32.0m at year end (2020: £25.4m), giving the Group visibility and scope to continue to invest in order to drive long-term, sustainable growth.

We continued to enhance our platform functionality during the year with a focus on driving greater data and automation capabilities. Recurring revenues derived from enhanced product functionality grew by 31% to £18.9m (2020: £14.4m), demonstrating the value derived from our customer-centric R&D programme.

We remain committed to our responsibility and sustainability ethos by ensuring that all our stakeholders, including employees, partners and the broader community, are central to our decision making. We have made significant strides against this agenda, recognising that we will always be pushing for better.

The digital transformation of marketing operations across all sectors is happening at pace, and we saw an acceleration of this during the year as businesses turned to digital as the primary means of engaging with existing and prospective customers. Our powerful data-driven platform is delivering results at scale, supported by a diversified customer base with broad sector exposure and providing us with a significant opportunity to continue our growth ambitions.

BUSINESS REVIEW

Dotdigital is focused on empowering marketers to connect with customers through its powerful automation platform that unifies all digital channels. Our Dotdigital platform provides the tools to allow marketing teams to launch highly targeted and relevant campaigns to customers and prospects with personalised engagement at every touchpoint – the right message, at the right time, through the right channel. The result is faster and more effective marketing campaigns with increased engagement and demonstrable ROI.

The use cases of the Group's offering are wide and global, however the Group remains focused on mid-market and enterprise clients across target verticals including retail, non-profit, education, financial services and travel. The Group's foundations and particular strengths are in email and deep integrations into strategic partners within e-commerce and CRM.

KEY HIGHLIGHTS

	30.06.21 (£m)	30.06.20 (£m)	%
Group revenue (Continuing & Discontinued)	60.6	54.9	10%
Revenue (Continuing)	58.1	47.4	23%
Adjusted operating profit (Continuing)*	13.7	13.1	5%
Adjusted EBITDA (Continuing)**	19.8	18.2	9%
Net assets	60.9	51.1	19%
Cash	32.0	25.4	26%

* Adjusted operating profit excludes share-based payment, exceptional costs and amortisation of intangibles on acquisition.
**Adjusted EBITDA excludes share-based payment, exceptional costs and amortisation of intangibles on acquisition.

MARKET

The digital transformation of the marketing industry continues to progress, with digital marketing budgets increasingly taking share of overall marketing budgets. The pace of this transition accelerated in the lockdown environment as organisations had no alternative but to engage with their end users via digital channels. As we move through various stages of lockdown easing across our global operations, the allocation of channels varies but the overall shift continues its course.

With the rise of digital marketing, the sophistication of marketeers has also increased. We've seen a greater emphasis on data and personalisation by our customers and our platform is assisting in reducing the gap between marketeers' aspirations and the reality of what they can achieve through our platform. One result is an increasing trend towards direct-to-consumer engagement. Through our platform, brands can devise more informed marketing strategies with actionable insights and analytics that help them develop a deeper understanding of their end customer and drive a positive ROI.

Our core growth strategies

1	2	3
Geographic	Product innovation	Strategic partnerships

GROWTH STRATEGY

Dotdigital's organic growth strategy continues to be focused around its three core pillars: geographic, product innovation and strategic partnerships.

Three Growth Pillars

1. Geographic progress

Despite the wider economic impact of Covid-19, all key global regions achieved strong revenue growth in the period, continuing Dotdigital's diversification of international exposure. This growth continues to be evident in that revenue from outside the UK was 31% of Group revenue for the year. We expect to continue this growth as we invest further in our key international regions.

International expansion is a key tenet of our growth strategy and has been a significant area of investment in the period. We have strengthened our presence and enhanced our prospects across our key territories as reflected in the growth across our key international regions. We expect to further build on this momentum and continue organic growth as we move into FY22 and beyond.

EMEA

Revenues were up by 23% to £44.6m compared to £36.3m for the same period in FY20. We saw a normalisation of sales cycles in the region, particularly in the second half of the year, as pandemic restrictions broadly began to ease in this region. We have also seen an uptick in momentum both from a pipeline and sales conversion perspective and expect to see this trend continue as lockdown measures across the region continue to ease.

CHIEF EXECUTIVE OFFICER'S REPORT AND FINANCIAL REVIEW CONTINUED

"One of the great things that I love about both Adobe Commerce and Dotdigital is that we can capture all of our customers' data which flows into Dotdigital with the Adobe Commerce connector."

Julie Mathers | *CEO and Founder, Flora & Fauna*

Take-up of omnichannel marketing solutions was strong in this region, particularly with SMS, driven by strong demand from our customers in the education and healthcare sectors as they accelerated their adoption of online tools to engage with their customer base during the pandemic.

North America

Revenues for North America were up 19% to $12.5m compared to $10.5m for FY20. This was driven by new customer wins, reflecting our growing brand awareness in this region.

North America presents the largest market opportunity for the Group, and we expect to increase our investment in this region to solidify our foundations to capture more opportunities. Our focus remains on growing and cementing relationships with partners and customers to help us build our presence while increasing brand awareness. In addition, we will invest in strengthening the customer facing teams and bolster the management structure in this region through creating an additional layer to create bandwidth and scale.

APAC

The APAC region delivered the highest growth in revenue in the year, albeit from a smaller base, as revenues were up 47% to $7.7m vs $5.2m in FY20, evidencing Dotdigital's increasing presence in this region and reflecting previous periods of investment. We increased our investment in this market in the period through expanding the team further into Asia. We remain mindful of the ongoing challenges in the region as a result of the Covid-19 lockdown which presents a degree of uncertainty for our end customers, however we see a strong pipeline of opportunities in Japan and the Far East, through our team based in Singapore.

2. Product innovation

The rate at which the platform is developing means it continues to be at the forefront of the customer engagement category. Recurring revenue from enhanced product functionality and upgrades, taken by both existing and new customers, increased by 31% to £18.9m in the period vs £14.4m in FY20, illustrating continued growth in the number of customers using our enhanced functionality, including an increasing number of data connectors through our IPaaS (Integrations Platform as a Service) capabilities.

We have continued to educate the market through live online sessions and digital marketing content on how to adopt new features to enhance messaging. The platform continues to go from strength to strength, differentiated by our offering of an in-house platform and automation tools across all channels. The competitive advantage of our offering and our ability to deliver on the needs of our customers is evidenced in our strong performance this year and the increased uptake of multichannel solutions by existing and new customers alike. As we go into the new financial year the focus will be on platform adoption from the additional functionality added in the period.

Customer-centred R&D investment in the period was £6.8m compared to £6.5m in FY20, consistent with management expectations. We continued to execute against our product strategy and our roadmap has continued to develop as anticipated.

Our focused areas of innovation are:

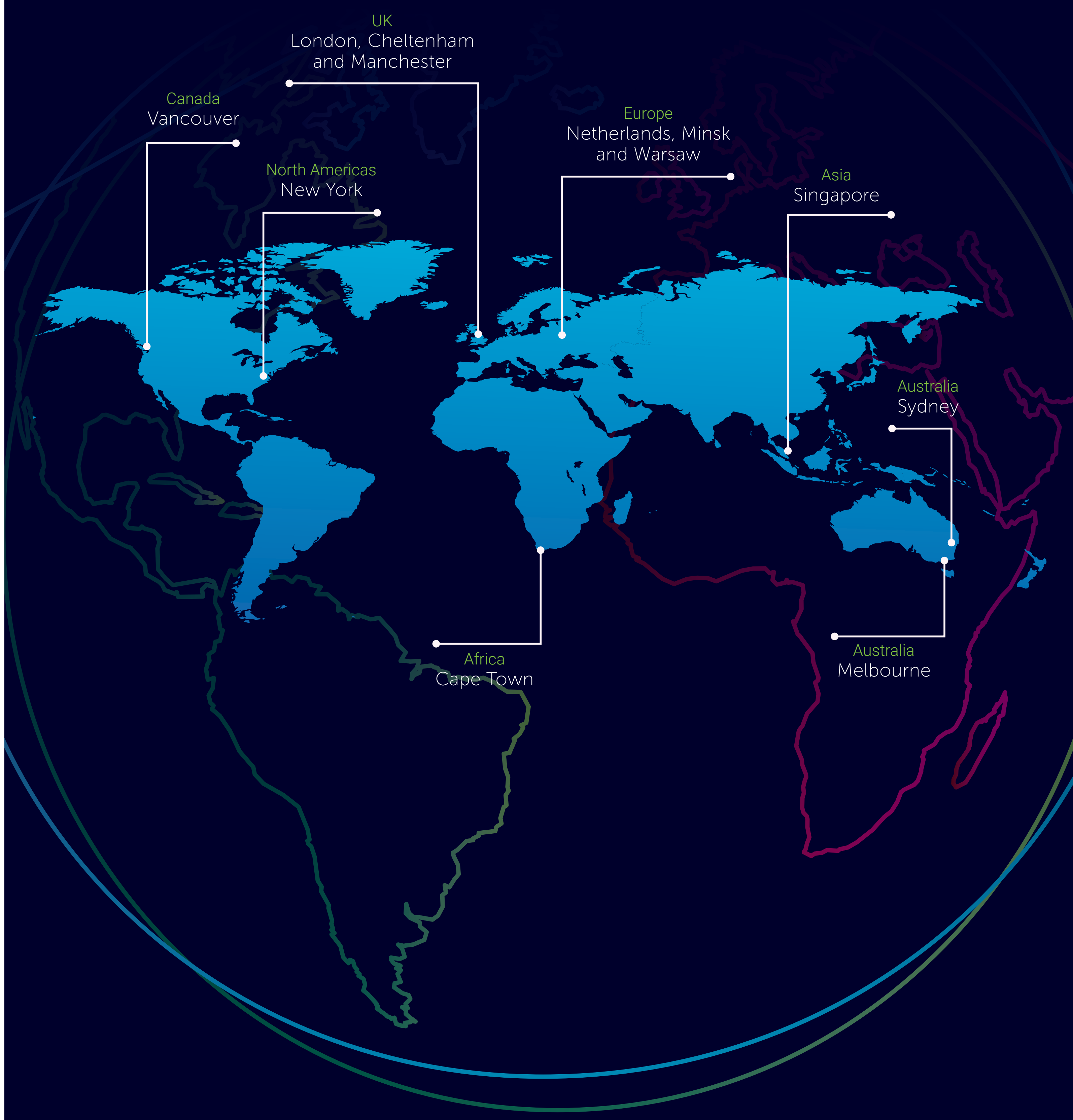
- Data and intelligence – joining all data together to create a single customer view and help our customers better target their campaigns from a personalisation perspective. We have dedicated a great deal of resource to this in response to increasingly sophisticated customer requirements and will continue to do so with further upgrades to the platform.
- Marketing automation – harnessing artificial intelligence and machine learning across targeted parts of the platform's architecture. This included the launch of sector-tailored product packages for commerce customers and enhanced product recommendations capabilities.
- Building out further omnichannel functionality – to assist businesses through the full customer journey at every touch point. This included the launch of a new live chat solution through the Dotigital platform and additional SMS capabilities, with an increase in take-up of both in the period.

3. Developing strategic partnerships

We have continued to invest in all our strategic partner relationships, which are a key aspect of our growth strategy as they help us to raise brand awareness in the regions and verticals in which we operate. Revenue through connectors into strategic partners was up 14% to £25.4m vs £22.2m in FY20, evidencing the progress we have made in developing our relationships with strategic partners and refining our joint go-to-market strategies.

Continued growth in the Adobe Commerce space was driven by enhanced brand awareness, coupled with the additional functionality that we have developed for e-commerce merchants. Sign-up of customers in all regions remains strong, with a net new 66 Adobe Commerce customers joining the platform in the period, taking the total number to 782. Revenue from Adobe Commerce customers grew 11% to £14.3m from £13.0m in FY20 and we look forward to the continued collaboration between our respective teams to advance our joint marketing strategy and to enhance development of our integration.

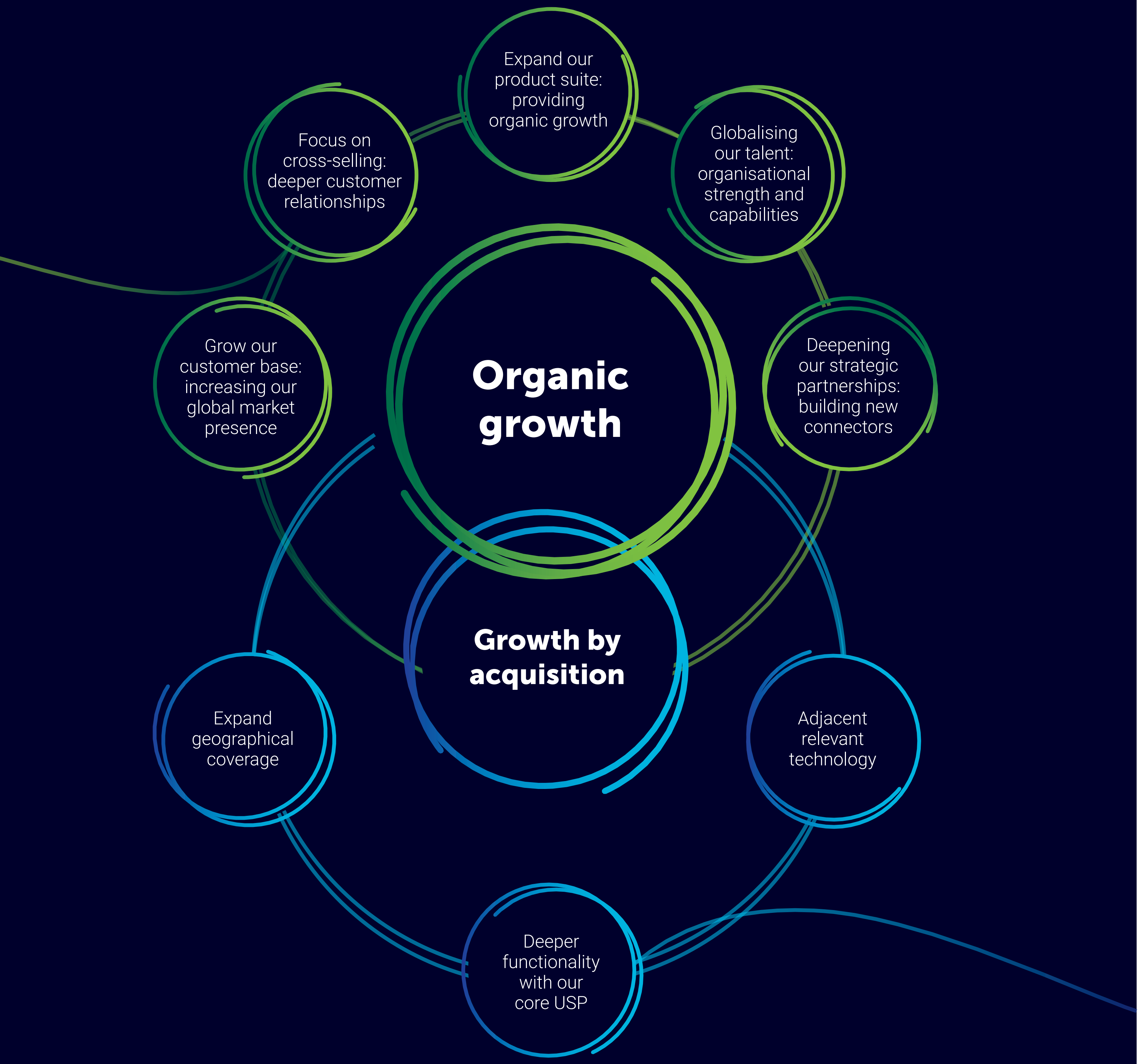
GLOBAL OFFICE NETWORK



CHIEF EXECUTIVE OFFICER'S REPORT AND FINANCIAL REVIEW CONTINUED

GROWTH STRATEGY

Our strong financial position and management team mean we are ideally placed to add growth by acquisition



"Our team was wowed by the solution. It didn't require any technical knowledge, and Dotdigital ensured that all emails were responsive, regardless of the browser or device."

Lee Prutsman | *Marketing Manager, Visit KC*

At the end of the financial year, we had 132 customers using the Shopify connector compared to 83 this time last year, supporting the continued strength of our relationship with this partner. Revenue from Shopify customers grew 79% to £2.1m from £1.2m last year as we saw an increasing pipeline of new customers from the integration, built with Shopify Flow, which allows e-commerce merchants a seamless connection to easily deploy campaigns from the Dotdigital platform.

We saw a 249% increase in revenue from BigCommerce connected customers in the year to £0.4m from £0.1m. As BigCommerce's global elite partner through the period, we continue to deepen our strategic relationship, formulating a joint go-to-market plan through offers for e-commerce merchants, and joint efforts to the user. This plan will enable us to increase our addressable market across all regions, and we are already seeing an increasing demand to use the integration as a result.

As evidence of our commitment to our B2B marketing customers, we hired a partner manager to build our strategic relationship with Microsoft for our integration into Dynamics 365 in North America. Revenues from customers using our Dynamics connector increased 12% to £4.3m in the year vs £3.8m in FY20; we believe that this significant opportunity to develop a meaningful partnership with a major North American player has only begun to be recognised and we look forward to building on this relationship in future.

Building on our integration success, we have created a repeatable blueprint for building integrations into the wider connected ecosystem faster and more agile than before. Most recently, we launched integrations into Shopware 6, Google Sheets, Eventbrite and Typeform, with more planned on the roadmap for 2022.

M&A

To support the Group's organic growth strategy, the Board continues to evaluate the market for complementary acquisitions, backed by the Group's robust financial position. The Board's acquisition strategy is focused on set criteria, being: synergy technology for new revenue streams; bolt-on functionality to accelerate platform development, new talent acquisition and expansion of expertise, and the extension of the customer base in strategic territories.

FINANCIAL REVIEW

Revenues

The Group achieved continuing operations revenue growth of 23% (2020: 12%), which delivered record overall revenues of £58.1m, driven in particular by an increased volume of ARN (alerts, reminders and notifications) SMS messaging, as the effects of the pandemic continued throughout our financial year. Recurring revenues comprise 93% of the total, whilst international revenues continue to account for 31% of the total (2020: 31%).

Business model

The Group generates the majority of its revenues from annual message plans which are recognised equally over the life of the contract. In addition, we sell upgrade packages to customers allowing them to use additional modules and features of our platform. For more sophisticated customers we offer customised functionality and integrations so that they can maximise the use of their customer data. We also have professional services contracts which are recognised as revenue as the work is performed. Over the past year we have built other messaging channels into our core platform, including SMS and Live Chat, and access to these channels are sold separately.

Gross margin

The gross margin for the period for continuing operations was 82% (2020: 92%). Whilst the gross margin for email and standard channels remained above 90%, the decline in overall group gross margin comes from the growth of premium messaging channels, (routing purchased via a third party on a per message basis), such as SMS.

Operating expenses

Adjusted operating profit from continuing operations grew by 5% from £13.1m to £13.7m. Operating expenses as a percentage of revenues dropped from 64% to 59%, reflecting some investment back into the business. The Group continues to invest in people in the areas of development, sales and marketing, particularly within the high-growth regional offices, to continue enhancing and adding to the product suite.

Balance sheet

There was strong cash management in the year with net cash generated from continuing operations of £20.7m (2020: £18.2m). The cash balance at the end of the period was £32.0m (2020: £25.4m). The Group continues to be debt free and maintains a healthy balance sheet. A combination of a highly efficient cash collection process and an incentivisation push to move more customers onto Direct Debit and other automated payment collection methods helped with the year-end position.

Trade receivables have only grown by 5% in the year, reflecting revenue growth and good cash management. Overall receivables have grown 3% due to the deferment of marketing expenditure such as trade shows and conferences, which have been postponed due to the pandemic, and related deferred commission on the sale of our products.

CHIEF EXECUTIVE OFFICER'S REPORT AND FINANCIAL REVIEW CONTINUED

"Dotdigital has empowered us to cultivate personal, player-focused experience journeys at scale."

Hannah Whyte | *CRM Manager, MrQ*

The Group continues to invest heavily in the platform to increase functionality around marketing automation, increasing the number of messaging channels and surfacing data and providing insights for our customers to provide excellent customer engagement. This continued investment is demonstrated by the increase in product development to £6.8m (2020: £6.5m).

Tax

Profitability from continuing operations continues to grow. This is reflected within the tax charge, which is now £1.0m with an effective tax rate of 8%, with a lower than standard rate due to enhanced R&D tax credits.

EPS

In the year the continued operations adjusted basic EPS increased to 4.12p (2020: 3.95p) and adjusted diluted EPS increased to 4.06p (2020: 3.90p), despite the higher effective tax rate of 8%, (2020: 5%). Basic EPS also increased to 3.85p (2020: 3.68p).

Dividend policy

As announced last year, the Board conducted its review of its organic business plan for the following three years. This included evaluating the cash needs required for opportunities in organic growth to increase shareholder value and capital expenditure. The Board decided that it will continue to keep a progressive dividend in line with Group EBITDA growth. Therefore, subject to approval at the AGM in December 2021, the Board proposes that the Group will pay a final dividend of 0.86 pence per ordinary share (2020: 0.83p), to be payable at the end of January 2022.

