Full year results presentation for the year ended 30 June 2021

Milan Patel, CEO
Paraag Amin, CFO
November 2021
A global omnichannel marketing automation provider

Who we are

• Formed in 1999 as dotmailer with a marketing technology vision
• A global business with a UK headquarters
• 330+ global employees
• 10 offices worldwide
• Strong network of tech and solution partners
• Focussed on mid market

What we do

We provide a SaaS based omnichannel marketing platform that enables brands to engage with their customers across all touchpoints.

Users can connect their customers data to send data-driven, intelligent triggered campaigns across channels such as email, SMS, social, push and more.

Who we help

* Top 100 customers represent 31% of group revenue

Business split

Geographic expansion

Strategic Partnerships

Product Innovation

Key financials

10 year revenue CAGR

10-year adjusted EBITDA CAGR

10 year net cash CAGR

↑21%  
↑23%  
↑29%
Record year for Dotdigital

- 23% organic growth and EBITDA ahead of expectations whilst navigating covid-19
- Continued to build on our global footprint
- Increased uptake of omnichannel offering with a quarter of all customers now using more than one channel
- Significant investment in international hubs, strategic partnerships and product to capitalise on growth opportunity
- Financial position remains robust with healthy balance sheet and strong cash position
- High level of confidence in delivery of targets for new financial year following positive start
People

The lifeblood of Dotdigital

Continually striving to make Dotdigital one of the best places to work

Strengthened workforce during the year, including sales, marketing, and customer care teams
The leading customer engagement platform

Connect
- Data collection
- Data capture
- De-duplication
- Data enrichment
- Profile unification

- CRM | ERP
- CDP/DMP
- Zero & first party data
- Offline
- Behavior

Empower
- Single customer view
- Audience analytics
- Segmentation
- Lifecycle modelling
- Experience orchestration
- Cross-channel campaign mgmt
- Content & creative
- Revenue/commerce reporting

Outcomes
- Grow
- Retain
- Influence
- Brand

Communicate
- Email
- SMS
- Social
- Ads
- Chat
- Web
- Mobile
- Offline

Predict
Analyze
Action
Six stage email campaign as main channel, including playable game revealing elements of new kit
Generated £16,000 in kit sales
“Reminder” email generated open rate 67% and “thank you” email generated open rate 45%

Integration of existing marketing comms to dotdigital
“An incredibly efficient process”
52% increase in revenue, 18% uplift in average order value
A clear and focused growth strategy

**ORGANIC GROWTH PILLARS**

- **Product Innovation**
  - Expand our product suite; providing organic growth
  - Focus on cross-selling; deeper customer relationships

- **Strategic partnerships**
  - Deepening our strategic partnerships; building new connectors

- **Geographic expansion**
  - Grow our customer base; Increasing our global market presence
  - Globalising our talent; organisational strength and capabilities

**Strategic M&A**

- Customer base or talent acquisition; to strengthen our hubs
- Complementary synergy technology; new revenue streams
- Product functionality; to accelerate go-to market
Our Market
The development of omnichannel marketing

- **$646m**: Revenue recovered in FY21 (or $81k average revenue recovered per merchant per month)
- **83%**: Increase YoY in customers adopting our cross-channel package (with a 71% increase in MRR)
- **4**: New UI languages introduced this year in support of our APAC expansion: Indonesian, Malay, Thai and Korean
- **85m**: Products synced to Dotdigital in FY21 by customers
Changes and opportunities from the last year

Sentiment of our customers: *Dotdigital benchmarking report*

**Email remains a key channel**
- Engagement is consistent – send volume up 41.6% since 2019
- 70% of companies invest in email marketing

**SMS emerging as a key channel**
- SMS click-through rate increased by +300% since 2019
- Brands using SMS attribute at least 10% of earnings to this channel
- EMEA accounts for 50% of all SMS messages sent during the period
The world’s largest independent mid-market Omnichannel Marketing Automation platform