CURRENT TRADING AND OUTLOOK

During the year the Group has significantly advanced its omnichannel marketing platform vision with strategic progress against all tenants of our growth strategy, delivering a record financial performance. We have progressed our geographic expansion with stronger market presence in North America, EMEA and APAC; our strategic partner relations have deepened with better collaboration in driving brand awareness to our end markets; and we've added new capabilities to our platform to drive broader customer engagement. The focus remains in driving an increased adoption of functionality within the platform.

As we enter the new year, we do so within a more normalised trading environment as our end markets transition out of the immediate implications from the pandemic. Trading remains in line with management expectation and our technology platform is uniquely positioned to capture the transition to online marketing across the mid-tier enterprise space. Whilst we remain mindful of the wider economic uncertainty, our healthy balance sheet, strong recurring revenues and cash generation provides the flexibility to invest in our growth strategy. The Board is therefore confident in the Group's long-term growth prospects.

MILAN PATEL
Chief Executive Officer
16 November 2021

PARAAG AMIN
Chief Financial Officer
16 November 2021

The Dotdigital difference

Trusted

Over 4,000 of the world's leading organisations trust Dotdigital as their partner of choice for delivering exceptional customer experiences, thanks to our uncompromising commitment to service and support. Whether you're a fast-growing business or an established global brand, we provide best-in-class solutions to enhance marketing effectiveness, helping you connect the dots between customer success and business outcomes.

Future-proof

You're constantly thinking about "what's next?", and so are we. Future-proof your marketing engagements and drive revenue with a platform designed for scale. Dotdigital empowers marketing teams to make data-driven decisions by providing a single customer view, helping you to gain a 360-understanding of your customer's journey.

Connected

When it comes to engaging your audiences, we know there's no one-size-fits-all solution. That's why our marketing platform is designed to service market-specific and global needs, backed by a dedicated support team to help connect you with your customers no matter where they are. We believe in connected systems. The Dotdigital platform is extensible via integrations, giving you solutions that deliver cross-channel experiences and keep your data in sync.

CASE STUDY

Australia-based brewing company Stone & Wood amplifies online customer engagement with Dotdigital automated campaigns

Established in 2008, and based in Byron Bay in Australia, Stone & Wood was started by three mates – Brad, Ross, and Jamie. It was a dream with a simple idea of a 'village brewery' – a brewery producing quality beer while giving back to the wider community. Founded in a modest shed within Byron Bay's industrial estate, Stone & Wood began its journey with a vision to create a conscious local business. Over the past 10 years, Stone & Wood has come to be known as a lifestyle brand, gradually becoming synonymous with Byron Bay and the local Byron vibe.

CHALLENGE

A few years back, the Stone & Wood team realised they had outgrown their existing one-size-fits-all approach to email marketing. It was becoming increasingly important for them to be able to segment different types of customers and be more targeted with relevant content through the right channels. In response to both the growth of their customer base and the shifting marketplace, Stone & Wood decided to beef up their customer engagement, especially through email. As a result, they started looking around for a marketing automation solution provider to help them increase customer loyalty and engagement. According to, Steve Blick, Direct to Drinker & E-commerce Leader at Stone & Wood, "We started doing some research. We looked at Emarsys, Klaviyo and Dotdigital, and for us, Dotdigital ended up being the best option."

SOLUTION

Stone & Wood partnered with Dotdigital in September 2019 to integrate different automated programmes. "The journey over the past 18 months with Dotdigital has been great. The key element that differentiates Dotdigital is the way they treat their customers," said Steve. "Their hands-on customer service, continuous support, and working as a partner made them our best choice."

"Last year was a challenging one for obvious reasons. We never could have seen Covid-19 coming, but we were super lucky to be prepared beforehand. Dotdigital allowed us to make the most of online shopping by helping the team target audiences through personalised content, great offers, and explore some great ways to connect with our customers," added Steve.

The welcome series, post-purchase follow-up, and 'Beer Club' campaign are the three top successful campaigns currently running on the Dotdigital platform.

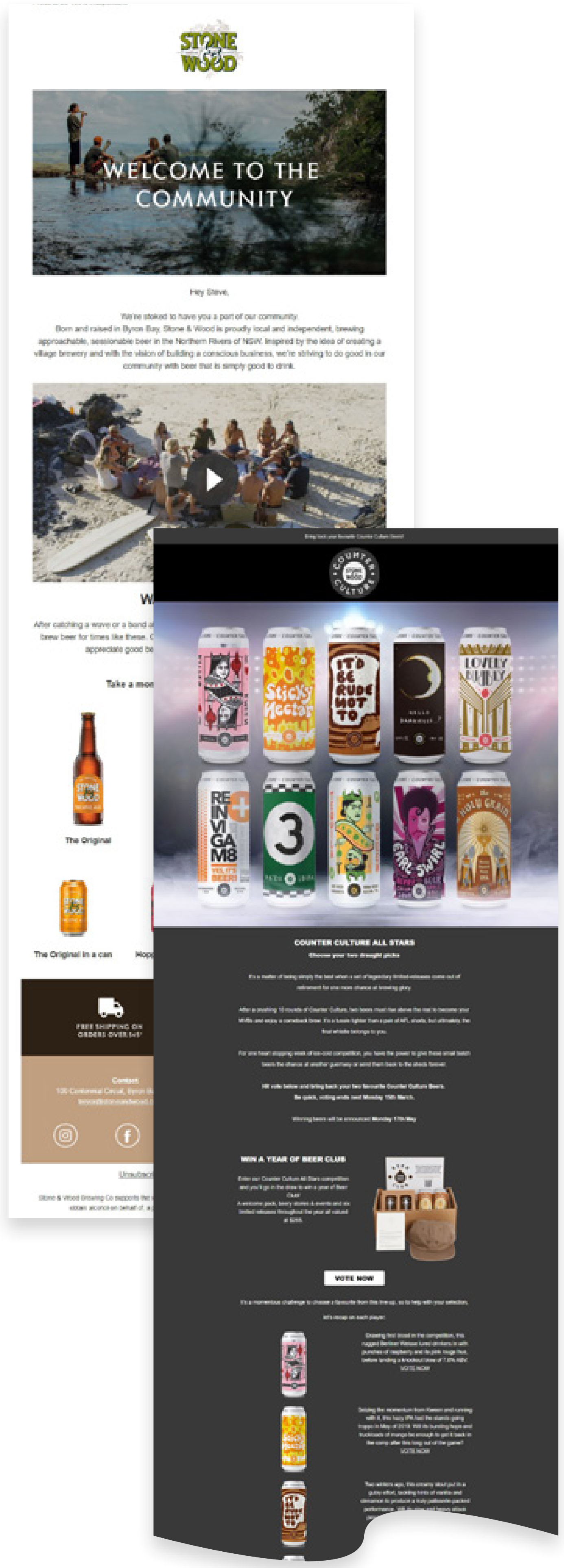
"The Dotdigital platform has helped us bring the different strategies that we envisioned to life, allowing us to effectively engage with our drinkers and help grow the customer database. By utilising the platform to run personalisation, automation, and tailor-made marketing campaigns, we have been able to engage with our audience not only at a transactional level but at a non-transactional mode as well. This has resulted in increased audience engagement which is unbelievable," commented Steve.

The post-purchase follow-up campaign has been a real triumph by giving customers the opportunity to make repeat purchases online. Post-purchase, customers are targeted with personalised and tailored content that consists of tasting notes and the story behind their preferred choice of beer to educate them further.

Another successful campaign has been the 'Beer Club' newsletter campaign. The Stone & Wood Beer Club is a monthly membership, giving members guaranteed access to limited releases, exclusive content, and exclusive merchandise, along with discounted access to events and tastings.

RESULTS

Since partnering with Dotdigital 18 months ago, Stone & Wood's customer database has grown by 350%. While the welcome series has a 50% open rate and a click-through open rate (CTO) of 12:32%, the 'Beer Club' newsletter campaign witnessed an 80% open rate with a 37.15% click-through open rate (CTO). Moreover, email marketing accounted for 21.17% of the total revenue generated over the past 12 months.



RISKS, IMPACT AND MITIGATIONS

Our risk management framework enables a consistent approach to the identification, management and oversight of risks. This consistency is valuable as it allows us to take a holistic approach to risk management and to make meaningful comparisons of the risks we face and how we manage them across the globe, which is essential to achieve our strategic objectives.

Using our risk management framework, the Group identifies the risks that could affect the strategy and operations in order to implement risk mitigation plans. Departments within the organisation identify the risks that could affect their strategic and operational plans. The consolidated risks are consolidated under a single group-wide risk register. These risks are scored based on impact and likelihood and reviewed on a regular basis. Principal risks scored over a threshold are highlighted and reviewed by the Group's Risk Committee. Members of the Risk Committee are assigned to principal risks and these become executive owners responsible for confirming that adequate controls are in place and the necessary action plans are implemented. The Chairman of the Risk Committee (Steve Shaw, Group CPO/CTO) reports on the principal risks to the CFO (Paraag Amin, Group CFO) who in turn reports these to the Group's Board.

KEY IMPROVEMENTS

- Risk Committee and ISO framework management reviews have been merged for operational efficiency enabling oversite of the management system's risk mitigation performance.
- Increased accreditations, which now consist of ISO 27001 (Information Security Management), ISO 27701 (Privacy Information Management) and ISO 14001 (Environmental Management).
- Further expansion of our Integrated Management System (IMS) to include Privacy Information Management.
- Greater cadence of risk register review by key members of the risk committee for risk rating recommendations.

STRATEGIC	FINANCIAL	TECHNOLOGICAL	OPERATIONAL
The influence of stakeholders and industry on our business	Our financial status, standing and continued growth	The platform, technology and systems that support our business and the data they hold	The ability to achieve our optimal business model

RISK AREA	IMPACT	MITIGATION OF RISK
Global economic disruption Financial Movement: Decreased	Disruption caused by global external events, such as pandemics and economic downturns have the potential to impact our financial performance.	• Continued building of recurring contracted revenue stream • Sufficient liquidity resources so that we can cope for prolonged periods of time without accessing the capital markets • Increasing flexibility for customers around payment terms • Quickly executable scenario plans reviewed to prepare for varying levels of financial impact to reserves • Continued investment into Business Continuity planning to enable staff availability, building accessibility and for hardware failure.
Geography-specific market and political environments Financial Movement: Stable	Reliance on revenues and resources relating to a single region increases the risk to our financial performance if that region were to experience an economic decline or political unrest.	• Continual increase in international revenues outside of the UK • Successful exploration into options relating to geographic expansion above and beyond the UK, US and Australia - specifically Singapore and Netherlands • Constant review by the executive team for growth opportunities in additional territories including LATAM • Monitoring of the market conditions and political environment in regions we have offices, staff, target prospects and customers • Continue to distribute critical staff and engineering teams across regions for resilience.

RISK AREA	IMPACT	MITIGATION OF RISK
Optimising and growing high-performance teams Operational Movement: Stable	Failure to attract, hire, develop, support and retain high-performing individuals will reduce the ability to achieve our goals.	• Delivery of a comprehensive programme of formal and informal learning and development opportunities aligned to the needs and goals of the business • Company-wide roll out of a new learning content platform • Deployment of a new integrated people management platform for performance reviews, management self-service and employee engagement • Investment into flexible working arrangements, home office environments and wellbeing programmes to support our staff through global events, such as pandemics • Continued commitment to organisational structures, internal communication tools and processes to enable cross-team collaboration • Regular evaluation of staff benefits to ensure market competitiveness • Expansion of staff engagement programmes. Our dotvoice programme now consists of four core pillars, dotgreen, dotcommunty, dotDEI and dotwellbeing. Creating a listening culture, one of openness where staff can discuss all types of issues whether, social, political and environmental • Expansion into new territories increases accessible talent pools we can hire in.
Data privacy Operational Movement: Increased	Certain laws and regulations (such as the UK & EU General Data Protection Regulations ("GDPR")) require or may require us and our customers to implement privacy and security policies, permit consumers to access, correct or delete personal information stored or maintained by such companies, inform individuals of security incidents that affect their personal information, and, in some cases, obtain consent to use personal information for certain purposes. Other proposed legislation could impose additional requirements and prohibit or limit the use of certain technologies, such as those that track individuals' activities on web pages or record when individuals click on an in-email link. Such laws and regulation changes could restrict customers' ability to collect and use email addresses, web browsing data and personal information, which may reduce demand for its products.	• Operation of an open-door policy, including the sharing of policies relating to security, compliance and data privacy • Maintenance of a public-facing Trust Centre communicating important information • Research into the impact of new or altered legislation to inform free resources. We actively contribute to the digital marketing and messaging space to advocate best practice and make sure its customers' needs are represented • Provisioning of global instances of the platforms, allowing customers in certain regions to overcome data sovereignty constraints • Ongoing monitoring of processes and policies in compliance with local laws and regulations (including GDPR, the California Consumer Privacy Act ("CCPA") and Singapore's Personal Data Protection Act ("PDPA")) • Ongoing monitoring of the regulatory environment, including any guidance from supervisory authorities or compliance actions made under local laws (such as the adoption of new EU Standard Contractual Clauses, the UK's proposed International Data Transfer Agreement, the EU's data adequacy decision for the UK and the impact of the Schrems II case on international data transfers) • Implementation of an ISO 27701 certified Privacy Information Management System (PIMS) • Continued privacy and data protection staff awareness and training.

RISKS, IMPACT AND MITIGATIONS CONTINUED

RISK AREA	IMPACT	MITIGATION OF RISK
Environmental Operational Movement: Stable	As awareness on the climate challenge increases, it is expected there will be increasing legislation and customer pressure to provide sustainable business operations	• The group has set targets to become net zero by 2035 • An ISO 14001 certified Environmental Management System (EMS) has been implemented, and is managed by a committee (dotgreen) made up of representatives from around the business • A newly created role of Sustainability Lead has been created to ensure adequate resource is available to drive the EMS forward with continual improvement • Using the Oxford Offsetting Principles, we continue to develop our carbon offsetting and mitigation strategy. We operate carbon neutral and we have included further scopes in our carbon offsetting which now includes GHG emission scopes 1, 2 and 3 (business travel, data centres, remote workers, worker commuting and transmission and distribution losses related to office electricity) • Marketing and promotion of our sustainability achievements, including the creation of a new dedicated sustainability area on the corporate website. Various initiatives and events held to continue to foster a green culture both internally and externally with customers and partners.
Evolving technology and customer requirements Operational Movement: Stable	Failure to anticipate, respond to evolving messaging channels and customer requirements, to introduce competitive enhancements or maintain existing products may impact growth and customer retention.	• Remaining a credible provider of customer engagement SaaS solutions through constant investment in development and monetisation of new solutions, partnerships and enhancements • Implementation of a strong product vision to deliver unique selling points, adding customer value and solving customer problems • A product roadmap that facilitates the implementation of rapidly changing technologies, new enhancements and maintaining the existing products to a high standard both for new business acquisition and retention • Dedication to continuing to remain relevant in maturing B2C commerce, B2C non-commerce and D2C verticals, reducing risk through the relevancy of the platform to the challenges these customer face • Continued focus on combining marketing and automation capabilities with the market-driven need for supporting more conversational channels and leveraging customer data, machine learning and orchestration to drive decisions • Continued evaluation and optimisation of product performance in the technology landscape to reduce maintenance overheads • A constant focus on enabling customer growth through the breadth, ease of use and flexibility of our integrations. The launch of our Integration Hub and new integration development strategy enabling rapid development of new integrations (including to third party platforms such as Eventbrite, Zoom, Typeform and Google Docs) • Review technology acquisition opportunities that can further strengthen our go-to-market.
Competitive environment Strategic Movement: Increased	The sector we operate in is competitive. The impact of competitors having more features, new solutions, increased financial backing, lower pricing, better brand recognition and better global coverage increases the risk to our business. The increasing number of competitors adds further risk. We focus on customers operating across different verticals - e.g. retail, commerce, higher education, not for profit, charities and D2C – by definition make for a large competitive landscape.	• Continually evaluate the maturity curve of our market to be ahead of the competition and develop products that add differentiation and offerings for markets that are less mature • Investment in new product features, best-in-class 24/7 customer support and service offerings, enhanced brand recognition and improved service delivery • A global marketing presence and PR strategy to attract new customers • Further improvement of the products' renowned user experience • Continued focus on increasing content, delivery and personalisation capabilities across established and emerging messaging channels • Continued investment on our data, AI, reporting and machine learning capabilities and applying these to surprise and delight existing and prospective customers • Continuing to listen to our customers and the market to solve real customer problems in an intuitive way.

RISK AREA	IMPACT	MITIGATION OF RISK
Internet service providers (ISPs), reputation and internet browser-related risks Strategic Movement: Stable	As a large proportion of our revenue is derived by charging a price per message for sending emails and SMS on behalf of customers, the impact of not being able to deliver these or deliver these without engagement tracking for any reason is significant. If internet browsers detect hyperlinks as a phishing threat, abuse complaints from providers are not dealt with properly, bad customer data generates multiple complaints through ISPs or third-party spam are blacklisted, these impact the platform's overall ability to effectively deliver messages. If manufacturers of computing devices, internet browsers or operating system software make changes to consumer privacy functionality it could negatively affect the ability for our products to perform the originally designed service.	• Provision of, and investment into, platform functionality to help customers comply with industry best practice, EU, Asia Pacific or US anti-spam regulations • Demonstration of commitment to anti-abuse through admittance to various industry groups, such as the Messaging, Malware and Mobile Anti-Abuse Working Group (M3AAWG) and the Email Sender and Provider Coalition (ESPC) • Continued investment into technology that can proactively block trial account sign-ups and automated bots • Development of a risk-based vetting approach of prospective customers and their data acquisition practices • Continued investment in a deliverability, anti-abuse and compliance team, under the leadership of the deliverability and compliance functions. With swift handling of abuse complaints generated by customer messaging, including where necessary account suspension and agreement termination • Explore and implement alternative message routes for upstream providers for channels that this is supported e.g. SMS • Continued investment into our technology to enable customers to on-board faster, speeding up their time-to-value but without compromise to message delivery and sending reputation • Continued investment in understanding engagement tracking correlated to message deliverability and how industry change impacts the measurement of success • Ongoing monitoring of changes to the technology landscape impacting privacy (such as Apple's proposed Mail Privacy Protection and Hide My Email features in the upcoming iOS15 update, Google Chrome and Apple Safari's change to block third-party cookies). Putting in place risk mitigations, changes to our products or educating our customers on the changes where necessary.
Key platform integrations Strategic Movement: Stable	We are increasingly investing in integration with third-party platforms to provide an enhanced product feature set – for example WhatsApp, Facebook, Twitter and Google. These platforms all have various contractual bases for access and we maintain our obligations carefully. However, any future change in the terms granting access may impact our continued ability to integrate our product with these platforms.	• Maintain strong relationships with these platforms • Ensuring our platform policies align with the third parties • Continuous review of competing functionality from other vendors • Continued investment into the capabilities of each key integration, to ensure continued relevancy for customers and compliance with any third party or statutory changes.
Loss of a strategic partnership Strategic Movement: Stable	Revenues could be impacted if a strategic technology partner was acquired, changed contractual terms, had lost market share or their customers en masse. On such an event, customers may re-platform to a technology partner who we do not have a integration with. If a strategic technology partner significantly changed partner terms, blocked access to or no longer accepted a connection to our products, there is also the risk that customers may leave or migrate to a competitor who has a connection, rather than re-platforming away from the technology partner.	• Dedicated resources for strategic partnerships, development of our partner strategy and programme • Delivery of a new service and technology partner programme to support a partner-first approach • Renewal of agreements with all key strategic partners • A product and development strategy that continues to build connectors into leading market share e-commerce and CRM platforms, to reduce reliance on a single strategic technology partner • Services and functionality to enable customers to migrate between different technology partners, as well as out of the box connectors they can use • Continued work with new and emerging partners about providing connector functionality to their products.