Low (price: <$400/month)
- Campaign Monitor
  (Part of the CM group)
- mailchimp
  (Acquired by Intuit)

Mid (price: $400-$30k/month)
- braze
- KLAVIYO
- selligent
  (Acquired by CM group)
- LISTRAK
- ITERABLE
  (Acquired by SAP)

High (price: >$30k/month)
- CHEETAH DIGITAL
  (Merged with CM group)
- salesforce Marketing Cloud
- ORACLE Marketing Cloud
- Adobe Marketing Cloud
- acoustic

Powerful, feature-packed and yet easy to use marketing automation platform, capable of delivering unparalleled insight and strong returns without the need for a high level of technical expertise.
FY 2021 Review:
3 pillars of growth
Product innovation driving value

- Functional Recurring Revenue grew by 31% to £18.9m (FY20: £14.4m). It now makes up 35% of Engagement Cloud recurring revenue.
- Improved end user experience interface, driving better return on investments for our customers.

Functionality Recurring Revenue (Engagement Cloud - license & functionality)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>£12.4m</td>
</tr>
<tr>
<td>FY20</td>
<td>£14.4m</td>
</tr>
<tr>
<td>FY21</td>
<td>£18.9m</td>
</tr>
</tbody>
</table>

- 23% of customers using more than 1 channel
- $646m revenue recovered in 2021
- $81k avg. revenue recovered per merchant per month
- 85m products synced to dotdigital in 2021
More data, more automation, more channels

Product innovation

- **Q3 2020 Launch**
  We launched self-serve SMS, improvements to our global SMS offering and an abandoned cart dashboard

- **July 2020**

Strategic partnerships

- **Q1 2021 Launch**
  Customers drive meaningful experiences with transactional SMS and email updates. Plus, we launch SSO for enterprises.

- **October 2020**

Geographic expansion

- **Q4 2020 Launch**
  The year everyone came online brings AI-powered product affinity scoring, transactional email manager, and Chat enhancements

- **February 2021**

- **Q2 2022 Launch**
  The self-serve integration hub is launched alongside the Opportunities dashboard powered by eRFM modelling

- **April 2021**
More data, more automation, more channels

Product innovation
- Q3 2021 Launch
  - Customers gain dynamic, real-time insights with Program and Segment analytics

Strategic partnerships

Geographic expansion

September 2021

October 2021

2022

- Cross-account reporting
- More self-serve integrations
- Back-in-stock
- Multi-channel attribution model
- Contact Unification
- Marketplace integrations, and more.

We put customers first, front, and center with an app-wide UI refresh and Single customer view.
Sales from customers using connectors to our strategic partners’ solutions increased 14% to £25.4m (FY20: £22.2m).

Revenue from Magento increased 11% to £14.3m (FY20: £13.0m)

Revenue from Shopify increased 79% to £2.1m (FY20: £1.2m)

249% increase in revenue from BigCommerce customers

Revenue from Microsoft Dynamics connector up 12% to £4.3m (FY20: £3.8m).
Building pipeline and market reach

Looking ahead

• Continued investment in new strategic hires in all regions with increased focus on building strategic partnerships

• Further investment in our Strategic Partner connectors

• Enhanced brand awareness alongside the additional functionality that we have developed for ecommerce merchants has allowed us to continue growth in the Magento space

• We have seen an increasing pipeline resulting from the integration that we have built with Shopify Flow

Geographic expansion

Strategic partnerships

Product innovation
Growth across our global opportunity

- **Product innovation**
- **Strategic partnerships**
- **Geographic expansion**

Revenue in the Americas grew 19% to $12.5m, (FY20: $10.5m) driven by the strength of our partner relationships.

APAC revenues grew 47% to AUS$7.7m, (FY20: AUS$5.2m), driven by a growing pipeline in Japan and the Far East from our Singapore-based team.