RISKS, IMPACT AND MITIGATIONS CONTINUED

RISK AREA	IMPACT	MITIGATION OF RISK
Use of public cloud service suppliers Technological Movement: Decreased	We utilise public cloud suppliers to host our platforms and products. An event resulting in multiple cloud data centre failing, for any significant period, or termination of services by a cloud supplier, may negatively impact our business, operating results and financial condition. The nature of cloud computing means that the majority of the platforms are on a shared infrastructure that is more of a target for cyber attacks.	• Informed choice of best-of-breed cloud computing suppliers (we have selected Microsoft Azure, CloudFlare, Amazon AWS, and Google Cloud Platform), the architecture and contracts of which facilitates high uptime SLAs and a quick recovery in the event of a single region failure • Implementation of resilient global instances of the platform to serve local customers and avoid global customer impact in the event of a regional outage • Regular simulation of Disaster Recovery plans to recover computing resources in secondary facilities located hundreds of miles away from the primary • In addition to data being backed up to the secondary facilities, it is now also replicated to hot stand-by databases; resulting is improvements in the platform Recovery Time Objective (RTO) • Migration to modern and platform agnostic technologies; allowing for easier migration paths to different cloud service providers • Due diligence, and ongoing monitoring of cloud computing supplier security and incident handling processes, penetration testing results, change management and security and privacy accreditations.
Supplier and computer hardware related risks Technological Movement: Stable	An event resulting in a loss of functionality at, or a total loss of, a data centre that hosts message send components for a prolonged period will result in sub-optimal service, potentially leading to a loss in revenues. In addition, events preventing or obstructing the platform's communication abilities, such as the blacklisting of IP addresses at major internet service providers will incur revenue loss. We rely on a range of upstream suppliers to deliver SMS messages; a change in relationship with one or more of these suppliers, or one or more of these suppliers no longer being able to operate, could impact our profitability.	• Three separate instances of the sending infrastructure exist, meaning that an issue affecting one region would not impact the ability to send messages from the other regions • The infrastructure is architected with resilience to cater for single points of failure, including having multiple upstream and internet suppliers in each region; which can keep delivering messages in the event a single supplier fails • A working proof of concept for the migration of the message send components to a highly resilient cloud infrastructure has been developed. The migration of message sending infrastructure is anticipated to begin early 2022. • Tracking of message metrics regular reviewed and monitored by the executive team • Continual evaluation of suppliers and technologies with the prioritisation of send volume, scalability and resiliency, and business continuity • Continual investment in, and maintenance of, the groups sending IP address ranges by a dedicated messaging operations team; ensuring global reputability and use optimisation • Strong relationships with Internet Service Providers and industry groups have been developed allowing for speedy containment and recovery of IP reputation issues • The Group has significantly increased the number upstream SMS providers, reducing the impact of an issue with individual providers. In addition to this, the group frequently reviews the most profitable upstream supplier routing options, and negotiating contracts regularly based on current and anticipated volume.
Information security and cyber risks Technological Movement: Stable	The ever-evolving, sophisticated nature of the cyber threat landscape poses an ongoing risk to the group. The brand reputation and financial performance depends on the protection of the confidentiality, integrity, availability of data and computer systems. A successful cyber-attack against our information assets could significantly impact our ability to function, retain and attract business, as well as potential financial penalties from regulators. Similarly, the risk of an "Insider threat" possess an equal impact to the business, with misuse of systems and data potentially leading to reputation damage, and regulatory fines.	• An established Security function is in place to manage an ISO 27001 certified Information Security Management System (ISMS) across the whole business • The Group continues to invest in preventative, detective, and corrective controls to minimise the likelihood and impact of security vulnerabilities and incidents • Attainment of the UK government-backed Cyber Essentials Plus Certification, in addition to the implementation of further technical controls such as regular vulnerability scanning, third-party penetration testing, Intrusion Detection/Protection, Web Application Firewalls and DDoS protection to proactively detect and remediate against the latest threats • The continual promotion of a security culture within the business via various awareness initiatives • The transference of some risk by the introduction of Cyber Insurance.

CORPORATE SOCIAL RESPONSIBILITY REPORT

This year saw a continuation of our investment in our people, customers and communities with sustained investment in learning and development across the board.

EMPLOYEE WELLBEING DAYS

Recognising that our employees benefit from being able to support their own wellbeing, their families, dependents or indeed outside communities, organisations and charities, we are proud that we have made available two days each year for employees to decide how they best support any or all the above.

Examples of how our employees use this extra paid time off include quality time with families, wellbeing sessions, fitness activities, volunteering at charities and community activities. We believe this is so important that we offer this support each year not just as a single event.

WELLBEING REWARD

Continuing the theme of employee wellbeing, Dotdigital remains committed to providing an annual allowance of £100 each year which is designed to promote and support wellbeing activities.

Examples of how this allowance is used by our employees include fitness classes, running shoes, gym equipment, yoga classes and equipment. We are delighted our employees continue to enjoy this innovative wellbeing support.

DOTVOICE

Employee Voice is a well-recognised aspect of high-performing teams. Building on our dotgreen (environmental) and dotcommunity groups, we have now launched dotdiversity and dotwellbeing.

These four groups are all run by volunteer employees, and each group benefits from an exec sponsor from the leadership team. The remit and goals for each group are summarised below:

DOTWELLBEING

Mission: : To encourage wellbeing initiatives and open discussion, provide support and education and seek to provide employees with the tools to manage their own wellbeing.

- Four areas of wellbeing: mental, physical, emotional/social, financial
- Focus on wellbeing initiatives, speakers, workshops etc
- Providing tools for employees to use for their wellbeing
- Working with partner charities such as Mind and Lord Mayor's This is Me campaign.

DOTDIVERSITY & INCLUSION

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

- Focus on all aspects of diversity and inclusion, for example LGBTQ+, women, ethnic minority groups, menopause, working parents, neurodiversity etc
- Focus on education, raising awareness and increasing the diversity of the business and creating an inclusive workplace.

udemy

UDEMY – ACCESS TO L&D FOR ALL

As part of Dotdigital's ongoing commitment to the development of our employees we have provided access for all to the popular online learning platform, Udemy. This ensures that every single employee is able to access a broad range of content to support their professional and personal learning journey.

OFFICE READINESS – SUPPORTIVE APPROACH

Throughout the pandemic we've been able to support all our employees to work from home, providing equipment allowances and flexibility where it was needed. We're taking the same approach with our return to office working, by opening up offices in regions that allow office working again and offering a flexible approach to returning while employees establish a new routine in ever-changing conditions.

CORPORATE SOCIAL RESPONSIBILITY REPORT CONTINUED

"We recognise that every business needs to play their part in combating climate change and it was important to our staff and customers that we led by example. Our customers have more choice than ever on what technology they consume; we are the greener, more sustainable choice of cross-channel marketing technology for growing brands."

Steve Shaw | Chief Product & Technology Officer, Dotdigital

"We try to the best of our ability to align with the most sustainable suppliers out there. Dotdigital made perfect sense for us with their commitment to sustainability which aligns with our own brand identify values, and culture."

Jarvis Smith | Co-founder, MyGreenPod.com

SUPPORTING OUR CLIENTS

Dotdigital customers continue to be at the center of Dotdigital's strategy, whether it be our own platform users or enabling our customers to better serve their customers.

This year we have maintained focus on delivering quarterly product releases to enhance customer experience and drive revenue for our brands.

We have focused on telling customer stories, populating our website with case studies that highlight how our customers are leveraging the Dotdigital platform to drive engagement and sales for their organisations.

We launched an inaugural user group in the Americas to bring customers together for networking and solution sharing, driven by a desire for customers to connect in the midst of extended lockdowns.

SUPPORTING OUR COMMUNITIES

dotgreen

dotgreen

Mission: To create an environmentally friendly workplace and provide ideas and information for employees to do the same.

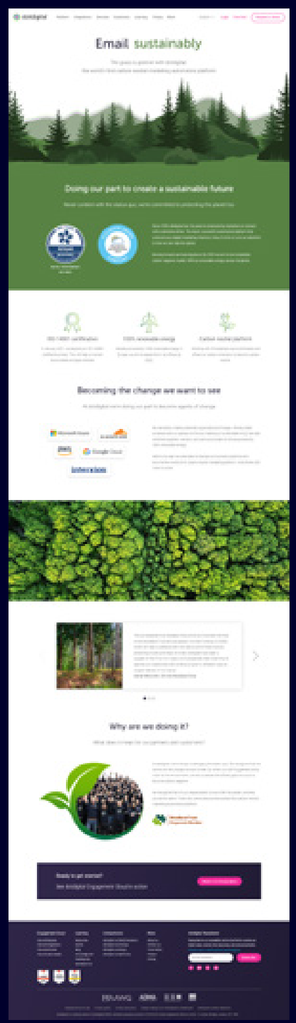
- Focus on eco friendly initiatives and improving the Dotdigital carbon footprint
- Educate employees on environmental topics and encourage eco friendly behaviour
- Work with client partner charities to demonstrate our support for key organisations.

dotcommunity

dotcommunity

Mission: To work on and organise internal events, focus on improving corporate social responsibility and social mobility by organising fundraising events, partnering with charities and organising volunteering days for employees.

- Organise business social events including Christmas and Summer parties
- Relationships with partner charities such as The Girls Network and The Brokerage
- Organise volunteering days and fundraising events for employees to partake in.



CARBON NEUTRAL

Last year marked Dotdigital's first year of being carbon neutral. We will extend this into the future, always offsetting our measured Scope 1, Scope 2, and select Scope 3 emissions with high quality offsets that follow the Oxford Offsetting Principles.

This year, we've decided to continue offsetting all of our measured emissions with Climate Care, who recently merged with Natural Capital Partners to give access to an increased range of projects to reduce carbon emissions.

We are also maintaining our corporate membership with our long-standing customer The Woodland Trust, providing additional carbon mitigation and combating the ecological emergency.

BROADENED SCOPE 3 ACCOUNTING

Last year, we calculated our Scope 3 GHG emissions from business travel, data centres and hosting.

We've added to this list this year to include GHG emissions from remote workers, worker commuting, and transmission and distribution losses. The first two items were particularly pertinent in a year in which our working patterns remained drastically altered as a result of the Covid-19 pandemic.

We aim to continue adding and calculating major Scope 3 emissions sources and offsetting these in line with our carbon neutral claim.

NET ZERO BY 2030

We are treating carbon neutrality as a step on the way to net zero. Becoming net zero means reducing our emissions to a level where only truly unavoidable emissions remain.

We will then offset these "residual" emissions with GHG removal projects, which remove GHG emissions directly from the atmosphere and store them for long periods of time, for example as rock or biochar.

This is in contrast to the GHG reduction projects that enable us to claim or carbon neutral status, which involve supporting projects around the world that reduce the level of emissions compared to a hypothetical world without those projects.

We are pleased to announce that we aim to be net zero by the end of our financial year in 2035, a full 15 years ahead of the timeline set out in the Paris Agreement to limit global heating to 1.5°C. We continue to look out for standards for net zero that will hopefully be announced at COP26 in late 2021. For now, we are using information from the Science Based Targets initiative to guide our net zero ambition.

RESPONSIBLE MARKETING

We have made a commitment to responsible marketing, focusing on the imperatives for a customer-centric approach to marketing. We believe that now more than ever that building trust with customers through responsible marketing, focused on data privacy, security, and sustainability, is central to retention and life-time value. We are proud to be the world's first carbon neutral, ISO14001, ISO 27701 and ISO27001 certified marketing automation platform.

RENEWABLE ENERGY

One great leap to meeting our new ambition to reach net zero by 2035 is in shifting our London Bridge headquarters to 100% renewable energy, which took effect from 1 July 2021. This will single-handedly reduce our annual Scope 2 emissions by 46% (compared to our first year of measurement in 2019/20).

Efforts are also under way to transition our Sydney and Melbourne offices to use 100% renewable energy in the next financial year, further reducing our Scope 2 emissions, and to power our platform with 100% renewable energy globally. It remains the case that our platform is powered only by renewable energy in Europe.

ISO 14001

We have maintained ISO 14001 certification with zero non-conformities raised (for the second time!). ISO 14001 defines an environmental management system and provides third-party verification that we measure our environmental impact and continually improve our environmental performance.

TERRA CARTA

As the first anniversary of our green journey approached in April 2021, we were thrilled to see discussions about sustainable business practices making their way onto the world stage. To reaffirm our pledge to protect the environment, we've signed the Terra Carta, a charter that puts sustainability at the heart of the private sector. This is part of the Sustainable Markets Initiative and was announced by HRH The Prince of Wales.

APPOINTED OUR FIRST SUSTAINABILITY LEAD

For the first time, Dotdigital has a Sustainability Lead pushing forwards our green initiatives and steering us towards our sustainability goals.

STRATEGIC REPORT

The Strategic Report was approved by a duly authorised committee of the Board of Directors on 16 November 2021 and signed on its behalf by:

MILAN PATEL
Chief Executive Officer

BOARD OF DIRECTORS

MILAN PATEL FCCA ACSI
Chief Executive Officer

Milan joined the Group in 2007 and was appointed Group Company Secretary in 2009, CFO in 2015 and CEO in 2016. Milan is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He has been responsible for the Group's admission to ISDX (now Aquis - AQSE) and the introduction to AIM.

Milan was responsible for the Group's functions in financial management and reporting, regulatory compliance, legal and corporate governance for the business prior to being made permanent CEO of the Group. He also brings substantial strategic financial and commercial experience to the Board. As well as financial acumen, he has developed a broad range of operational competencies, a grasp of strategic objectives, clear leadership, international business development, mergers and acquisitions and strong decisive management skills.

Milan is now responsible for leading the executive team, vision and growth strategy for the business. More specifically Milan is leading our international growth strategy, accelerated product innovation, developing strategic partnerships and executing on the acquisition strategy. He has a strong track record of delivery of performance against plan through the life of the company on the public markets.

PARAAG AMIN CFA
Chief Financial Officer

Paraag was appointed to the Board in February 2018. He has significant public market experience, having held senior roles at a number of investment banks within equity asset management, research and specialist sales, totalling 15 years, as well as previously founding his own business in the digital marketing space.

Paraag qualified as a Chartered Financial Analyst in 2004 with Goldman Sachs. He also held senior roles within equities at Citi, ABN Amro, RBS, Credit Suisse, Peel Hunt and Canaccord Genuity.

He is responsible for the Group's functions in financial management and reporting, regulatory compliance and legal and corporate governance for the business.

MICHAEL (MIKE) O'LEARY
Non-Executive Chairman

Mike joined the Board of Dotdigital in January 2020 as Chairman. He has over 35 years of main board experience with AIM, FTSE 250 and FTSE 100 listed companies, during which he has consistently created value for shareholders through organic and acquisitive growth. He has experience of running UK and international operations in a broad range of business environments with a focus on the software and technology sector.

Mike is currently also a Non-Executive Director and Chair of the Remuneration Committee of Epwin Group plc, and is the Chairman of Ipswich Town Football Club and Chairman of its holding company, Gamechanger 20 Limited. His prior experience includes: main board director and Joint Chief Operating Officer of Misys Group plc, Chief Executive of Huon Corporation, Chief Executive of Marlborough Stirling plc, Chairman of Digital Healthcare Ltd, Non-Executive Director and Chair of Remuneration Committee of Headlam Group plc, Non-Executive Director and Chair of Remuneration Committee of Psion Group plc, Non-Executive Director and Chair of Remuneration Committee of Stroud & Swindon Building Society, Non-Executive Director and senior independent Director of Helphire Group, Chief Executive Officer of West Bromwich Albion Group PLC and Chairman of EMIS Group plc.

BORIS HUARD
Non-Executive Director

Boris joined the Board on 26 March 2019 and is the EMEA Managing Director for GBG Plc, bringing present day experience of running software, big data and analytics businesses – topics of key importance to Dotdigital.

Boris joined GBG in 2020, having previously held roles in the technology industry for 20 years, ranging from divisional Managing Director at Logica, Board Director with Maxima Plc, Chief Executive at Sword CTSpace and UK & I Executive Board at Experian.

During those years, he delivered sustainable organic growth and executed bolt-on acquisitions. From turnaround to successful public to public exit transactions, Boris drove performance through hands-on P&L management, international business development, cross-continents operations, mergers and acquisitions and company restructurations and integrations.

ELIZABETH (LIZ) RICHARDS ACA
Non-Executive Director

Liz joined the Board on 1 May 2020 and also chairs the Audit Committee. She is a highly experienced executive and Non-Executive Director with a career spanning the Financial Services, Data and Software sectors. After an early career with Lloyds Bank, Liz qualified as a Chartered Accountant with Ernst & Young.

Liz was Chief Financial Officer for Callcredit (now Transunion), a successful consumer data business, where as a founder member, she oversaw its rapid growth from start-up in 2000 to a £150m revenue business by 2015. During that period, she was instrumental in the purchase and integration of several successful acquisitions and has end to end experience of significant private equity and trade corporate transactions.

Liz currently also holds Non-Executive Director and Audit Committee Chair positions at both LINK Scheme Ltd and Tracsis plc, as well as two pro bono roles – Governor and Chair of Audit for Leeds Trinity University and Trustee and Chair of Finance and Investment for Yorkshire Cancer Research.

She brings experience of high-growth acquisitive business, and financial, audit and governance expertise to the Board at Dotdigital.

CORPORATE GOVERNANCE REPORT

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

The Board is fully committed to achieving high standards of governance in line with the size and stage of development of the Group and I believe contributes to our ability to deliver long-term shareholder value. As an AIM-quoted company, the Board has elected to comply with the Quoted Companies Alliance (QCA) Corporate Governance Code and will report annually on our compliance with the code and any exceptions. The QCA Code identifies 10 principles to be followed to deliver growth in long-term shareholder value by ensuring that the management framework is efficient, effect and dynamic. This in turn is supported by good stakeholder communication to promote confidence and trust.

The below sections describe how the 10 principles of the QCA Code are applied to deliver medium to long-term success without preventing innovation and entrepreneurial spirit, together with any areas on non-compliance.

M.K. O'Leary

MICHAEL O'LEARY
Non-Executive Chairman

COMPLIANCE STATEMENT

1. *Establish a strategy and business model which promotes long-term value for shareholders (fully complies)*

The strategy and business operations of the Group are set out in the Strategic Report on pages 2 to 29 of the Group's annual report. The risk section of the Annual Report is on pages 22 to 26 and deals with the challenges the business faces and how these challenges are mitigated/addressed.

The Chief Executive is responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval and then executing the approved strategy. You can find a full description of the roles of the Board at www.dotdigitalgroup.com.

Our simple and transparent business model has consistently delivered value to our shareholders

2. *Seek to understand and meet shareholders' needs and expectations (fully complies)*

The Group seeks regular dialogue with both existing and potential new shareholders either through the management team, investor relations or through the company analysts, ensuring its strategy, business model and performance are clearly understood as well as to understand the needs and expectations of shareholders.

The Chief Executive and Chief Finance Officer meet regularly with investors and analysts via investor roadshows, attend investor conferences and carry out capital markets days to provide them with updates on the Group's business and obtain feedback regarding the market's expectations of the Group through the brokers or direct feedback to the management team.

The Board invites communication from its private investors and encourages participation by them at the Annual General Meeting (AGM). All Board members are present at the AGM and are available to answer questions from shareholders. Notice of the AGM is at the least 21 clear days and the business of the meeting is conducted with separate resolutions, voted by proxy and with the result of the voting being clearly indicated throughout the meeting. The results of the AGM are subsequently published on the Company's corporate website and are announced through a regulatory information service.

Our senior Independent Director, Boris Huard, is available to shareholders where concerns have not been resolved through the normal channels of communication with the Board and for when such contact would be inappropriate.

The Board believes that they have successfully engaged with their shareholders in the past and will continue to do so going forward.

3. *Take into account wider stakeholder and social responsibilities and their implications for long-term success (fully complies)*

We are committed to meeting with customers to seek their regular feedback to ensure a high level of customer service and to improve our platform. We have various channels for customers and prospects to communicate with the Group, whether it be through the messaging channels or the customer success executives. The feedback is then reviewed on a regular basis by the senior management team of the Group.

The Group is mindful of its corporate social responsibilities and the need to build and maintain strong relationships across a range of stakeholder groups. As a Company, we regard this as a key principle in what we do. The Group has established a Social Committee that consists of employees across all departments and seniority levels to engage with stakeholders to help enrich communities. The corporate social responsibility report can be found on page 27.

The Group is fully committed to encouraging the 'employee voice' and acting on the feedback we receive. Whether by informal discussion or by our annual employee satisfaction survey, the opinion and feedback provided by our employees is vital to shaping the business. Our employees are at the heart of our business and we consistently strive to train and develop them for career progression.

The Board closely monitors the results of the Company's Employee Engagement Survey to address where possible any concerns raised and ensure the alignment of interests between the Company and its employees. This alignment is vital to shaping the business.

4. *Embed effective risk management, considering both opportunities and threats, throughout the organisations (fully complies)*

The Group's system of internal controls, identification of significant risks and reviewing its effectiveness are the responsibility of the Board. These systems are designed to mitigate the risk of failure to achieve the business objectives. These systems can only provide reasonable, but not absolute, assurance against material misstatement or loss.

	Board		Audit Committee		Risk Committee		Remuneration Committee		Nomination Committee	
	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total
Executive Directors										
Milan Patel	13	13	2	2	6	6	4	4	1	1
Paraag Amin	13	13	4	4	6	6			1	1
Non-Executive Directors										
Boris Huard	13	13	4	4			4	4	1	1
Michael O'Leary	13	13	2	2			4	4	1	1
Elizabeth Richards	13	13	4	4			4	4	1	1

There is an ongoing process for identifying, evaluating and managing the Group's significant risks and this is regularly reviewed by the Risk Committee and the Board. The Group also keeps an active risk register which is also formally reviewed by the Committee on a quarterly basis.

The internal control procedures are delegated to Executive Directors and senior management in the Group, operating within clearly defined terms set by the Risk Committee. The Board regularly reviews the internal control procedures in light of the ongoing assessment of the Group's significant risks and is reviewed on a quarterly basis.

On a monthly basis, the management accounts, including a comprehensive financial report, are reviewed by the Board in order to provide effective monitoring of financial performance.

A summary of the principal risks and uncertainties facing the Group, as well as mitigating actions, are set out on pages 22 to 26.

5. *Maintain the Board as a well-functioning, balanced team led by the Chair (fully complies)*

The Group is managed by a Board of Directors chaired by Mike O'Leary. The Board is responsible for taking all major strategic decisions and also addressing any significant operational matters. In addition, the Board reviews the risk profile along with the Risk Committee of the Group and ensures that an adequate system of internal control is in place. Management information systems are in place to enable the Board to make informed decisions to properly discharge their duties. A formal schedule of Matters Reserved for the Board was adopted as at the Board on 25 August 2021 and will be reviewed annually.