EMEA revenue grew 23% to £44.6m (FY20: £36.3m), driven by an uptick in pipeline and sales conversion momentum.

Selection of new clients signed

£18.0m
International revenue

22%
Our responsible approach

• ‘dotgreen’ initiative launched 2019 now embedded in organisational decision making
• Now world’s first carbon-neutral automation platform
• Obtained ISO 14001 certification
• Corporate member of the Woodland Trust
• Signed Terra Carta, part of HRH The Prince of Wales’ Sustainable Markets Initiative
• ClimateCare Certified Partner 2020
• Select partners powered by renewable energy
Historical growth trends

10-year growth trends continue for both revenue and profit

384%
Engagement Cloud Revenue growth

482%
Adjusted EBITDA growth

21%
Engagement Cloud Revenue CAGR

23%
Adjusted EBITDA CAGR
Financials

Trading performance

Group revenue
- Revenue from continuing operations grew 23% to £58.1m (2020: £47.4m)
- Monthly ARPC increased 16% to £1,251 (2020: £1,083)

Key Highlights
- International revenue grew 22% to £18.0m (2020: £14.8m)
- Functionality revenue grew 31% to £18.9m (2020: £14.4m)
- Revenue from strategic partners increased by 14% to £25.4m (2020: £22.3m)

Profit
- Adjusted EBITDA up 9% to £19.8m and adjusted operating profit up 5% to £13.7m.
Highly predictable SaaS business model

**Licence model**
- Annual message plans with typical contract length of over 20 months and average customer tenure over 10 years
- Charged as a function of audience size and messaging volumes
- Invoiced monthly
- Revenue recognised equally over life of contract (IFRS15)
- Additional premium messaging channels (e.g. SMS and WhatsApp for Business)
- Customised functionality and integration
- Revenue recognised as work performed
P&L Statement

Group revenue
• Organic revenue grew 23% to £58.1m (2020: £47.4m)
• Monthly ARPC up 16% to £1,251 (2020: £1,083)

International revenue
• Grew 22% to £18.0m (31% of total; 2020: £14.8m, 31%)

Revenue from strategic partners
• Increased by 14% to £25.4m (2020: £22.2m)

Cost analysis
• Supplier costs increased by 271% to £7.7m (2020: £2.1m) due to growth in SMS (aggregator costs)
• Technology infrastructure cost increased 46% to £2.7m (2020: £1.8m) to support growth of the business across all channels
• Direct marketing increased to £3.0m following reduction in 2020 due to COVID and events being cancelled (2020: £1.7m)

<table>
<thead>
<tr>
<th>Profit &amp; Loss Statement</th>
<th>Jun 21 £M</th>
<th>Jun 20 £M</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>58.1</td>
<td>47.4</td>
<td>23%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(10.4)</td>
<td>(3.9)</td>
<td>166%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>47.8</td>
<td>43.5</td>
<td>10%</td>
</tr>
<tr>
<td>Admin expenses</td>
<td>(34.1)</td>
<td>(30.4)</td>
<td>12%</td>
</tr>
<tr>
<td>Exceptional Items*</td>
<td>(0.8)</td>
<td>(0.8)</td>
<td>0%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>12.9</td>
<td>12.3</td>
<td>5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>19.1</td>
<td>17.4</td>
<td>9%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>19.8</td>
<td>18.2</td>
<td>9%</td>
</tr>
<tr>
<td>Adjusted operating profit (margin)</td>
<td>13.7 (24%)</td>
<td>13.1 (28%)</td>
<td>5%</td>
</tr>
<tr>
<td>Adjusted diluted EPS</td>
<td>4.1p</td>
<td>3.9p</td>
<td>4%</td>
</tr>
</tbody>
</table>

* Exceptional costs of £0.8m in the period
1) share-based payments (£0.7k)
2) for the acquisition of Comapi (£0.1k)
Statement of financial position