The Board currently consists of two Executive Directors and three Independent Non-Executive Directors. The Non-Executives spend a minimum of two days a month on Dotdigital Group business matters. The Independent Non-Executive Directors are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement in accordance with the QCA Code.

The Board believes it is appropriate to have a Senior Independent Non-Executive Director and Boris Huard currently fulfils this role. Mike is available to shareholders where concerns have not been resolved through the normal channels of communication with the Board and for when such contact would be inappropriate.

The Board has sufficient members to contain the appropriate balance of skills and experience to effectively operate and control the business.

The roles of the Chairman and the Chief Executive are separate, with their roles and responsibilities clearly defined and set out in writing. The Chairman's main responsibility is the leadership and management of the Board and its governance. He meets regularly and separately with the Chief Executive and the Non-Executive Directors to discuss matters for the Board.

The Chief Executive is responsible for the leadership and day-to-day management of the Group. This includes formulating and recommending the Group's strategy for Board approval and executing the approved strategy.

The Board meets monthly, at least 12 times a year, and more frequently if necessary. In addition to this the Board attends an annual strategy meeting which also includes senior Directors outside of the Board. The table above shows attendance for the period July 2020 to June 2021.

6. *Ensure that, between them, the Directors have the necessary up-to-date experience, skills and capabilities (fully complies)*

The Board considers its current composition and overall size to be both appropriate and suitable with the adequate skills, experience and capabilities to make informed decisions, evaluate performance and constructively criticise strategy.

The composition of the board is reviewed annually by the Nomination Committee. The Board is fully committed to the appointment of the right skillsets that are required to grow shareholder value. One third of the directors retire at the AGM in rotation in accordance with the Company's Articles of Association, thereby providing shareholders with the ability to decide on the election of the Company's Board. Non-Executive Directors that do not meet the independence criteria will also stand for election annually, which will allow shareholders to voice their opinion. Their biographical details can be found on pages 30 and 31.

The Nomination Committee, through a thorough evaluation of the skills, knowledge and experiences of a proposed new Director, makes recommendations to the Board who then make the final decision on the appointment of a new member.

CORPORATE GOVERNANCE REPORT CONTINUED

Throughout the year, the Directors receive updates on corporate governance matters from either the Company Secretary or the Company's nominated advisors.

To ensure that the Board continue to develop their skills and keep up to date with market developments they have access to independent professional advice, which will be at the expense of the company. In addition, all members of the Board have access to the support and advice of the Company Secretary who is responsible for the induction programme of new members.

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

The Nominations Committee is responsible for Board evaluation. The Committee in the past has carried out informal Board performance evaluations but embarked on this formal process for the Board where questionnaires were circulated to ensure they complied with this principle. The learnings from this process have been discussed by the Board and hence have been addressed. The Committee's intention is to continue to conduct an internal evaluation on an annual basis, with the same process being repeated for each of the Committees of the Board. The results will be used by the Nominations Committee for its approach to succession planning.

8. Promote a corporate culture that is based on ethical values and behaviours (fully complies)

We are committed to acting ethically and with integrity in all our business relationships. The Company recognises the benefits of a diverse workforce and is committed to providing a working environment that is free from discrimination. The Company seeks to promote the principles of equality and diversity in all its dealings with employees, workers, job applicants, clients, customers, suppliers, contractors, agencies and the public. Our people are the difference – hence we aim to hire, keep and train the best. We continue to encourage our unique and supportive culture, which we believe sets us apart from other companies. Our comprehensive set of policies and procedures cover all of our operations. They are constantly updated and communicated to relevant employees. We also, within the organisations, have numerous policies that are communicated to all employees that have been adopted by the Group for us to be compliant with our ethical and cultural values that we promote within the business.

9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board (fully complies)

The Board is supported by a Remuneration Committee, Audit Committee and Nomination Committee. Any matters that fall outside of the responsibility of these committees are then dealt with by the Board. The role and responsibilities of the Chairman, Chief Executive and other Directors can be found separately. The details of the Committee are contained within their written terms of reference which can be found on the Group's website.

Throughout the year the Chairman of each committee feeds back to the Board any issues which require further consideration by the Board. Each of the Board committees has the ability to use external advisors as they see fit in furtherance of the duties which are at the Company's expense. Further details of the composition and meetings of these committees can be found within the annual report.

10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders (fully complies)

The Company is committed to open communication with all its shareholders. Communications with shareholders is predominantly through the Annual Report and AGM. The last AGM results can be found on the Group's website. Other communications are in the form of full-year and half-year announcements, periodic market announcements (as appropriate), one-to-one meetings and investor road shows. The remuneration committee report is included on pages 36 to 40.

The Group's website www.dotdigitalgroup.com is regularly updated and users can register to be alerted via email when announcements or details of presentations and events are posted on the website. Annual reports and notices of meetings for at least the last five years can be found on the Group's website.

AUDIT COMMITTEE REPORT

RESPONSIBILITIES AND SCOPE OF THE AUDIT COMMITTEE

The Audit Committee is a sub-committee of the Board. The responsibilities of the committee include:

- Reviewing the half-year and full-year accounts and results announcements of the Group and any other formal announcements relating to the Group's financial performance and recommending them to the Board for approval;
- Reviewing the reports from the Group's auditors relating to the systems of internal financial control and risk management;
- Considering the appointment of the external auditors, overseeing the process for their selection and making recommendations to the Board in relation to their appointment; and
- Monitoring and reviewing the effectiveness and independence of the external auditors, agreeing the nature and scope of their audit, agreeing their remuneration, and considering their reports on the Group's accounts.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises Liz Richards as Chair and Boris Huard, with Mike O'Leary, Milan Patel and Paraag Amin as attendees as appropriate. The Committee meets separately with the external auditors without management being present.

The Secretary to the Committee is the Group Company Secretary George Kasparian.

MAIN ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

In line with best practice the Audit Committee periodically reviews the Group's external audit arrangements and during the financial year ended 30 June 2021 it oversaw the change of auditor from Jeffreys Henry plc to Moore Kingston Smith LLP following a tender process.

The Committee also oversaw the award of various non-audit services relating to the role of global accountant to another accounting firm, ensuring the independence of the external auditors.

At its meeting on 9 November 2021, the Committee reviewed the Group's preliminary announcement of its results for the financial year to 30 June 2021 and the draft report and accounts for that year. The Committee received reports from the external auditors on the conduct of their audit, their review of the accounts, including accounting policies and areas of judgement, and their comments on risk management and control matters.

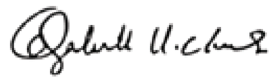
Independence of external auditors

Both the Board and the external auditors have safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. The Group's policy in respect of services provided by the external auditors is as follows:

- **Audit-related services** – the external auditors are invited to provide services which, in their position as auditors, they must or are best placed to undertake. This includes formalities relating to borrowings, shareholders and other circulars, various other regulatory reports and work in respect of acquisitions and disposals; and
- **General consulting** – in recognition of public concern over the effect of consulting services on auditors' independence, the Group's policy is that the external auditors are not invited to tender for general consulting work.

APPROVAL

This report was approved by the Board on 16 November 2021 and signed on its behalf by:



LIZ RICHARDS
Chairman of the Audit Committee

REMUNERATION COMMITTEE REPORT

STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

I am pleased to present the Remuneration Committee Report for 2021, which sets out the remuneration earned and paid to the Executive and Non-Executive Directors in the year ended 30 June 2021.

As an AIM-listed company, Dotdigital Group Plc is not required to comply with the remuneration reporting requirements applicable to fully listed companies in the UK. However, the Committee has taken a number of these regulations into account in the preparation of this report for the year as a matter of best practice.

The Committee's Terms of Reference, which are reviewed annually to ensure they reflect any changes in legislation, regulation and best practice, can be found at www.dotdigitalgroup.com.

The Annual Report on Remuneration, detailed on pages 36 to 40, provides details of the amounts earned in respect of the year ended 30 June 2021 and how the Directors' Remuneration Policy has operated and will be subject to an advisory shareholder vote at the 2021 AGM.

REVIEW OF THE YEAR ENDED 30 JUNE 2021

As described earlier in the annual report, the Group has performed well during the year, delivering revenue of £58.1 million, a 23% organic revenue growth on previous year and total profit before tax excluding exceptional costs and share-based payments of £13.7m. Consequently, the Executive Directors earned an annual cash bonus against sliding scale revenue and profit targets equivalent of 85% of salary out of a maximum 100% of salary (100% of potential for the revenue target and 70% for the profit target).

The Performance Share Plan ("PSP") award granted to the Chief Executive Officer in December 2017 vested in the period at circa. 70% of the maximum against stretching absolute Total Shareholder Return targets. In accordance to the rules of the scheme those shares will be exercisable between December 2022 and December 2024.

On 21 December 2020, the Chief Executive Officer was awarded with 306,728 options pursuant to the above scheme. These become exercisable subject to hitting defined performance targets and continued employment. The performance measures are based on the Company's total shareholder return and earnings per share in 2023.

ENGAGEMENT WITH SHAREHOLDERS

During the 2020/21 financial year, we consulted with the major shareholders in relation to several aspects of executive remuneration for the year ahead.

OUTLOOK FOR 2021

The Committee remains committed to a fair and responsible approach to executive pay while ensuring it remains in line with best practice and appropriately incentivises Executive Directors over the longer term to deliver the Group's strategy. In respect of operating the Remuneration Policy for 2021/22:

- Following no change in the previous year during the uncertain Covid-19 period, and in light of the sustained growth of the Company, the Committee determined it was appropriate this time around that base salaries for the Chief Executive Officer and Chief Finance Officer should be increased at the 1 July 2021 review date;
- Annual bonus provision should remain capped at 100% of salary with targets based on revenue and profit before tax. For 2021/22, revenue and profit targets will be weighted equally; with both an on target and a stretched component;
- The Performance Share Plan award granted to the Chief Financial Officer in December 2018 is expected to vest in December 2021 against stretching absolute Total Shareholder Return targets. Full details of this vesting will be set out in next year's Directors' Remuneration Report, and
- In accordance with the 2017 PSP and the reward framework communicated in December 2020, the Chief Executive Officer received in September 2021 a PSP award over shares equal to 150% of salary with stretching performance targets based on Total Shareholder Return and Earnings Per Share.

Finally, an annual review of the effectiveness of the Committee by both the Board and the Committee itself is underway and changes will be made as a result of feedback from the review.

On behalf of the Board

BORIS HUARD
Chairman of the Remuneration Committee
16 November 2021

DIRECTORS' REMUNERATION POLICY

This section sets out the Directors' Remuneration Policy. The Remuneration Committee considers the Remuneration Policy annually to ensure that it continues to underpin the Group's strategy.

KEY PRINCIPLES

The main aim of the Group's policy is to align the interests of Executive Directors with the Group's growth strategy and long-term creation of shareholder value. The policy is designed to remunerate the Executive Directors competitively and appropriately and allows them to share in this success and the value delivered to shareholders. The policy is based on the following principles:

- promote shareholder value creation and support the business growth strategy;
- ensure that the interests of the Directors are aligned with the long-term interests of shareholders;
- deliver a competitive level of pay for the Directors sufficient to attract, retain and motivate individuals; and
- ensure that an appropriate proportion of the package is determined by targets linked to the Group's performance.

EXECUTIVE DIRECTORS' REMUNERATION POLICY

Component	Purpose and link to strategy	Operation	Maximum	Performance measure
Base salary	To provide a competitive base salary to attract, motivate and retain Directors with the experience and capabilities to achieve the strategic aims.	Reviewed annually against salary surveys for market rate, Group performance, role and experience.	No overall maximum has been set however they are reviewed in the wider context of the Group.	Not applicable.
Benefits	To provide market-competitive benefits package.	Receive benefits in line with market practice, these include company car/allowance, private medical, income protection and death in service insurance.	Set a level deemed appropriate by the Remuneration Committee.	Not applicable.
Pension	To provide an appropriate level of retirement benefit.	Executive Directors are eligible to participate in the Group's pension plan.	5% of base salary.	Not applicable.
Annual bonus	To reward performance against annual targets which supports the strategic direction of Group.	Awards are based on annual performance and are normally paid in cash.	100% of salary.	Sliding scale financial (e.g. revenue and/or profit) and/or personal/strategic targets
PSP	To drive and reward the achievement of longer term objectives, support retention and promote share ownership for Executive Directors.	Awards can be made over conditional shares and/or nil cost or nominal cost share options. Vesting will be subject to the achievement of specified performance conditions, normally over a period of three years. Awards may be subject to malus provisions at the discretion of the Committee.	150% of salary (or 450% of salary where end-to-end awards, rather than annual grants).	Performance metrics will be linked to financial and/or share price and/or strategic performance.
Shareholding guidelines	To promote share ownership for Executive Directors.	Executive Directors are expected to build a shareholding in the Group over time.	200% of salary for the Chief Executive and 100% of salary for other Executive Directors.	Not applicable.

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY CONTINUED

EXPLANATION OF PERFORMANCE MEASURES

Performance measures are selected that are aligned with the performance of the Group and the interests of shareholders. Stretching performance targets are set each year for the annual bonus and long-term incentive awards. When setting these performance targets, the Committee will consider several different reference points, which may include the Group's business plan and strategy and the economic environment.

The Committee retains the ability to adjust or set different performance measures if events occur which cause the Committee to determine that the measures are no longer appropriate, and that amendment is required so that they can achieve their original purpose. Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the LTIP.

EMPLOYEE INCENTIVE SCHEMES

The CSOP scheme has now been adopted. The Board considers the performance of staff in conjunction with the Group during the annual review process. Discretionary bonuses are awarded based on individual and Group performance.

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The Remuneration Policy for the Non-Executive Directors is to pay fees necessary to attract an individual of the talent required, taking into consideration the size of the business and the time commitment of the role as follows:

Approach to setting fees	Basis of fees	Other Items
The fees of the Non-Executive Directors are agreed by the Chairman and Chief Executive. Fees are reviewed annually. Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director.	Fees may include a basic fee and additional fees for further responsibilities. Fees are paid in cash.	Non-Executive Directors do not receive any benefits or pension contributions. Travel and other reasonable expenses incurred in the course of performing their duties are reimbursed.

DETAILS OF CURRENT EXECUTIVE DIRECTORS' CONTRACTS

The Executive Directors each entered a service contract with the Group. Each appointment runs for one year from that date of appointment and automatically renews thereafter. It is also terminable by six months' notice by either party to expire at the end of that year or at any time thereafter. The agreement contains restrictive covenants. Upon termination, no benefits (other than those accruing during the notice period) are due to the Director. The Executive Directors also retire at the AGM in rotation in accordance with the Company's Articles of Association.

STATEMENT OF CONSIDERATION OF SHAREHOLDER VIEWS

The Committee considers shareholder feedback received on remuneration matters, including issues raised at the AGM as well as any additional comments received during any other meetings with shareholders.

REMUNERATION

The Directors' emoluments for the year ended 30 June 2021 are as follows:

	12-month period to 30.06.21						
Executive Directors	Salary/Fees £'000	Benefits £'000	Bonus £'000	Pension £'000	Share-based payment** £'000	Total £'000	Number of outstanding options
P Amin	190	6	162	10	149	517	875,000
M Patel	310	14	264	16	198	802	1,241,728
	500	**20**	**426**	**26**	**347**	**1,319**	**2,116,728**

Non-Executive Directors	Salary/Fees £'000	Benefits £'000	Bonus £'000	Pension £'000	Share-based payment** £'000	Total £'000	Number of outstanding options
B Huard	45	–	–	–	–	45	
M O'Leary	100	–	–	–	–	100	–
E Richards	45	–	–	–	–	45	–
	190	**–**	**–**	**–**	**–**	**190**	**–**

** The share-based payment calculation is based on the end-to-end share option awards allocated to Milan Patel post the AGM in December 2017 and to Paraag Amin as of October 2018, which could be awarded at the end of a 3-year vesting period. These are based on challenging absolute total shareholder return performance targets. Under IFRS 2 Share-based payments, the Group must provide an estimate for the costs based on a Black Scholes model valuation each year, as if they fully paid out at the end of the performance period in December 2020 and October 2021 for Paraag Amin. To be fully paid out, the Group must achieve an annual compounded TSR of 35% over a 3-year period. In the period, part of the end-to-end share options awarded to Milan vested and the remainder lapsed. A new grant was made by the remuneration committee under the long-term incentive program with performance measures that are based on the Company's total shareholder return and earnings per share in 2024.

The Directors' emoluments for the year ended 30 June 2020 are as follows:

	12-month period to 30.06.20						
Executive Directors	Salary/Fees £'000	Benefits £'000	Bonus £'000	Pension £'000	Share-based payment* £'000	Total £'000	Number of outstanding options
P Amin	190	6	80	10	149	435	875,000
M Patel	310	17	130	15	289	761	1,375,000
	500	**23**	**210**	**25**	**438**	**1,196**	**2,250,000**

Non-Executive Directors	Salary/Fees £'000	Benefits £'000	Bonus £'000	Pension £'000	Share-based payment** £'000	Total £'000	Number of outstanding options
T Taylor	75	–	–	–	–	75	–
B Huard	35	–	–	–	–	35	
M O'Leary	46	–	–	–	–	46	–
E Richards	8	–	–	–	–	8	–
	164	**–**	**–**	**–**	**–**	**164**	**–**

* The share-based payment calculation is based on the end-to-end share option awards allocated to Milan Patel post the AGM in December 2017 and to Paraag Amin as of October 2018, which could be awarded at the end of a 3-year vesting period. These are based on challenging absolute total shareholder return performance targets. Under IFRS 2 Shared-based payments, the Group must provide an estimate for the costs based on a Black Scholes model valuation each year, as if they fully paid out at the end of the performance period in December 2020 and October 2021 for Paraag Amin. To be fully paid out, the Group must achieve an annual compounded TSR of 35% over a 3-year period. In the period, part of the end-to-end share options awarded to Milan vested and the remainder lapsed. A new grant was made by the remuneration committee under the long-term incentive program with performance measures that are based on the Company's total shareholder return and earnings per share in 2024.

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' INTERESTS

The respective interests, all of which are beneficial, in the shares of the Company for the members of the Board at the year-end are stated below:

	No of shares held	% Holding
M Patel	1,575,927	0.53
B Huard	22,700	0.01
M O'Leary	14,000	0.01
	1,612,627	**0.55**

DIRECTORS' INTEREST IN SHARE OPTIONS

Under the Group's executive share option scheme, the following Directors have the right to acquire ordinary shares:

Director	Grant date	No. of share options granted	Option price (pence)	Date first exercisable	Expiry date
M Patel	19/12/17	935,000	0.5	18/12/22	18/12/24
M Patel	21/12/20	306,728	0.5	21/12/23	21/12/25
P Amin	24/10/18	875,000	0.5	23/10/23	23/10/25

The end-to-end awards granted to Milan Patel and to Paraag Amin can only be exercised at the end of a 3-year vesting period, based on challenging absolute total shareholder return performance targets. Under IFRS 2 Share-based payments, the Group must provide an estimate for the costs based on a Black Scholes model valuation each year, as if they fully paid out at the end of the performance period in December 2020 to Milan and October 2021 for Paraag Amin. To fully vest, the Group must achieve an annual compounded TSR of 35% over a c.3 year period. In the period, part of the end-to-end share options awarded to Milan vested and the remainder lapsed. A new grant was made by the remuneration committee under the long-term incentive program with performance measures that are based on the Company's total shareholder return and earnings per share in 2024.

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee comprises independent Non-Executive Directors, namely Boris Huard (Chairman), Mike O'Leary and Liz Richards. The Committee makes recommendations to the Board on Executive Directors' service agreements and remuneration. In doing so it has undertaken relevant research to ensure that remuneration levels are competitive with the industry average. The Committee met four times during the year.

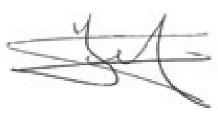
The Chief Executive attends meetings and provides information and support as requested. He is not present when his remuneration package is considered.

ADVISORS

The Committee receives independent advice from FIT Remuneration Consultants LLP when required.

APPROVAL

This report was approved by the Board on 16 November 2021 and signed on its behalf by:



BORIS HUARD
Chairman of Remuneration Committee

REPORT OF THE DIRECTORS

The Directors present their report with the financial statements of the Company and the Group for the year ended 30 June 2021.

Information relating to principal activity, review of business, key performance indicators and future outlook is included within the Strategic Report.

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of providing intuitive software as a service ("SaaS") via a leading omnichannel marketing automation platform and managed services to digital marketing professionals.

REVIEW OF BUSINESS

During the year the Group has shown significant growth from continuing operations in customer numbers, sales and profits. Revenues grew from £47.4m in the year ended June 2020 to £58.1m for the year ended June 2021, an increase of 23%.

Adjusted operating profit grew from £13.1m in the 12 months to June 20 to £13.7m for the year ended June 2021, an increase of 5%.

During the year and up until the year end, Dynmark International trade was being transferred to Dotdigital EMEA Limited, in preparation for it to cease trading on 30 June 2021.

DIVIDENDS

The Board proposes a dividend payment of £2,582,794 comprising an ordinary dividend of 0.86p per ordinary share (2020: £2,472,466 ordinary dividend of 0.83p per ordinary share) to be distributed to shareholders in respect of the Group's reported performance.

The Board's dividend policy will be reviewed annually in line with the cash needs required for opportunities for growth to increase shareholder value and capital expenditure.