- Healthy balance sheet
- Strong cash position
- Zero debt
- Bandwidth for strategic investments
- Strong distributable reserves

<table>
<thead>
<tr>
<th>Balance sheet</th>
<th>Jun 21 £M</th>
<th>Jun 20 £M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current Assets</td>
<td>29.8</td>
<td>29.0</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>13.4</td>
<td>13.0</td>
</tr>
<tr>
<td>Cash</td>
<td>32.0</td>
<td>25.4</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>75.1</strong></td>
<td><strong>67.4</strong></td>
</tr>
<tr>
<td>Non-current Liabilities</td>
<td>3.8</td>
<td>5.4</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>10.4</td>
<td>10.9</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>14.2</strong></td>
<td><strong>16.3</strong></td>
</tr>
<tr>
<td>Total Equity</td>
<td>60.9</td>
<td>51.0</td>
</tr>
<tr>
<td><strong>Total Equity &amp; Liabilities</strong></td>
<td><strong>75.1</strong></td>
<td><strong>67.4</strong></td>
</tr>
</tbody>
</table>
Cashflow statement

- Strong cashflows generated from operations
- Adjusted free cash flow of £3.8m (group); £4.3m (continuing operations)
- Continuing operations EBITDA (£10.5m) to net cash from operations (£7.5m) at 139%
- Healthy cash balance

<table>
<thead>
<tr>
<th>Cash flow</th>
<th>Jun 21 £M</th>
<th>Jun 20 £M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash generated from operations</td>
<td>17.0</td>
<td>15.8</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(7.0)</td>
<td>(6.7)</td>
</tr>
<tr>
<td>Net cash used from financing activities</td>
<td>(3.5)</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>25.4</td>
<td>19.3</td>
</tr>
<tr>
<td>Effect of foreign exchange rate changes</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>32.0</td>
<td>25.4</td>
</tr>
</tbody>
</table>
FY21 Key Performance Metrics

Financial and operational progress

- **↑23%**
  - Total revenue growth (£58.1m)

- **↑93%**
  - Recurring rev of total revenue

- **↑31%**
  - Functionality revenue growth (£18.9m)

- **↑£32.0m**
  - Strong cash position & no debt

- **↑23%**
  - EMEA revenue growth (£44.6m)

- **↑19%**
  - US revenue growth ($12.5m)

- **↑47%**
  - APAC revenue growth ($7.7m)

- **↑16%**
  - ARPC growth to £1,251/m
Outlook
Outlook

- Strengthened platform proposition in rapidly developing market
- Highly visible recurring SaaS revenue model
- Agile business structure with empowered culture
- Focused growth strategy
- Long-term vision and value proposition unchanged
- FY22 1Q trading in line with management expectations
Questions
Appendix
Top institutional holders

- Liontrust Asset Management 16.4%
- Directors 10.5%
- Octopus Investments 9.7%
- Slater Investments 5.3%
- Investec Wealth & Investment 5.2%
- Franklin Templeton Fund Management 3.2%
- Baillie Gifford 2.9%
- Herald Investment Management 2.6%
- William Blair & Company 2.5%
- Rathbones 2.4%
What we do

We sell cloud-based software to businesses that helps them send emails and marketing communications to their customers.

• Design professional looking campaigns quickly
• Send personalised messaging campaigns across multiple channels
• Automate customer journeys such as welcome, birthday, and abandoned basket campaigns
• Use other channels including live chat, social messaging, in-app messaging and chat apps to create a single customer view
• Capture customer data with landing pages and surveys
• Use AI for send time optimisation and product recommendations
• Provide analytics through reports and dashboards
See how dotdigital can help marketers utilise their data, boost ROI and do more in less time.

- General overview [click here](#)
- Data [click here](#)
- Segmentation [click here](#)
- Email building [click here](#)
- Automation suite [click here](#)
- Reporting [click here](#)
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