HIGHEST PAID DIRECTOR

The Companies Act 2006 requires certain disclosures about the remuneration of the highest paid Director, taking into account emoluments, gains on exercise of share options and amounts receivable under long-term incentive schemes. On this basis, the highest paid Director in the year was Milan Patel and details of his remuneration are disclosed in the Remuneration Committee Report and in Note 26.

STRATEGIC REPORT

The Strategic Report covers pages 2 to 29.

SUPPLIER PAYMENT POLICY

The Group's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. The average trade creditors for the Group, expressed as a number of days, were 13 days (2020: 34 days).

DIRECTORS' INTERESTS

The Directors who served during the period and their beneficial interests in the shares of the Group as recorded in the Register of Directors' interests at 30 June 2021, are as follows:

	30.06.21		30.06.20	
Director	Number of shares held	Percentage shareholding %	Number of shares held	Percentage shareholding %
M Patel	1,575,927	0.53	1,575,972	0.53
B Huard	22,700	0.01	22,700	0.01
M O'Leary	14,000	0.01	–	–

The Directors who served during the period and their beneficial interests in share options in the Group, as recorded in the Register of Directors' interests as at 30 June 2021, are as follows:

Director	30.06.21 Number of options held	30.06.20 Number of options held
M Patel	1,241,728	1,375,000
P Amin	875,000	875,000

The end-to-end awards granted to Milan Patel and to Paraag Amin can only be exercised at the end of a 3-year vesting period, based on challenging absolute total shareholder return performance targets. Under IFRS 2 Share-based payments, the Group must provide an estimate for the costs based on a Black Scholes model valuation each year, as if they fully paid out at the end of the performance period in December 2020 to Milan and October 2021 for Paraag Amin. To fully vest, the Group must achieve an annual compounded TSR of 35% over a c.3 year period. In the period, part of the end-to-end share options awarded to Milan vested and the remainder lapsed. A new grant was made by the remuneration committee under the long-term incentive program with performance measures that are based on the Company's total shareholder return and earnings per share in 2024.

SUBSTANTIAL INTERESTS

On 30 September 2021, the following parties had notified the Group of a beneficial interest that represents 3% or more of the Groups's issued share capital at that date:

Shareholder	Number of shares held	Percentage shareholding %
Liontrust Asset Management	48,898,875	16.37%
Tink Taylor, Founder and President	29,776,667	9.97%
Octopus Investments	28,851,475	9.66%
Slater Investments	15,762,642	5.28%
Investec Wealth & Investment	15,475,643	5.18%
Franklin Templeton Fund Management	9,622,500	3.22%

FUTURE OUTLOOK

The Group provides omnichannel marketing technology and services. Each of these areas has shown market growth significantly above that of the UK economy. The Board believes that our widespread brand recognition and strong product will continue to present opportunities to expand and diversify profitability in the coming year.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 July 2020 to the date of this report.

P Amin
B Huard
M O'Leary
M Patel
E Richards

REPORT OF THE DIRECTORS CONTINUED

INDEMNITY OF OFFICERS

The Group purchases Directors' and officers' insurance against their costs in defending themselves in legal proceedings taken against them in that capacity, and in respect of damages resulting from the unsuccessful defence of any proceedings.

FINANCIAL INSTRUMENTS

Details of the Group's risk management objectives and policies together with its exposure to financial risk are set out in note 23 to the financial statements.

The purpose of the policies is to ensure that adequate cost-effective funding is available to the Group and exposure to financial risk – interest rate, liquidity and credit risk is minimised.

STREAMLINED ENERGY AND CARBON REPORTING

The Group is committed to reducing its environmental impact. The new Streamlined Energy and Carbon Reporting (SECR) regulations require us to report on our energy use.

GHG Emissions and Energy Use

The Group's Scope 1 and 2 GHG emission sources are from office building energy use as the Group has no business fleet vehicles.

GHG Impact Areas	Total/kWh	Total/kg CO2e
Scope 1 (Gas & Fuel Oil)	260,534	58,544
Scope 2 (Electricity)	215,145	61,084
GROSS SCOPE 1&2	475,679	119,628
GROSS SCOPE 1&2 / FTE	1445	364
GROSS SCOPE 1&2 / £1000 REVENUE	8.18	2.06
Scope 3		127,364
Purchased green tariff		-17,441
Purchased carbon offset		-279,000
NET SCOPE 1, 2, 3 & OFFSETS		-49,449

The Group are in serviced offices with little visibility on energy consumption from landlords and property managers. The energy use and GHG emissions were calculated using a combination of:

- mean averages from provided data;
- extrapolation of provided data considering seasonal trends;
- mean observed reduction in energy usage from reduced office occupation due to Covid-19;
- as a last resort, using UK average per staff member office gas and electricity use.

In all cases, national emissions factors were applied to the electricity use, but a consistent UK value was applied to natural gas use. Office variation was also considered in terms of use of mains gas.

The Group is gathering data on Scope 3 GHG emissions sources from business travel, data centres and hosting, remote workers, employee commuting, and transmission and distribution losses.

The Group is compliant with the Streamlined Energy and Carbon Reporting requirements as a Quoted company. This is the second year of reporting.

BASE YEAR RECALCULATION

The Group's first reporting year (2019-20) uses only the last of the above-mentioned methods for estimating emissions and a smaller set of Scope 3 emissions sources. For consistency, the energy consumption and GHG emissions have been recalculated with the new methods, new emissions sources, and correction of Warsaw staff members from an erroneous value of 39 to 7 (total correction of FTEs from 343 to 311).

GHG Impact Areas	Total/kWh	Total/kg CO2e
Scope 1 (Gas & Fuel Oil)	261,589	58,796
Scope 2 (Electricity)	407,728	118,333
GROSS SCOPE 1&2	669,317	177,129
GROSS SCOPE 1&2 / FTE	2152	570
GROSS SCOPE 1&2 / £1000 REVENUE	14.12	3.74
Scope 3	290,451	
Purchased green tariff		-26,301
Purchased carbon offset		-329,000
NET SCOPE 1, 2, 3 & OFFSETS		112,279

TRENDS

Compared to the base year of FY 2019/20:

GHG Impact Areas	kWh % of kg base year	CO2e % of base year
Scope 1 (Gas & Fuel Oil)	99.6	99.6
Scope 2 (Electricity)	52.8	51.6
GROSS SCOPE 1&271.0	67.5	
GROSS SCOPE 1&2 / FTE	67.1	63.9
GROSS SCOPE 1&2 / £1000 REVENUE	57.9	55.1
Scope 3	43.9	

Consumption of gas and fuel oil has been assumed to remain largely the same because of insufficient data to extrapolate a potential reduction in use through the Covid-19 pandemic while all staff were working from home. This reflects a "worst case" scenario and we would expect to see a reduction if we had real-world data.

Electricity consumption per FTE has halved largely because of lower office occupancy.

Despite all staff working from home, the Group observed a large reduction in Scope 3 emissions due to the lack of business travel and employee commuting.

GHG OFFSETS

The Group offsets all GHG emissions measured in a given financial year. This commitment naturally covers all Scope 1 and 2 emissions, but also includes Scope 3 emissions sources originally considered in that reporting year.

Following recalculation of emissions sources in the base year of 2019/20, there were approximately 49 t CO2e of additional GHG emissions to consider. These emissions have been offset with a one-off additional purchase in this financial year (2020/21).

The Group's total offset for 2020/21 was therefore 279 t CO2e, comprised of 230 t CO2e to offset all measured emissions for 2020/21 and an additional 49 t CO2e to offset additional GHG emissions for 2019/20 following recalculation.

PRODUCT DEVELOPMENT

In the markets in which the Group operates, effective development is vital to maintaining competitive advantage and securing future income streams.

GOING CONCERN

After making appropriate inquiries, the Directors consider that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

EVENTS AFTER THE REPORTING PERIOD

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

LISTING

The Group's ordinary shares have been traded on the London Stock Exchange Alternative Investment Market (AIM) since 29 March 2011. Canaccord Genuity are the Group's nominated advisor and together with FinnCap and Singer are the joint brokers. The closing mid-market share price at 30 June 2021 was 231p (2020: 102p)

RELATED PARTY TRANSACTIONS

Disclosures relating to related party transactions are set out in note 26 to the Consolidated financial statements.

CHARITABLE AND POLITICAL DONATIONS

No political donations were made by the Company.

Charitable donations made by the Group in the year were £8,627 (2020: £2,032).

EMPLOYEES

The number of employees and their remuneration is set out in note 4.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Group complies with all applicable labour laws in the respective jurisdictions in which it operates.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172 (1) COMPANIES ACT 2006

The Board of Directors of Dotdigital Group PLC consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members and shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Group.

As part of a Director's induction they are briefed on their duties and they can access professional advice on these, either from the Company Secretary, the NOMAD or any other independent advisor if necessary. The Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making within authority levels to senior employees of the Group.

The following paragraphs summarise how the Directors fulfil their duties:

RISK MANAGEMENT

We provide business critical technology for our clients across many industries and sectors. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management. A Risk committee exists within the business that meets bi-monthly to make sure all aspects of risks are registered, mitigated or solutions are found and executed to reduce these.

For details of our principal risks and uncertainties, and how we manage our risk environment, please see pages 22 to 26.

OUR PEOPLE

The Group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of our business. The Group has found the balance in culture to succeed along with managing our people's performance and development and bringing through the talent while ensuring we operate as efficiently as possible. We continue to ensure we share common values that inform and guide our behaviour, so we achieve our goals in the right way.

For further details on our people, please see page 27.

BUSINESS RELATIONSHIPS

Our strategy prioritises organic growth, driven by cross-selling and upselling our services to our existing customers, as well as recommending our partners, to help our customers to drive a better return on investment from their digital marketing and bringing new clients into the Group. To do this, we need to develop strong relationships with both the customers and the strong partner ecosystem we have built. We value our suppliers and have multi-year contracts with our key suppliers. We have a goal in the business to make sure we aim to pay all our suppliers within their credit terms to help develop a healthy relationship.

For further details on how we work with our clients, please see page 28.

COMMUNITY AND ENVIRONMENT

The Group's approach is to use our position of strength to create positive change for the people and communities with which we interact. The Group has maintained its ISO14001 certificate for a second year with no non-conformities raised and has a fully established Integrated Management System (IMS). This year the Group is carbon neutral and we aim to achieve this standard into the foreseeable future.

For further details on how we interact with communities and the environment, please see pages 28 to 29.

REPORT OF THE DIRECTORS CONTINUED

SHAREHOLDERS

The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with institutional investors, private or employee shareholders. It is important to us that our stakeholders understand our strategy and objectives, so these must be explained clearly, feedback heard, and any issues or questions raised, properly considered.

For further details on how we engage with our shareholders, please see page 32.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the UK. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether the Group and Parent Company financial statements have been prepared in accordance with IFRSs as adopted by the UK subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

Moore Kingston Smith LLP were appointed as auditors on 11 May 2021 and, having expressed their willingness to continue in office, will be proposed for reappointment at the forthcoming Annual General Meeting in accordance with section 489 of the Companies Act 2006.

The Directors' Report was authorised for issue by the Board of Directors on 16 November 2021 and was signed on its behalf by:

MILAN PATEL
Chief Executive Director
16 November 2021

REPORT OF THE INDEPENDENT AUDITOR

OPINION

We have audited the financial statements of Dotdigital Group Plc (the 'Parent Company' and its subsidiaries (the 'Group') for the year ended 30 June 2021 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows, and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2021 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- The Parent Company financial statements have been properly prepared in accordance with UK adopted accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement. The components of the Group were evaluated by the Group audit team based on a measure of materiality, considering each component as a percentage of the Group's total assets, current assets, revenue and gross profit, which allowed the Group audit team to assess the significance of each component and determine the planned audit response.

For those components that were evaluated as significant components, either a full scope or specified audit approach was determined based on their relative materiality to the Group and our assessment of the audit risk. For significant components requiring a full scope approach, we evaluated controls by performing walkthroughs over the financial reporting systems identified as part of our risk assessment, reviewed the accounts production process and addressed critical accounting matters. We then undertook substantive testing on significant transactions and material account balances.

In order to address the audit risks identified during our planning procedures, we performed a full scope audit of the financial statements of the Parent Company and of the financial information of Dotdigital EMEA Limited. We performed specified audit procedures over the other components listed in note 16 to the financial statements. All work was carried out by the Group audit team.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT OF THE INDEPENDENT AUDITOR CONTINUED

KEY AUDIT MATTERS CONTINUED

Key audit matters	*How our scope addressed this matter*
Revenue recognition Revenue is a significant item in the consolidated income statement and impacts a number of management's key judgements, performance indicators and key strategic indicators. There is a risk of incorrect revenue recognition due to fraud or error, arising from: • Recognition of revenue in the incorrect period; • Revenue not being recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and • Manipulation of revenues around the year-end through management override of controls. We therefore identified revenue recognition as a key audit matter.	Our audit work included, but was not restricted to: • Evaluating the Group's accounting policy in respect of revenue recognition to ensure it was in compliance with IFRS 15; • Performing substantive testing on a sample of individual revenue transactions throughout the year across the significant revenue streams to evaluate whether revenue is recognised in accordance with the contract terms, having considered the principles of IFRS 15 and the commercial substance of the contracts; • Testing of certain key controls identified in relation to revenue; • Performance of substantive audit procedures including agreeing revenue transactions selected for testing through to supporting evidence including sales invoice, contracts and cash receipts; • Reviewing material credit notes, invoices and receipts post year end; • Performing sales cut off tests to ensure revenue had been recognised in the correct period; • Testing deferred revenue and the revenue on free services to ensure it had been correctly calculated; and • In addition, we reviewed the adequacy of the disclosures under IFRS15. *Key observations* From our audit testing, we did not identify any material misstatements in respect of revenue recognition.
Valuation of intangible assets and goodwill The Directors are required to make an assessment to determine whether there are indicators of impairment relating to the Group's intangible assets and goodwill at the reporting date. The Group had intangible assets with a net book value of £16,134,000 at 30 June 2021 (30 June 2020: £14,059,000). The Group had goodwill with a net book value of £9,680,000 at 30 June 2021 (30 June 2020: £9,680,000). The process for assessing whether impairment exists under (IAS 36 'Impairment of Assets') is complex. The process of determining the value in use, through forecasting cash flows related to each asset and the determination of the appropriate discount rate and other assumptions to be applied, can be highly judgemental and can significantly impact the results of the impairment review. Based on the judgemental nature of an impairment review, we identified valuation of intangible assets and goodwill as a key audit matter.	Our audit work included, but was not restricted to: • Obtaining management's analysis of their assessment of whether there were any indicators of impairment; • Critically assessing the impairment workings prepared by the client in relation to intangible assets and goodwill to ensure that no impairment was required; • Performing sensitivity analysis on and critically assessing key assumptions used in the impairment workings; • Evaluating the accounting policy and detailed disclosures in the notes to the financial statements to determine whether information provided in the financial statements is compliant with the requirements of IAS 36 and consistent with the results of the impairment review; and • Review of the amortisation accounting policy for intangible fixed assets to ensure it was reasonable. *Key observations* Based on our audit work, we concluded that intangible assets and goodwill are not materially misstated as the year-end and that management's assessment that no impairment was required was appropriate.
Capitalisation and valuation of development costs During the year, the Group capitalised development costs of £6,797,000. These capitalised costs are being amortised over five years. The development cost additions represent resources the Group has invested in for the development of new innovative technology products for marketing professionals. There is significant level of judgement and subjectivity involved in assessing whether the internally generated intangible assets qualify for capitalisation in accordance with IAS 38. We have therefore identified the capitalisation of developments costs as a key audit matter.	Our audit work included, but was not restricted to: • Using substantive procedures, selecting a sample of projects to ensure that they related to development costs by review of timesheet data, employee contracts, discussions with project leads and agreeing to other supporting documentation; • Performing a review of whether any projects have had a research phase that should be considered separate from the development phase. Selecting a sample of staff time on projects to review for any costs which should not have been capitalised; • Performing substantive analytical review on internal staff costs capitalised by completing a proof in total which included agreeing costs per the payroll reports to the amounts capitalised. • Testing a sample of third party costs to supporting documentation; • Considering whether the criteria for capitalising certain administrative overhead expenditure was in accordance with IAS 38; and • Reviewing the Research & Development prepared by both internal and external experts and comparing to the costs capitalised in the year. *Key observations* Based on our audit work, we concluded that the development costs have been capitalised appropriately in accordance with the requirements of IAS 38.

REPORT OF THE INDEPENDENT AUDITOR CONTINUED

Impairment of investments The Directors are required to make an assessment to determine whether the carrying value of the Parent Company's investments in subsidiaries is recoverable. The Company had investments of £18,411,000 at the year ended 30 June 2021 (30 June 2020: £17,516,000 as restated). The process for assessing whether impairment exists under IFRS is complex. The process of determining the value in use through forecasting cash flows and the determination of the appropriate discount rate and other assumptions to be applied can be highly judgemental and can significantly impact the results of the impairment review. Due to the complex nature of this process, we identified impairment of investments as a key audit matter	Our audit work included, but was not restricted to: • Obtaining management's forecasts utilised in the impairment assessment and critically assessing them; • Reviewing the board minutes, and holding discussions with management to understand the strategy for the investment and expectations going forward; • Challenging and critically assessing management's assumptions utilised in the impairment models, including forecasts, growth rates and discount rates; • Performing a sensitivity analysis to check whether management's forecasts would leave positive headroom if the assumptions of values increased or decreased; • Comparing the calculated value in use for the investment to the carrying value of its net assets; and • Evaluating the accounting policy and detailed disclosures in the notes to the financial statements to determine whether information provided in the financial statements is compliant with the requirements of IFRS and consistent with the results of the impairment review. *Key observations* Given the fact that the trade and assets of Dynmark International Ltd were transferred to Dotdigital EMEA Limited, the directors have included the investments value in relation to Dynmark International Ltd as part of the investments in Dotdigital EMEA Limited in their assessment of impairment. We considered that this was acceptable. As summarised in other audit matters below, the carrying amount of investments was understated in the current and prior year. Based on our audit work, we concluded that the carrying value of the Company's investments is not materially misstated at the reporting date and that management's assessment that no impairment is required is appropriate.
Going concern The global impact of the Covid-19 pandemic has led to unprecedented levels of uncertainty of outcomes, with the full range of possible effects still unknown. As a result going concern is considered to be a key audit matter.	Our audit work included, but was not restricted to: • We have critically assessed the forecasts prepared by the directors for any indicators of adverse effects and potential risks which could impact the group's ability to continue as a going concern; • Reviewing post year end management accounts in comparison to the profit and loss forecasts prepared by the Directors; and • Reviewing going concern disclosures and assessing whether the disclosure referred to the relevant circumstances considered by the management in forming their assessment and were appropriate given the impact on the Group of the ongoing Covid-19 pandemic. *Key observations* Based on our audit work, we concluded that there was no material uncertainty in relation to going concern and that the disclosures made in the financial statements provide sufficient information in this area.

OTHER AUDIT MATTERS

In performing our audit work, we identified that the share-based payment arrangements granted by the Parent Company to employees of subsidiary undertakings had not been correctly accounted for in accordance with IFRS 2 'Share-based Payment'. This resulted in an understatement in investments and equity in the current and prior year Parent Company financial statements. A current year adjustment of £625,000 and a prior year adjustment of £2,373,000 was required to increase the carrying value of investments in subsidiaries with a corresponding increase in equity.

In performing our audit work, we also identified prior year adjustments in relation to deferred tax which have been summarised in note 33 of the financial statements.

OUR APPLICATION OF MATERIALITY

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the Group we considered revenue to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group to be £340,622, based on a percentage of revenue.

On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group was 50% of materiality, namely £170,311.

We agreed to report to the Audit Committee all audit differences in excess of £17,031, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included, as set out in the Key Audit Matters section above, a review of the detailed forecasts prepared by the Directors which are based on their current expectations of trading prospects and obtaining an understanding of all relevant uncertainties, including those arising as a result of the ongoing Covid-19 pandemic and the measures taken by the UK and overseas governments to contain it.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Parent Company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 44, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at https://wwww.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for

This description forms part of our Auditor's Report.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Group and considered that the most significant are the Companies Act 2006, UK adopted international accounting standards, the rules of the Alternative Investment Market, and UK taxation legislation;
- We obtained an understanding of how the Group complies with these requirements by discussions with management and those charged with governance;
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance;
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations; and
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

ESTHER CARDER
Senior Statutory Auditor
For and on behalf of

Moore Kingston Smith LLP
Chartered Accountants
Statutory Auditor
Charlotte Building
17 Gresse Street
London
W1T 1QL

16 November 2021

FINANCIAL STATEMENTS

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Financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2021

	Notes	30.06.21 £'000	Restated 30.06.20 £'000
Continuing operations			
Revenue from contracts with customers		58,124	47,404
Cost of sales	7	(10,356)	(3,899)
Gross profit		**47,768**	**43,505**
Administrative expenses	7	(34,089)	(30,443)
Operating profit from continuing operations pre share-based payments and exceptional costs		**13,679**	**13,062**
Share-based payments	28	(625)	(682)
Exceptional costs	5	(188)	(136)
Operating profit from continuing operations		**12,866**	**12,244**
Finance costs	6	(74)	(98)
Finance income	6	20	40
Profit before income tax from continuing operations	7	**12,812**	**12,186**
Income tax expense	8	(1,322)	(1,219)
Profit for the year from continuing operations		**11,490**	**10,967**
Loss for the year from discontinued operations	12	**(899)**	**(378)**
Profit for the period attributable to the owners of the Company		**10,591**	**10,589**
Earnings per share from all operations (pence per share)			
Basic	11	3.55	3.55
Diluted	11	3.50	3.50
Adjusted Basic	11	3.82	3.95
Adjusted Diluted	11	3.76	3.90
Earnings per share from continuing operations (pence per share)			
Basic	11	3.85	3.68
Diluted	11	3.79	3.63
Adjusted Basic	11	4.12	3.95
Adjusted Diluted	11	4.06	3.90
Earnings per share from discontinued operations (pence per share)			
Basic	11	(0.30)	(0.13)
Diluted	11	(0.30)	(0.13)
Adjusted Basic	11	(0.30)	(0.00)
Adjusted Diluted	11	(0.30)	(0.00)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	30.06.21 £'000	Restated 30.06.20 £'000
Profit for the year		**10,591**	**10,589**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		(87)	34
Total comprehensive income attributable to: Owners of the parent		**10,504**	**10,623**
Total comprehensive income for the year			
Comprehensive income from continuing operations		11,403	11,001
Comprehensive loss from discontinued operations		(899)	(378)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2021

	Notes	30.06.21 £'000	Restated 30.06.20 £'000	Restated 30.06.19 £'000
Assets				
Non-current assets				
Goodwill	13	9,680	9,680	9,680
Intangible assets	14	16,134	14,059	11,702
Property, plant and equipment	15	3,972	5,262	1,037
		29,786	**29,001**	**22,419**
Current assets				
Trade and other receivables	17	13,350	12,987	12,222
Cash and cash equivalents	18	31,951	25,383	19,320
		45,301	38,370	31,542
Total assets		**75,087**	**67,371**	**53,961**
Equity attributable to the owners of the parent				
Called up share capital	19	1,494	1,493	1,490
Share premium	20	7,124	6,967	6,791
Reverse acquisition reserve	20	(4,695)	(4,695)	(4,695)
Other reserves	20	3,066	1,600	910
Retranslation reserve	20	(37)	50	16
Retained earnings	20	54,081	45,655	36,971
Total equity		**61,033**	**51,070**	**41,483**
Liabilities				
Non-current liabilities				
Lease liabilities	22	2,489	3,399	–
Deferred tax	24	1,207	1,983	1,377
		3,696	**5,382**	**1,377**
Current liabilities				
Trade and other payables	21	9,334	9,796	11,096
Financial liabilities – Interest bearing loans and borrowings		–	–	5
– Lease liabilities	22	934	1,068	–
Current tax payable		90	55	–
		10,358	**10,919**	**11,101**
Total liabilities		**14,054**	**16,301**	**12,478**
Total equity and liabilities		**75,087**	**67,371**	**53,961**

The financial statements were approved and authorised for issue by the Board of Directors on 16 November 2021 and were signed on its behalf by:

Milan Patel
Director
Company registration number: 06289659 (England and Wales)

COMPANY STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2021

	Notes	30.06.21 £'000	Restated 30.06.20 £'000	Restated 30.06.19 £'000
Assets				
Non-current assets				
Property, plant and equipment		4	3	–
Investments	16	18,141	17,516	16,839
		18,145	**17,519**	**16,839**
Current assets				
Trade and other receivables	17	140	797	808
Cash and cash equivalents	18	85	396	594
		225	**1,193**	**1,402**
Total assets		**18,370**	**18,712**	**18,241**
Equity attributable to the owners of the parent				
Called up share capital	19	1,494	1,493	1,490
Share premium	20	7,124	6,967	6,791
Other reserves	20	1,690	1,372	720
Retained earnings	20	7,570	5,924	5,207
Total equity		**17,878**	**15,756**	**14,208**
Liabilities				
Current liabilities				
Trade and other payables	21	492	2,956	4,033
Total liabilities		**492**	**2,956**	**4,033**
Total equity and liabilities		**18,370**	**18,712**	**18,241**

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 profit for the Company was £3,811,597 (2020: £2,682,558).

The financial statements were approved and authorised for issue by the Board of Directors on 16 November 2021 and were signed on its behalf by:

Milan Patel
Director
Company registration number: 06289659 (England and Wales)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Retranslation reserve £'000	Reverse acquisition reserve £'000	Other reserves £'000	Total equity £'000
Balance at 1 July 2019, as previously reported	**1,490**	**37,161**	**6,791**	**16**	**(4,695)**	**720**	**41,483**
Impact of correction of errors (note 33)	–	(190)	–	–	–	190	–
Restated balance at 1 July 2019	**1,490**	**36,971**	**6,791**	**16**	**(4,695)**	**910**	**41,483**
Transactions with owners (restated)							
Issue of share capital	3	–	176	–	–	–	179
Dividends	–	(1,996)	–	–	–	–	(1,996)
Adjustments in relation to IFRS 16	–	61	–	–	–	–	61
Transfer in reserves	–	30	–	–	–	(30)	–
Deferred tax on share options	–	–	–	–	–	38	38
Share-based payments	–	–	–	–	–	682	682
Transactions with owners (restated)	3	(1,905)	176	–	–	690	(1,036)
Total comprehensive income (restated)							
Profit for the year	–	10,589	–	–	–	–	10,589
Other comprehensive income	–	–	–	34	–	–	34
Total comprehensive income	–	10,589	–	34	–	–	10,623
Restated balance as at 30 June 2020	**1,493**	**45,655**	**6,967**	**50**	**(4,695)**	**1,600**	**51,070**
Balance as at 1 July 2020	**1,493**	**45,655**	**6,967**	**50**	**(4,695)**	**1,600**	**51,070**
Issue of share capital	1	–	157	–	–	–	158
Dividends	–	(2,472)	–	–	–	–	(2,472)
Transfer in reserves	–	307	–	–	–	(307)	–
Deferred tax on share options	–	–	–	–	–	1,148	1,148
Share-based payments	–	–	–	–	–	625	625
Transactions with owners	1	(2,165)	157	–	–	1,466	(541)
Profit for the year	–	10,591	–	–	–	–	10,591
Other comprehensive income	–	–	–	(87)	–	–	(87)
Total comprehensive income	–	10,591	–	(87)	–	–	10,504
Balance as at 30 June 2021	**1,494**	**54,081**	**7,124**	**(37)**	**(4,695)**	**3,066**	**61,033**

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 International Financial Reporting Standards.

Other reserves relate to the charge for the share-based payment in accordance with IFRS 2 and the transfer on the exercise or lapsing of share options.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Other reserves £'000	Total equity £'000
Balance as at 30 June 2019, as previously reported	**1,490**	**3,515**	**6,791**	**720**	**12,516**
Impact of correction of errors (note 33)	–	1,692	–	–	1,692
Restated balance at July 2019	**1,490**	**5,207**	**6,791**	**720**	**14,208**
Transactions with owners (restated)					
Issue of share capital	3	–	176	–	179
Dividends	–	(1,996)	–	–	(1,996)
Transfer in reserves	–	30	–	–	30
Share-based payments	–	–	–	652	652
Transactions with owners (restated)	3	(1,966)	176	652	(1,135)
Total comprehensive income (restated)					
Profit for the year	–	2,683	–	–	2,683
Total comprehensive income	–	2,683	–	–	2,683
Restated balance as at 30 June 2020	**1,493**	**5,924**	**6,967**	**1,372**	**15,756**
Balance as at 1 July 2020	**1,493**	**5,924**	**6,967**	**1,372**	**15,756**
Issue of share capital	1	–	157	–	158
Dividends	–	(2,472)	–	–	(2,472)
Transfer in reserves	–	307	–	–	307
Share-based payments	–	–	–	318	318
Transactions with owners	1	(2,165)	157	318	(1,689)
Profit for the year	–	3,811	–	–	3,811
Total comprehensive income	–	3,811	–	–	3,811
Balance as at 30 June 2021	**1,494**	**7,570**	**7,124**	**1,690**	**17,878**

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.

Other reserves relate to the charge for the share-based payment in accordance with IFRS 2 and transfer on the exercise or lapsing of share options.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Notes	30.06.21 £'000	30.06.20 £'000
Cash flows from operating activities			
Cash generated from operations	29	17,969	15,907
Tax paid		(975)	(124)
Net cash generated from operating activities		**16,994**	**15,783**
Net cash used in continuing operating activities		20,710	18,214
Net cash used in discontinued operating activities		(3,716)	(2,431)
Cash flows from investing activities			
Purchase of intangible fixed assets		(6,870)	(6,505)
Purchase of property, plant and equipment		(169)	(277)
Proceeds from sale of property, plant and equipment		2	–
Interest received		20	40
Net cash flows used in investing activities		**(7,017)**	**(6,742)**
Net cash used in continuing investing activities		(7,017)	(6,741)
Net cash used in discontinued investing activities		–	(1)
Cash flows from financing activities			
Equity dividends paid		(2,472)	(1,996)
Payment of lease liabilities		(1,182)	(1,127)
Proceeds from share issues		158	179
Net cash flows used in financing activities		**(3,496)**	**(2,944)**
Net cash used in continuing financing activities		(3,446)	(2,884)
Net cash used in discontinued financing activities		(50)	(60)
Increase in cash and cash equivalents		**6,481**	**6,097**
Cash and cash equivalents at beginning of year	30	25,383	19,320
Effect of foreign exchange rate changes		87	(34)
Cash and cash equivalents at end of year	30	**31,951**	**25,383**

COMPANY STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Notes	30.06.21 £'000	30.06.20 £'000
Cash flows from operating activities			
Cash generated from operations	29	2,006	1,622
Net cash generated from operating activities		**2,006**	**1,622**
Cash used in investing activities			
Purchase of property, plant and equipment		(3)	(3)
Net cash flows used in investing activities		**(3)**	**(3)**
Cash flows from financing activities			
Equity dividends paid		(2,472)	(1,996)
Proceeds from share issues		158	179
Net cash flows used in financing activities		**(2,314)**	**(1,817)**
Increase in cash and cash equivalents		**(311)**	**(198)**
Cash and cash equivalents at beginning of year	30	396	594
Cash and cash equivalents at end of year	30	**85**	**396**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 41.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the UK (IFRSs as adopted by the UK) and those parts of Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

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

New and amended standards adopted by the Company

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

IFRS 7	Financial Instruments: Disclosures – amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments – amendments regarding pre-replacement issues in the context of the IBOR reform
IAS 1	Presentation of financial statements – amendments regarding the definition of materiality
IAS 8	Accounting policies, changes in accounting estimates and errors – amendments regarding the definition of materiality

The adoption of these accounting standards did not have any effect on the Company's statement of comprehensive income, statement of financial position or equity.

Accounting standards issued but not yet effective

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 Company 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 Company's financial statements in the period of initial application.

		Effective date
IFRS 7	Financial Instruments: Disclosures – amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
IFRS 9	Financial Instruments – Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
IFRS 9	Financial Instruments– Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the "10 per cent" test for derecognition of financial liabilities)	1 January 2022
IAS 1	Presentation of Financial Statements – amendments regarding the classification of liabilities	1 January 2023
IAS 1	Presentation of Financial Statements – amendments regarding the disclosure of accounting policies	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – amendments regarding the definition of accounting estimates	1 January 2023
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022

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.

The prior period consolidated income statement has been restated because the Directors took the decision to change the classification of certain expenses between cost of sales and administrative expenses during the current year. In addition, this has also been restated due to the misallocation of deferred tax on share options between the income statement and reserves and the miscalculation of deferred tax on the internally generated development costs between qualifying and non-qualifying assets. This misallocation and miscalculation have also resulted in the restatement of the consolidated statement of financial position and consolidated statement of changes in equity. Further to the above, the prior period company only statement of financial position and statement of changes in equity have been restated to correct the allocation of the share-based payment charge issued to employees employed in the subsidiaries. Details of these restatements can be found in note 33.

Basis of consolidation

In the period ended 2009, the Company acquired via a share for share exchange the entire issued share capital of Dotdigital EMEA Limited, whose principal activity is that of providing SaaS via a leading omnichannel marketing automation platform and managed services to digital marketing professionals.

Under IFRS 3 'Business combinations', the Dotdigital EMEA Limited share exchange has been accounted for as a reverse acquisition. Although these consolidated financial statements have been issued in the name of the legal parent, the Company it represents in substance is a continuation of the financial information of the legal subsidiary, Dotdigital EMEA Limited. The following accounting treatment has been applied in respect of the reverse acquisition:

- The assets and liabilities of the legal subsidiary, Dotdigital EMEA Limited, are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts, without restatement to their fair value;
- The retained reserves recognised in the consolidated financial statements for the beginning of the prior period reflect the retained reserves of Dotdigital EMEA Limited to 30 April 2008. However, in accordance with IFRS3 'Business combinations', the equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent Dotdigital Group Plc, including the equity instruments issued under the share exchange to effect the business combination;
- A reverse acquisition reserve has been created to enable the presentation of a consolidated balance sheet which combines the equity structure of the legal parent with the non-statutory reserves of the legal subsidiary;
- Comparative numbers are prepared on the same basis.

The following accounting treatment has been applied in respect of the acquisition of Dotdigital Group Plc:

- The assets and liabilities of Dotdigital Group Plc are recognised and measured in the consolidated financial statements at their fair value at the date of acquisition;
- The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Subsidiaries

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.

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that the 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.

The Group sells omnichannel marketing services to other businesses, and services are either provided on a usage basis or fixed price bespoke contract. 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.

Professional services at no charge: The Group sells professional services to its customers and 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.

Prepaid contracts: The Group sells 12-, 24- and 36-month contracts to its customers. This revenue is recognised monthly over the period of the contract. Where a customer prepays their contract, this is recognised over the period of the contract irrespective of materiality.

Term contract billing: The Group raises the first invoice to its new customers when the service agreement is signed. Occasionally, the service does not start in the same month as when the service agreement is signed but is invoiced in the month where the service agreement is signed. The revenue is then recognised over the period of the contract irrespective of materiality.

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 twelve months from the date of these consolidated financial statements have been prepared 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 have also considered the continued impact of the Covid-19 pandemic and the impact of the measures taken to contain it, on the Group. Due to the nature of the Group's activities, there has not been a significant on-going impact on the business (as detailed in the Chief Executive Officer's Review and Risk section).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

2. Accounting policies continued

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

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders while interim dividends distributions are recognised in the period in which the dividends are declared and paid.

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 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 Comapi platform had the acquisition not occurred. The useful life of this intangible asset is assessed to have a finite life of 10 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 high-value customer contracts within Comapi. The useful life of this intangible asset is assessed to have a finite life of three 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
Short leaseholds:	over the term of the lease
Fixtures and fittings:	25% on cost
Computer equipment:	25% 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

2. Accounting policies continued

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 2021 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, revaluate this designation at every reporting date.

All financial assets are recognised on a trade date when, and only when, the Group becomes a party to the contractual provisions of an instrument. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except for those finance assets classified as at fair value through profit or loss ('FVTPL'), which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at FVTPL, 'held-to-maturity' investments, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

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. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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 been within three months of maturity at 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.
- *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 Payments' 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 Payments' 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 using the trinomial method. 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, Belarusian Ruble, South African Rand, Polish Zloty and Canadian Dollar currencies.

The following table 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

2. Accounting policies continued

	30.06.21 £'000	30.06.20 £'000
US Dollar	60	55
Australian Dollar	13	7
Singaporean Dollar	(9)	(15)
Euro	(20)	(22)
Belarusian Ruble	7	11
South African Rand	4	2
Polish Zloty	95	(15)
Canadian Dollar*	(1)	–
	149	**23**

* there was no foreign currency exchange rate risk against the Canadian Dollar in the prior year as Dotdigital Canada Inc was incorporated in January 2021.

Critical 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 estimates and assumptions 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:

Judgements

(a) Capitalisation of development costs

Our business model is underpinned by our email and data-driven omnichannel marketing automation platform, Dotdigital. 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

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.

(c) Going concern of Australian entity

Management review each of the trading entities operations, particularly when it is loss making to ascertain if it is a going concern and if its assets should be impaired.

Judgement is therefore required to review future looking forecasts and review existing and future sales pipeline within the region. Thereby leading to a decision as to whether the region remains viable.

Estimates and assumptions

(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 6.2% (2020: 6.2%). 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 13 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 below:

- 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 28 to the financial statements. The charge made to income statement for period is also disclosed here.

(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 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.

3. Segmental reporting

Dotdigital's single line of business remains the provision of data-driven omnichannel marketing automation. The chief operating decision maker considers the Group's segments to be by geographical location, this being EMEA, US and APAC operations and by business activity, this being core Dotdigital and CPaaS as shown in the tables that follow:

Geographical revenue and results (from all operations)

30.06.21	EMEA £'000	US £'000	APAC £'000	Total £'000
Income statement				
Revenue	47,024	9,264	4,262	60,550
Gross profit	36,878	8,241	3,864	48,983
Profit/(loss) before income tax	11,699	609	(294)	12,014
Total comprehensive income attributable to the owners of the parent	**10,436**	**379**	**(311)**	**10,504**
Financial position				
Total assets	71,566	3,098	423	75,087
Net current assets/(liabilities)	33,942	1,387	(386)	34,943

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 (2020: 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.

30.06.20	EMEA £'000	US £'000	APAC £'000	Total £'000
Income statement				
Revenue	43,810	8,325	2,777	54,912
Gross profit (restated* see note 33)	35,181	7,420	2,496	45,097
Profit/(loss) before income tax	11,256	598	(46)	11,808
Total comprehensive income attributable to the owners of the parent (restated see note 33)**	**10,429**	**291**	**(97)**	**10,623**
Financial position				
Total assets	60,959	4,846	1,566	67,371
Net current assets/(liabilities) (restated** see note 33)	26,915	1,006	(470)	27,451

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 (2019: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

3. Segmental reporting continued

Business activity revenue and results

	30.06.21		
	Core £'000	CPaaS £'000	Total £'000
Income statement			
Revenue	58,124	2,426	60,550
Gross profit	47,768	1,215	48,983
Profit/(loss) before income tax	12,812	(798)	12,014
Total comprehensive income attributable to the owners of the parent	**11,403**	**(899)**	**10,504**
Financial position			
Total assets	74,976	111	75,087
Net current assets/(liabilities)	34,974	(31)	34,943

	30.06.20		
	Core £'000	CPaaS £'000	Total £'000
Income statement			
Revenue	47,404	7,508	54,912
Gross profit (restated* see note 33)	43,505	1,592	45,097
Profit/(loss) before income tax	12,186	(378)	11,808
Total comprehensive income attributable to the owners of the parent (restated see note 33)**	**11,001**	**(378)**	**10,623**
Financial position			
Total assets	65,114	2,257	67,371
Net current assets/(liabilities) (restated** see note 33)	29,174	(1,723)	27,451

* Direct marketing and partner commission were reclassified from cost of sales to administrative expenses and tech infrastructure was reclassified from administrative expenses to cost of sales to reflect more appropriately the gross profit and administrative expenses.

** In the prior year there was a correction re deferred tax and corporation tax provision. See note 33 for details.

4. Employees and Directors

	30.06.21 £'000	30.06.20 £'000
Wages and salaries	22,005	20,892
Social security costs	2,228	2,377
Other pension costs	534	505
	24,767	**23,774**

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

	30.06.21	30.06.20
Directors	5	4
Sales and marketing product	160	164
Development and system engineers	105	103
Administration	69	67
	339	**338**

Included in the total employees cost above, £5,198,785 (2020: £5,293,321) was capitalised in relation to internally generated development costs.

5. Exceptional costs

Continuing exceptional costs incurred in the year relate to the ongoing acquisition costs of Comapi of £68,095 (2020: £15,714) and amortisation of acquired intangibles of £120,000 (2020: £120,000).

Discontinued exceptional costs in the year relate to the amortisation of acquired intangibles of £nil (2020: £381,072).

6. Net finance income

	30.06.21 £'000	30.06.20 £'000
Finance income:		
Deposit account interest	20	40
Finance cost:		
Finance lease interest	(74)	(98)
	(54)	**(58)**

7. Operating profit

Costs by nature

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

	30.06.21 £'000	Restated* 30.06.20 £'000
Outsourcing and tech infrastructure	10,356	3,899
Total cost of sales	**10,356**	**3,899**

	30.6.21 £'000	30.6.20 £'000
Direct marketing	2,976	1,727
Partner commission	2,198	2,566
Staff-related costs (inc Directors' emoluments)	19,208	17,929
Auditor's remuneration	52	64
Amortisation of intangibles**	4,675	3,647
Depreciation charge**	1,410	1,475
Legal, professional and consultancy fees	848	479
Computer expenditure	538	578
Bad debts	897	1,248
Foreign exchange losses/(gains)	543	(120)
Travel and subsistence costs	87	509
Office running	388	176
Gain on disposal of property, plant and equipment	(2)	(3)
Staff welfare	342	399
Other costs	549	531
Management charge	(620)	(762)
Total administrative expenses	**34,089**	**30,443**

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

	30.06.21 £'000	30.06.20 £'000
Fees payable to the Company's auditor for the audit of Parent Company and consolidated financial statements	28	22
Fees payable to the Company's auditor for other services		
– audit of Company subsidiaries	47	47
– review of interim accounts	5	3
	80	**72**

* Partner commission and direct marketing have been reclassed under administrative expenses and tech infrastructure have been reclassed under cost of sales and comparatives restated (see note 33).

**Both amortisation of intangibles and depreciation charge will not agree to the relevant notes as these numbers only apply to the continuing operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

8. Income tax expense

Analysis of the tax charge from continuing operations:

	30.06.21 £'000	Restated* 30.06.20 £'000
Current tax on profits for the year	1,008	575
Changes in estimates related to prior year	(53)	–
Deferred tax on origination and reversal of timing differences	367	644
	1,322	**1,219**

Analysis of the tax charge from discontinuing operations:

	30.6.21 £'000	30.6.20 £'000
Current tax on profits for the year	–	–
Deferred tax on origination and reversal of timing differences	101	–
	101	**–**

Factors affecting the tax charge:

	30.06.21 £'000	Restated* 30.06.20 £'000
Profit on ordinary activities from all operations before tax	**12,014**	**11,808**
Profit on ordinary activities multiplied by the average rate of corporation tax suffered globally: 19% (2020: 19%)	2,283	2,244
Effects of:		
Expenses not deductible	281	176
Research and development enhanced claim	(2,239)	(2,069)
Expenditure permitted on exercising options	(49)	(98)
Overseas tax losses	(5)	(20)
Depreciation in excess of capital allowances	737	843
Group relief losses brought forward	–	(501)
Current tax on profit for the year	1,008	575
Changes in estimates related to prior year	(53)	–
Deferred tax on origination and reversal of timing differences	468	644
Total tax charge for the year	**1,423**	**1,219**

* See note 33.

Deferred tax was calculated using the rate 25% (2020: 19%). For further details on deferred tax see note 24.

Taxation for each region is calculated at the rates prevailing in the respective jurisdiction.

The main rate of UK corporation tax in the period was 19% (2020: 19%). UK deferred balances have been recognised at 25% in the period (2020: 19%).

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 profit before exceptional items for the financial year was £3,879,692 (2020: £2,698,172).

10. Dividends

Amounts recognised as distributions to equity holders in the period.

	30.06.21 £'000	30.06.20 £'000
Paid dividend for year end 30 June 2021 of 0.83p (2020: 0.67p) per share	2,472	1,996
Proposed dividend for the year end 30 June 2020 of 0.86p (2020: 0.83p) per share	**2,583**	**2,480**

The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

11. Earnings per share

Earnings per share data is based on the consolidated profit using and the weighted average number of shares in issue of the Parent Company. Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. Adjusted earnings per share is based on the consolidated profit deducting the acquisition related exceptional costs and share-based payment.

A number of non-IFRS adjusted profit measures are used in this annual report and financial statements. Adjusting items are excluded from our headline performance measures by virtue of their size and nature, in order to reflect management's view of the performance of the Group. Summarised below is a reconciliation between statutory results to adjusted results. The Group believes that alternative performance measures such as adjusted EBITDA are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation and amortisation, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), or based on factors which do not reflect the underlying performance of the business. The adjusted profit after tax earnings measure is also used for the purpose of calculating adjusted earnings per share.

Reconciliations to earnings figures used in arriving at adjusted earnings per share are as follows:

From all operations	30.06.21 £'000	Restated* 30.06.20 £'000
Profit for the year attributable to the owners of the parent	10,591	10,589
Amortisation of acquisition-related intangible fixed assets (see note 14)	120	501
Other exceptional costs (see note 5)	68	16
Share-based payment (see note 28)	625	682
Adjusted profit for the year attributable to the owners of the parent	**11,404**	**11,788**

Management does not consider the above adjustments to reflect the underlying business performance. The other exceptional costs relate to ongoing acquisition costs of Comapi.

	30.6.21 £'000	Restated* 30.6.20 £'000
Adjusted profit for the year attributable to the owners of the parent for continuing operations	12,303	11,785
Adjusted loss for the year attributable to the owners of the parent for discontinued operations	(899)	3
Adjusted profit for the year attributable to the owners of the parent	**11,404**	**11,788**

	30.06.21		
From all operations	Earnings £'000	Weighted average number of shares	Per share Amount Pence
Basic EPS			
Profit for the year attributable to the owners of the parent	10,591	298,598,459	3.55
Adjusted Basic EPS			
Adjusted profit for the year attributable to the owners of the parent	11,404	298,598,459	3.82
Options and warrants	–	4,322,868	–
Diluted EPS			
Profit for the year attributable to the owners of the parent	10,591	302,921,327	3.50
Adjusted Diluted EPS			
Adjusted profit for the year attributable to the owners of the parent	**11,404**	**302,921,327**	**3.76**
From continuing operations			
Basic EPS			
Profit for the year attributable to the owners of the parent	11,490	298,598,459	3.85
Adjusted Basic EPS			
Adjusted profit for the year attributable to the owners of the parent	12,303	298,598,459	4.12
Options and warrants	–	4,322,868	–
Diluted EPS			
Profit for the year attributable to the owners of the parent	11,490	302,921,327	3.79
Adjusted Diluted EPS			
Adjusted profit for the year attributable to the owners of the parent	**12,303**	**302,921,327**	**4.06**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

11. Earnings per share continued

	30.06.21		
From discontinuing operations	Earnings £'000	Weighted average number of shares	Per share Amount Pence
Basic EPS			
Loss for the year attributable to the owners of the parent	(899)	298,598,459	(0.30)
Adjusted Basic EPS			
Adjusted loss for the year attributable to the owners of the parent	(899)	298,598,459	(0.30)
Options and warrants	–	4,322,868	–
Diluted EPS			
Loss for the year attributable to the owners of the parent	(899)	302,921,327	(0.30)
Adjusted Diluted EPS			
Adjusted loss for the year attributable to the owners of the parent	**(899)**	**302,921,327**	**(0.30)**

	Restated* 30.06.20		
From all operations	Earnings £'000	Weighted average number of shares	Per share Amount Pence
Basic EPS			
Profit for the year attributable to the owners of the parent	10,589	298,306,813	3.55
Adjusted Basic EPS			
Adjusted profit for the year attributable to the owners of the parent	11,788	298,306,813	3.95
Options and warrants	–	3,883,050	–
Diluted EPS			
Profit for the year attributable to the owners of the parent	10,589	302,189,863	3.50
Adjusted Diluted EPS			
Adjusted profit for the year attributable to the owners of the parent	**11,788**	**302,189,863**	**3.90**
From continuing operations			
Basic EPS			
Profit for the year attributable to the owners of the parent	10,967	298,306,813	3.68
Adjusted Basic EPS			
Adjusted profit for the year attributable to the owners of the parent	11,785	298,306,813	3.95
Options and warrants	–	3,883,050	–
Diluted EPS			
Profit for the year attributable to the owners of the parent	10,967	302,189,863	3.63
Adjusted Diluted EPS			
Adjusted profit for the year attributable to the owners of the parent	**11,785**	**302,189,863**	**3.90**
From discontinued operations			
Basic EPS			
Loss for the year attributable to the owners of the parent	(378)	298,306,813	(0.13)
Adjusted Basic EPS			
Adjusted loss for the year attributable to the owners of the parent	3	298,306,813	(0.00)
Options and warrants	–	3,883,050	–
Diluted EPS			
Loss for the year attributable to the owners of the parent	(378)	302,189,863	(0.13)
Adjusted Diluted EPS			
Adjusted loss for the year attributable to the owners of the parent	**3**	**302,420,648**	**(0.00)**

* See note 33.

Weighted average number of shares

	30.06.21 Shares	30.06.20 Shares
Basic EPS	298,598,459	298,306,813
Diluted EPS	302,921,327	302,189,863

12. Continuing and discontinuing operations

The analysis between continuing and discontinued operation is as follows:

Year ended 30 June 2021	Continuing operations £'000	Discontinuing operations £'000	Total £'000
Revenue	58,124	2,426	60,550
Cost of sales	(10,356)	(1,211)	(11,567)
Gross profit	47,768	1,215	48,983
Administrative expense	(34,089)	(2,012)	(36,101)
Shared-based payments	(625)	–	(625)
Exceptional costs	(188)	–	(188)
Operating profit	**12,866**	**(797)**	**12,069**
Finance income	20	–	20
Finance costs	(74)	(1)	(75)
Profit before income tax	**12,812**	**(798)**	**12,014**
Income tax expense	(1,322)	(101)	(1,423)
Profit for the year	**11,490**	**(899)**	**10,591**

Year ended 30 June 2020	Continuing operations £'000	Discontinuing operations £'000	Total £'000
Revenue	47,404	7,508	54,912
Cost of sales (restated see note 33)	(3,899)	(5,916)	(9,815)
Gross profit	43,505	1,592	45,097
Administrative expense (restated see note 33)	(30,443)	(1,587)	(32,030)
Shared-based payments	(682)	–	(682)
Exceptional costs	(136)	(381)	(517)
Operating profit	**12,244**	**(376)**	**11,868**
Finance income	40	–	40
Finance costs	(98)	(2)	(100)
Profit before income tax	**12,186**	**(378)**	**11,808**
Income tax expense	(1,219)	–	(1,219)
Profit for the year	**10,967**	**(378)**	**10,589**

13. Goodwill

Group

	30.06.21 £'000	30.06.20 £'000
Cost		
At 1 July	13,192	13,192
At 30 June	13,192	13,192
Impairment		
At 1 July	3,512	3,512
At 30 June	3,512	3,512
Net book value	**9,680**	**9,680**

Goodwill is allocated to the Group's two cash generating units (CGUs) identified, those being Dotdigital and Comapi.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

13. Goodwill continued

The carrying amount of goodwill relates to the Group's two trading activities and business segments. This has been tested for impairment during the current period by comparison with the recoverable amounts of the CGU. Recoverable amounts for CGUs are based on the higher of value in use and fair value less costs to sell. The recoverable amounts of the CGU have been determined from value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate for the continuing operations of the Group. These long-term growth rates are management's estimates. The discount rates used are pre-tax and reflect specific risks relating to the continuing operations of the Group.

The key assumptions for the value in use calculations are those regarding discount rates, growth rates, and expected changes in margins.

Discount rate

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The pre-tax discount rate used to calculate the value in use is 6.2% (2020: 6.2%).

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 14% (2020: 12%).

Gross profit margin

Changes in income and expenditure are based on experience and expectations of the future changes in the market. The impairment review is based on these estimated gross profit margins which were included with the budgets approved by management over a five-year period. From the sixth year onwards, an assumed constant margin is used. The gross profit margin used to calculate the value in use in 75% (2020: 86%).

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 225% (2020: 155%) discount rate and growth rate of (21%) (2020: -17%).

14. Intangible assets

Group

	Customer relationships £'000	Technology £'000	Computer software £'000	Internally generated development costs £'000	Domain names £'000	Totals £'000
Cost						
At 1 July 2020	1,205	1,200	954	27,255	42	30,656
Additions	–	–	69	6,797	4	6,870
At 30 June 2021	**1,205**	**1,200**	**1,023**	**34,052**	**46**	**37,526**
Amortisation						
At 1 July 2020	1,205	310	793	14,255	34	16,597
Amortisation for the year	–	120	81	4,592	2	4,795
At 30 June 2021	**1,205**	**430**	**874**	**18,847**	**36**	**21,392**
Net book value						
At 30 June 2021	**–**	**770**	**149**	**15,205**	**10**	**16,134**

Group

	Customer relationships £'000	Technology £'000	Computer software £'000	Internally generated development costs £'000	Domain names £'000	Totals £'000
Cost						
At 1 July 2019	1,205	1,200	911	20,794	41	24,151
Additions	–	–	43	6,461	1	6,505
At 30 June 2020	**1,205**	**1,200**	**954**	**27,255**	**42**	**30,656**
Amortisation						
At 1 July 2019	824	190	697	10,706	32	12,449
Amortisation for the year	381	120	96	3,549	2	4,148
At 30 June 2020	**1,205**	**310**	**793**	**14,255**	**34**	**16,597**
Net book value						
At 30 June 2020	**–**	**890**	**161**	**13,000**	**8**	**14,059**

Development cost additions represents 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 intends to licence the use of the platform.

Technology represents the cost that would be incurred to build the entire Comapi platform had the acquisition not occurred. Customer relationships represent the value of high-value customer contracts within Comapi.

15. Property, plant and equipment

Group

	Right of Use assets £000	Short leasehold £'000	Fixtures & fittings £'000	Computer equipment £'000	Totals £'000
Cost					
At 1 July 2020	5,458	730	770	2,473	9,431
Additions	115	–	–	169	284
Disposals	(136)	–	(4)	(14)	(154)
Exchange differences	(53)	(5)	(12)	(14)	(84)
At 30 June 2021	**5,384**	**725**	**754**	**2,614**	**9,477**
Depreciation					
At 1 July 2020	1,058	465	632	2,014	4,169
Depreciation for the year	1,091	65	63	244	1,463
Disposals	(66)	–	(2)	(10)	(78)
Exchange differences	(22)	(4)	(13)	(10)	(49)
At 30 June 2021	**2,061**	**526**	**680**	**2,238**	**5,505**
Net book value					
At 30 June 2021	**3,323**	**199**	**74**	**376**	**3,972**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

15. Property, plant and equipment continued

	Right of Use assets £000	Short leasehold £'000	Fixtures & fittings £'000	Computer equipment £'000	Totals £'000
Cost					
At 1 July 2019	–	646	779	2,294	3,719
Additions	63	78	22	177	340
Disposals	–	–	(30)	–	(30)
Adjustment on transition of IFRS 16	5,335	–	–	–	5,335
Exchange differences	60	6	(1)	2	67
At 30 June 2020	**5,458**	**730**	**770**	**2,473**	**9,431**
Depreciation					
At 1 July 2019	–	402	554	1,726	2,682
Depreciation for the year	1,122	63	77	286	1,548
Disposals	(61)	–	–	–	(61)
Exchange differences	(3)	–	1	2	–
At 30 June 2020	**1,058**	**465**	**632**	**2,014**	**4,169**
Net book value					
At 30 June 2020	**4,400**	**265**	**138**	**459**	**5,262**

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 2020	5,376	82	5,458
Termination of leases	(136)	–	(136)
Additions	42	73	115
Foreign currency translation	(53)	–	(53)
At 30 June 2021	**5,229**	**155**	**5,384**
Depreciation			
As at 1 July 2020	1,015	43	1,058
Depreciation for the year	1,010	81	1,091
Termination of leases	(65)	–	(65)
Foreign currency translation	(18)	(5)	(23)
At 30 June 2021	**1,942**	**119**	**2,061**
Net book value			
At 30 June 2021	**3,287**	**36**	**3,323**

	Properties £'000	Motor vehicles £'000	Totals £'000
Cost			
Transition on adoption of IFRS 16	5,678	82	5,760
Re-measurement of existing lease liabilities	(156)	–	(156)
Termination of leases	(269)	–	(269)
Additions	63	–	63
Foreign currency translation	60	–	60
At 30 June 2020	**5,376**	**82**	**5,458**
Depreciation			
Depreciation for the year	1,079	43	1,122
Termination of leases	(61)	–	(61)
Foreign currency translation	(3)	–	(3)
At 30 June 2020	**1,015**	**43**	**1,058**
Net book value			
At 30 June 2020	**4,361**	**39**	**4,400**

16. Investments

Company	Shares in Group undertakings 30.06.21 £'000	Restated* Shares in Group undertakings 30.06.20 £'000
Cost		
At 1 July	21,035	20,358
Additions	625	682
Disposals	–	(5)
At 30 June	**21,660**	**21,035**
Impairment		
At 1 July and 30 June	3,519	3,519
Net book value		
At 30 June	**18,141**	**17,516**

During the year and up until the year end Dynmark International Ltd has been transferring its trade where possible to Dotdigital EMEA Limited, in preparation for the ceasing of trade of Dynmark International Ltd. Therefore the investment value of both within the Group has been considered in aggregate.

* See note 33.

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	Omnichannel communication platform	Ordinary	100
Dotdigital Inc	Omnichannel communication platform	Ordinary	100
Dotdigital APAC Pty Limited	Omnichannel communication platform	Ordinary	100
Dotdigital B.V.	Omnichannel communication platform	Ordinary	100
dotmailer Development Ltd	Holding company	Ordinary	100
dotmailer SA Pty	Development hub	Ordinary	100
dotmailer LLC**	Development hub	Ordinary	100
Dotdigital SG Pte Limited	Omnichannel communication platform	Ordinary	100
Dynmark International Ltd	Omnichannel communication platform	Ordinary	100
Dynmark S.p z.o.o**	Development hub	Ordinary	100
Dotdigital Canada Inc	Consultancy services	Ordinary	100

** These are held indirectly at 100%.

All of the above subsidiaries have been included within the consolidated results, however Dynmark International Ltd was exempt from audit by virtue of s479A of Companies Act 2006. Dotdigital EMEA Limited, dotmailer Development Limited and Dynmark International Ltd were incorporated in England and Wales. Dotdigital 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, dotmailer SA Pty was incorporated in South Africa, dotmailer LLC was incorporated in the Republic of Belarus, Dynmark S.p. z.o.o. was incorporated in Poland and Dotdigital Canada Inc was incorporated in British Columbia (Canada).

Subsidiary	Registered office
Dotdigital EMEA Ltd	No.1 London Bridge, London SE1 9BG
Dynmark International Ltd	No.1 London Bridge, London SE1 9BG
dotmailer development Ltd	No.1 London Bridge, London SE1 9BG
Dotdigital Inc	16192 Coastal Highway, Lewes, Delaware 19958-9776, County of Sussex, USA
Dotdigital Canada Inc	939 Granville Street, Vancouver, British Columbia, V6Z 1L3, Canada
Dotdigital APAC Pty Ltd	60/2 O'Connell Street, Parramatta, New South Wales 2150, Australia
Dotdigital SG Pte Ltd	Level 17, Frasers Tower, 182 Cecil Street, 069547 Singapore
dotmailer SA Pty Ltd	BDO Building, Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg 2196, South Africa
Dotdigital B.V.	15 Hoogoorddreef, Amsterdam, 1101 BA, Netherlands
Dynmark s.p. z.o.o	Al. Jana Pawla II 22, 00-133 Warsaw, Poland
dotmailer LLC	Office 11-9, Tolbukhina Street, Minsk 220012, Belarus

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

17. Trade and other receivables

	Group 30.06.21 £'000	Group 30.06.20 £'000	Company 30.06.21 £'000	Company 30.06.20 £'000
Current:				
Trade receivables	10,895	10,364	–	–
Less: Provision for impairment of trade receivables	(1,785)	(1,589)	–	–
Trade receivables – net	9,110	8,775	–	–
Other receivables	60	194	–	3
Amounts owed by Group undertakings	–	–	–	694
VAT	–	–	52	11
Tax receivables	–	–	–	–
Prepayments and contract assets	4,180	4,018	88	89
	13,350	**12,987**	**140**	**797**

Further details on the above can be found in note 23.

Included within Group prepayments is an amount of £299,016 (2020: £404,150) in relation to deferred commission which is considered to be long term. The Group has applied IFRS 9 simplified approach to measuring expected credit losses, the balances have been assessed based on each entitiy's ability to repay amounts owed and no expected credit loss has been recognised.

18. Cash and cash equivalents

	Group 30.06.21 £'000	Group 30.06.20 £'000	Company 30.06.21 £'000	Company 30.06.20 £'000
Bank accounts	31,951	25,383	85	396
	31,951	**25,383**	**85**	**396**

Further details on the above can be found in note 23.

19. Called up share capital

Allotted, issued, fully paid number	Nominal value	30.06.21 £'000	30.06.20 £'000
298,778,630 (2019: 298,547,645)	£0.005	1,494	1,493
		1,494	**1,493**

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

On 12 March 2021 an employee exercised their share options, increasing the issued share capital by 20,000 shares at a premium price of 68.5p.

On 12 March 2021 an employee exercised their share options, increasing the issued share capital by 65,000 shares at a premium price of 68.5p.

On 28 April 2021 an employee exercised their share options, increasing the issued share capital by 145,985 shares at a premium price of 68.5p

20. Reserves

Group

	Retained earnings £'000	Share premium £'000	Reverse acquisition reserve £'000	Retranslation reserve £'000	Other reserves £'000	Totals £'000
As at 1 July 2020	45,655	6,967	(4,695)	50	1,600	49,577
Issue of share capital	–	157	–	–	–	157
Dividends	(2,472)	–	–	–	–	(2,472)
Profit for the year	10,591	–	–	–	–	10,591
Transfer of reserves	307	–	–	–	(307)	–
Deferred tax on share options	–	–	–	–	1,148	1,148
Other comprehensive income:						
Currency translation	–	–	–	(87)	–	(87)
Share-based payments	–	–	–	–	625	625
Balance as at 30 June 2021	**54,081**	**7,124**	**(4,695)**	**(37)**	**3,066**	**59,539**

	Retained earnings £'000	Share premium £'000	Reverse acquisition reserve £'000	Retranslation reserve £'000	Other reserves £'000	Totals £'000
Restated balance at 1 July 2019 (see note 33)	36,971	6,791	(4,695)	16	910	39,993
Issue of share capital	–	176	–	–	–	176
Dividends	(1,996)	–	–	–	–	(1,996)
Profit for the year	10,589	–	–	–	–	10,589
Transfer of reserves	30	–	–	–	(30)	–
Deferred tax on share options	–	–	–	–	38	38
Adjustments in relation to IFRS 16	61	–	–	–	–	61
Other comprehensive income:						
Currency translation	–	–	–	34	–	34
Share-based payments	–	–	–	–	682	682
Balance as at 30 June 2020 (see note 33)	**45,655**	**6,967**	**(4,695)**	**50**	**1,600**	**49,577**

Company

	Retained earnings £'000	Share premium £'000	Other reserves £'000	Totals £'000
As at 1 July 2020	5,924	6,967	1,372	14,263
Issue of share capital	–	157	–	157
Dividends	(2,472)	–	–	(2,472)
Profit for the year	3,811	–	–	3,811
Transfer in reserves	307	–	–	307
Share-based payments	–	–	318	318
As at 30 June 2021	**7,570**	**7,124**	**1,690**	**16,384**

	Retained earnings £'000	Share premium £'000	Other reserves £'000	Totals £'000
Restated balance as at 1 July 2019 (see note 33)	5,207	6,791	720	12,718
Issue of share capital	–	176	–	176
Dividends	(1,996)	–	–	(1,996)
Profit for the year	2,683	–	–	2,683
Transfer in reserves	30	–	–	30
Share-based payments	–	–	652	652
Restated balance as at 30 June 2020 (see note 33)	**5,924**	**6,967**	**1,372**	**14,263**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

21. Trade and other payables

	Group		Company	
	30.06.21 £'000	30.06.20 £'000	30.06.21 £'000	30.06.20 £'000
Current:				
Trade payables	769	1,732	16	10
Amounts owed to Group undertakings	–	–	390	2,899
Social security and other taxes	29	50	–	–
Other payables	84	179	–	–
VAT	18	1,801	–	–
Accruals and contract liabilities	8,434	6,034	86	47
	9,334	**9,796**	**492**	**2,956**

Further details on liquidity and interest rate risk can be found in note 23. Amounts owed to Group undertakings are non-interest bearing and are repayable on demand.

22. Leasing liabilities

Group	Properties £'000	Motor vehicles £'000	Totals £'000
As at July 2020	4,427	40	4,467
Termination of leases	(67)	–	(67)
Additions	42	73	115
Principal repayments	(1,132)	(50)	(1,182)
Interest	110	1	111
Foreign currency translation	(21)	–	(21)
At 30 June 2021	**3,359**	**64**	**3,423**
Current	906	28	934
Non-current	2,453	36	2,489
At 30 June 2021	**3,359**	**64**	**3,423**

Group	Properties £'000	Motor vehicles £'000	Totals £'000
As at July 2019	–	–	–
Transition on adoption of IFRS 16	5,678	82	5,760
Re-measurement of existing lease liabilities	(162)	–	(162)
Termination of leases	(264)	–	(264)
Additions	63	–	63
Principal repayments	(1,084)	(44)	(1,128)
Interest	136	2	138
Foreign currency translation	60	–	60
At 30 June 2020	**4,427**	**40**	**4,467**
Current	1,034	34	1,068
Non-current	3,393	6	3,399
At 30 June 2020	**4,427**	**40**	**4,467**

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

23. Financial instruments and risk management

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

The Group holds no financial or other non-financial instruments other than those utilised in the working operations of the Group and that are listed in this note. It is the Group's policy not to trade in derivative contracts.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument rate risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Lease liabilities

Financial instruments by category

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	30.06.21 £'000	30.06.20 £'000	30.06.21 £'000	30.06.20 £'000
Financial assets				
Trade and other receivables	9,167	8,969	–	697
Bank balances	31,951	25,383	85	396
	41,118	**34,352**	**85**	**1,093**
Financial liabilities				
Trade payables	769	1,732	16	10
Amounts owed to Group undertakings	–	–	390	2,899
Accrued liabilities and other payables	8,221	7,268	86	47
	8,990	**9,000**	**492**	**2,956**

The fair value of the financial assets and financial liabilities is equal to their carrying values. All financial assets are categorised as loans and receivables and all financial liabilities are categorised as financial liabilities at amortised costs.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and while 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 Group's Risk Committee. The Board receives quarterly reports from the 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 £10,221,000 (2020: £9,013,000) are expected to mature in less than a year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

23. Financial instruments and risk management continued

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 2021 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:

	30.06.21 £'000	30.06.20 £'000
0-30 days	5,734	6,770
30-60 days	2,701	911
More than 60 days	2,550	2,683
	10,985	**10,364**

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

	30.06.21 £'000	30.06.20 £'000
0-30 days	140	1
30-60 days	154	13
More than 60 days	1,491	1,575
	1,785	**1,589**

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

	30.06.21 £'000	30.06.20 £'000
As at 1 July	1,589	999
Provision for impairment	262	1,048
Receivable written off in the year	(66)	(335)
Unused amount reversed	–	(123)
As at 30 June	**1,785**	**1,589**

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 consisted of a value of £2,484,862 (2020: £2,960,513) of which £1,502,918 (2020: £1,574,891) 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 Company's cash holdings are held at NatWest Bank, which has a BBB credit rating.

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 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 (2020: £nil) and amounts payable over one year are nil (2020: £nil). The Group had a strong cash reserve to utilise for any short-term capital requirements that were needed.

The Group has continued to look for further long-term investments or acquisitions and therefore, to maintain or re-align the capital structure, the Group may adjust when dividends are paid to shareholders, return capital to shareholders, issue new shares or borrow from lenders.

Foreign currency exchange rate risk

Refer to foreign currency exchange rate risk under note 2 on page 63.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities (the Group does not hold any derivative financial instruments in the current or prior financial year).

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of the discounting is not significant.

	<6 months £'000	6 to 12 months £'000	1 to 2 years £'000	2 to 5 years £'000	Total contractual cash flows carrying amounts £'000
Contractual maturities at 30 June 2021					
Trade and other payables	9,334	–	–	–	9,334
Lease liabilities	480	454	759	1,730	3,423
Total non-derivatives	**9,814**	**454**	**759**	**1,730**	**12,757**

	<6 months £'000	6 to 12 months £'000	1 to 2 years £'000	2 to 5 years £'000	Total contractual cash flows carrying amounts £'000
Contractual maturities at 30 June 2020					
Trade and other payables	9,796	–	–	–	9,796
Lease liabilities	532	536	960	2,439	4,467
Total non-derivatives	**10,328**	**536**	**960**	**2,439**	**14,263**

24. Deferred tax

	30.06.21 £'000	Restated* 30.06.20 £'000
As at 1 July	1,983	1,377
Current year provision	(776)	606
	1,207	**1,983**

The deferred tax liability above comprises the following temporary differences:

	30.06.21 £'000	Restated* 30.06.20 £'000
Acquired intangibles	146	169
Capital allowances in excess of depreciation	38	53
R&D relief in excess of amortisation	2,963	2,325
Share option relief	(1,805)	(495)
Losses	(135)	(69)
	1,207	**1,983**

* Refer to note 33.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

26. 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.

Group

The following transactions were carried out with related parties and were made on terms equivalent to those that prevail in arm's length transactions:

			30.06.21 £'000	30.06.20 £'000
Sale of services				
Ipswich Town Football Club	Entity under common directorship	Email marketing services	4	–
Epwin Group Plc	Entity under common directorship	Email marketing services	6	4
			10	**4**
Year end balances arising from sale of services				
Ipswich Town Football Club	Entity under common directorship	Email marketing services	1	–
Epwin Group Plc	Entity under common directorship	Email marketing services	1	1
			2	**1**

Directors

	30.06.21 £'000	30.06.20 £'000
Aggregate emoluments	1,136	897
Company contributions to money purchase pension scheme	26	25
Share-based payments from the LTIP options granted	347	438
	1,509	**1,360**

Directors' pay summary does include Non-Executive Directors.

26. Related party disclosures continued

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

	30.06.21 £'000	30.06.20 £'000
Salaries	574	440
Other benefits	14	17
Pension costs	16	15
Share-based payments on the LTIP options granted	198	289
	802	**761**

Company

The following transactions were carried out with related parties:

			30.06.21 £'000	30.06.20 £'000
Year end balances arising from sales/purchase of services				
Dotdigital EMEA Limited	Subsidiary	Payables	651	651
			651	**651**

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

Loans to/from related parties

		30.06.21 £'000	30.06.20 £'000
Dotdigital EMEA Limited	Subsidiary		
As at 1 July		(3,545)	(4,580)
Loans advanced		5,075	3,060
Loans repaid		(2,571)	(2,025)
		(1,041)	**(3,545)**

IAS 24 Related Party Disclosure allows disclosure exemption of transactions between wholly-owned subsidiaries that are eliminated on consolidation.

27. 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., dotmailer Developments Limited, dotmailer SA Pty, dotmailer LLC, Dotdigital SG Pte. Limited, Dynmark International Ltd, Dotdigital Canada Inc and Dynmark S.p. z.o.o.

28. 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 £625,000 (2020: £682,000).

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 illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the period. The options outstanding at 30 June 2021 had a WAEP of 26.05p (2020: 51.09p) and a weighted average contracted life of 5.14 years (2020: 3.01 years) and their exercise prices ranged from 0.5p to 147.5p. All share options are settled in form of equity issued.

	30.06.21		30.06.20	
	No. of options	WAEP	No. of options	WAEP
Outstanding at the beginning of the period	3,910,984	51.09p	4,428,064	49.16p
Granted during the year	1,093,728	104.67p	–	0p
Forfeited/cancelled during the period	(480,992)	13.03p	–	0p
Exchanged for shares	(230,985)	68.50p	(517,080)	34.57p
Outstanding at the end of the period	4,292,735	26.05p	3,910,984	51.09p
Exercisable at the end of the period	–	–	230,985	68.50p

The weighted average share price at the date of the exercise for share options exercised during the period was 178.57p (2020: 92p).

	22 December 2020	14 December 2020	24 October 2018	19 December 2017
Number of options granted	306,728	787,000	2,305,000	1,375,000
Share price at grant date	152.00p	147.50p	77.50p	85.95p
Exercise price	0.50p	147.50p	0.50p	0.50p
Option life in years	5 years	10 years	5 years	5 years
Risk-free rate	0.95%	1.23%	1.23%	1.33%
Expected volatility	30%	32%	30%	30%
Expected dividend yield	1%	1%	1%	1%
Fair value of options/warrants	103.72p	26.99p	52.70p	65.03p

Expected volatility was determined by calculating the historical volatility of the Group's share price from the date it listed to the grant date of the share option. 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 and 22 December 2020 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

29. Group reconciliation of profit before corporation tax to cash generated from operations

	Group		Company	
	30.06.21 £'000	30.06.20 £'000	30.06.21 £'000	Restated* 30.06.20 £'000
Current				
Profit before tax from all operations	12,014	11,808	3,811	2,683
Amortisation	4,795	4,148	–	–
Depreciation	1,267	1,548	2	–
Exceptional costs	68	16	–	–
Finance lease non-cash movement	(48)	4	–	–
IFRS 16 restatement	–	61	–	–
Gain on disposal of fixed assets	(2)	(3)	–	–
Loss on disposal of investments	–	–	–	5
Share-based payments	625	682	–	–
Finance expense	75	100	–	–
	18,794	**18,364**	**3,813**	**2,688**
(Increase)/decrease in trade receivables	(363)	(1,157)	657	11
Increase in trade payables	(462)	(1,300)	(2,464)	(1,077)
Cash generated from operations	**17,969**	**15,907**	**2,006**	**1,622**

* Refer to note 33.

30. 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 2019	19,320	594
As at 30 June 2020	25,383	396
As at 30 June 2021	**31,951**	**85**

31. Project development

During the year the Group incurred £6,797,279 (2020: £6,461,313) in development investments.
All resources utilised in development have been capitalised as outlined in the accounting policy governing this area.

32. 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.

33. Prior year restatement note

During the year, the Group made the decision to modify the classification of direct marketing and partner commission from cost of sales to administrative expenses and tech infrastructure from under administrative expenses to cost of sales, to reflect more appropriately gross profit and gross profit margin plus also administrative expenses under continuing operations. Comparative amounts in the Consolidated Income Statement have been reclassified for consistency. As a result, £4,293,125 was reclassified from cost of sales to administrative expenses and £1,826,195 were reclassified from administrative expenses to cost of sales. There has been no impact on the prior year's profit for the year however gross profit has increased from £41,038,000 to £43,505,000 and administrative expenses have increased from £27,976,000 to £30,443,000.

During the year, the Group discovered that the share-based payment arrangement had been erroneously recognised in Dotdigital Group PLC instead of being recognised in the subsidiaries in which the employees are employed. Under IFRS 2 Share-based payments, when a parent grants rights to its equity instruments to employees of its subsidiaries this arrangement should be accounted for as equity-settled in the consolidated financial statements but results in an investment being created in the parent's own statement of financial position. Therefore, the subsidiaries should in their own separate financial statements, measure the services received from its employees in accordance with the requirements of IFRS 2 applicable to equity-settled share-based payment transactions. Thereby resulting in a corresponding increase recognised in equity as a capital contribution from the parent. There has been no impact on the prior year's Group profit for the year, however company only investments increased from £15,142,000 to £17,516,000 and retained earnings increased from £3,550,000 to £5,924,000.

At the year end, the Group discovered on the calculation of deferred tax on the share options and the internally generated development costs that this had been misallocated and miscalculated respectively. On the matter of the misallocation of the deferred tax on the share option under IFRS 2 Share based payment, where the final deferred tax calculation exceeds the cumulative amount recognised as a share-based payment expense in the Income Statement, the maximum amount of deferred tax income that can be recognised in the Income Statement can only equal the total share-based payment expense. Any excess deferred tax income is recognised directly in reserves.

As for the miscalculation of deferred tax on the internally generated development costs this is with respect to the identification and calculation of the net book value for internally generated development costs qualifying for research and development, thereby impacting the deferred tax liability.

Both adjustments have impacted the prior year's profit for the year from continuing operations where this has increased from £10,636,000 to £10,967,000 and total comprehensive income attributable to owners of the parent has increased from £10,292,000 to £10,623,000. Net assets as per the consolidated statement of financial position have also increased from £50,701,000 to £51,070,000.

Consolidated Income Statement for the year ended 30 June 2020

	As previously reported £'000	Adjustments £'000	As restated £'000
Continuing operations			
Revenue from contracts with customers	47,404	–	47,404
Cost of sales	(6,366)	2,467	(3,899)
Gross profit	**41,038**	**2,467**	**43,505**
Administrative expenses	(27,976)	(2,467)	(30,443)
Operating profit from continuing operations pre share-based payments and exceptional costs	**13,062**	–	**13,062**
Share-based payments	(682)	–	(682)
Exceptional costs	(136)	–	(136)
Operating profit from continuing operations	**12,244**	**–**	**12,244**
Finance costs	(98)	–	(98)
Finance income	40	–	40
Profit before income tax from continuing operations	**12,186**	**–**	**12,186**
Income tax expense	(1,550)	331	(1,219)
Profit for the year from continuing operations	**10,636**	**331**	**10,967**
Loss for the year from discontinuing operations	**(378)**	**–**	**(378)**
Profit for the year attributable to the owners of the parent	**10,258**	**331**	**10,589**
Profit for the year	**10,258**	**331**	**10,589**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss: Exchange differences on translating foreign operations	34	–	34
Total comprehensive income attributable to: Owners of the parent	**10,292**	**331**	**10,623**
Total comprehensive income for the year			
Comprehensive income from continuing operations	10,670	331	11,001
Comprehensive loss from discontinued operations	(378)	–	(378)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

33. Prior year restatement note continued

Operating profit

Costs by nature

Profit from continuing operations has been arrived after charging:

	As previously reported £'000	Adjustments £'000	As restated £'000
Direct marketing	1,727	(1,727)	–
Outsourcing and other costs	4,639	(4,639)	–
Outsourcing and tech infrastructure	–	3,899	3,899
Total cost of sales	**6,366**	**(2,467)**	**3,899**

	As previously reported £'000	Adjustments £'000	As restated £'000
Direct marketing	–	1,727	1,727
Partner commission	–	2,566	2,566
Staff-related costs (inc Directors' emoluments)	17,929	–	17,929
Auditor's remuneration	64	–	64
Amortisation of intangibles	3,647	–	3,647
Depreciation charge	1,475	–	1,475
Legal, professional and consultancy fees	479	–	479
Computer expenditure	2,404	(1,826)	578
Bad debts	1,248	–	1,248
Foreign exchange losses/(gains)	(120)	–	(120)
Travel and subsistence costs	509	–	509
Office running	176	–	176
Gain on disposal of tangible asset	(3)	–	(3)
Staff welfare	399	–	399
Other costs	531	–	531
Management charge	(762)	–	(762)
Total administration costs	**27,976**	**2,467**	**30,443**

Consolidated Statement of Financial Position

30 June 2019	As previously reported £'000	Adjustments £'000	As restated £'000
Assets			
Non-current assets			
Goodwill	9,680	–	9,680
Intangible assets	11,702	–	11,702
Property, plant and equipment	1,037	–	1,037
	22,419	**–**	**22,419**
Current assets			
Trade and other receivables	12,222	–	12,222
Cash and cash equivalents	19,320	–	19,320
	31,542	**–**	**31,542**
Total assets	**53,961**	**–**	**53,961**
Equity attributable to the owners of the parent			
Called up share capital	1,490	–	1,490
Share premium	6,791	–	6,791
Reverse acquisition reserve	(4,695)	–	(4,695)
Other reserves	720	190	910
Retranslation reserve	16	–	16
Retained earnings	37,161	(190)	36,971
Total equity	**41,483**	**–**	**41,483**
Liabilities			
Non–current liabilities			
Lease liabilities	–	–	–
Deferred tax	1,377	–	1,377
	1,377	**–**	**1,377**
Current liabilities			
Trade and other payables	11,096	–	11,096
Financial liabilities:			
– Interest bearing loans and borrowings	5	–	5
	11,101	**–**	**11,101**
Total liabilities	**12,478**	**–**	**12,478**
Total equity and liabilities	**53,961**	**–**	**53,961**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

33. Prior year restatement note continued

Consolidated Statement of Financial Position

30 June 2020	As previously reported £'000	Adjustments £'000	As restated £'000
Assets			
Non-current assets			
Goodwill	9,680	–	9,680
Intangible assets	14,059	–	14,059
Property, plant and equipment	5,262	–	5,262
	29,001	**–**	**29,001**
Current assets			
Trade and other receivables	12,987	–	12,987
Cash and cash equivalents	25,383	–	25,383
	38,370	**–**	**38,370**
Total assets	**67,371**	**–**	**67,371**
Equity attributable to the owners of the parent			
Called up share capital	1,493	–	1,493
Share premium	6,967	–	6,967
Reverse acquisition reserve	(4,695)	–	(4,695)
Other reserves	1,372	228	1,600
Retranslation reserve	50	–	50
Retained earnings	45,514	141	45,655
Total equity	**50,701**	**369**	**51,070**
Liabilities			
Non-current liabilities			
Lease liabilities	3,399	–	3,399
Deferred tax	2,169	(186)	1,983
	5,568	**(186)**	**5,382**
Current liabilities			
Trade and other payables	9,796	–	9,796
Financial liabilities:			
– Lease liabilities	1,068	–	1,068
Current tax payable	238	(183)	55
	11,102	**(183)**	**10,919**
Total liabilities	**16,670**	**(369)**	**16,301**
Total equity and liabilities	**67,371**	**–**	**67,371**

Company Statement of Financial Position

30 June 2019	As previously reported £'000	Adjustments £'000	As restated £'000
Assets			
Non-current assets			
Investments	15,147	1,692	16,839
	15,147	**1,692**	**16,839**
Current assets			
Trade and other receivables	808	–	808
Cash and cash equivalents	594	–	594
	1,402	**–**	**1,402**
Total assets	**16,549**	**1,692**	**18,241**
Equity attributable to the owners of the parent			
Called up share capital	1,490	–	1,490
Share premium	6,791	–	6,791
Other reserves	720	–	720
Retained earnings	3,515	1,692	5,207
Total equity	**12,516**	**1,692**	**14,208**
Liabilities			
Current liabilities			
Trade and other payables	4,033	–	4,033
Total liabilities	**4,033**	**–**	**4,033**
Total equity and liabilities	**16,549**	**1,692**	**18,241**

Company Statement of Financial Position

30 June 2020	As previously reported £'000	Adjustments £'000	As restated £'000
Assets			
Non-current assets			
Owned property, plant and equipment	3	–	3
Investments	15,142	2,374	17,516
	15,145	**2,374**	**17,519**
Current assets			
Trade and other receivables	797	–	797
Cash and cash equivalents	396	–	396
	1,193	**–**	**1,193**
Total assets	**16,338**	**2,374**	**18,712**
Equity attributable to the owners of the Parent			
Called up share capital	1,493	–	1,493
Share premium	6,967	–	6,967
Other reserves	1,372	–	1,372
Retained earnings	3,550	2,374	5,924
Total equity	**13,382**	**2,374**	**15,756**
Liabilities			
Current liabilities			
Trade and other payables	2,956	–	2,956
Total liabilities	**2,956**	**–**	**2,956**
Total equity and liabilities	**16,338**	**2,374**	**18,712**

COMPANY INFORMATION

For the year ended 30 June 2021

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P Amin
B Huard
M O'Leary
M Patel
E Richards

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G Kasparian

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