

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.

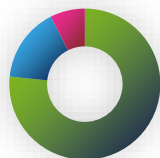
Who we help



* Top 100 customers represent 31% of group revenue

Business split

Geographic expansion



■ EMEA ■ US ■ APAC

Strategic Partnerships



■ Connector ■ Non Connector

Product Innovation



■ Msg ■ License & Func. ■ One-off

Key financials



10 year revenue CAGR

10-year adjusted EBITDA CAGR

10 year net cash CAGR

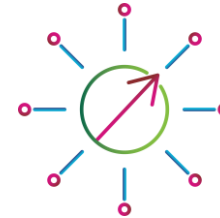
Record year for Dotdigital



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



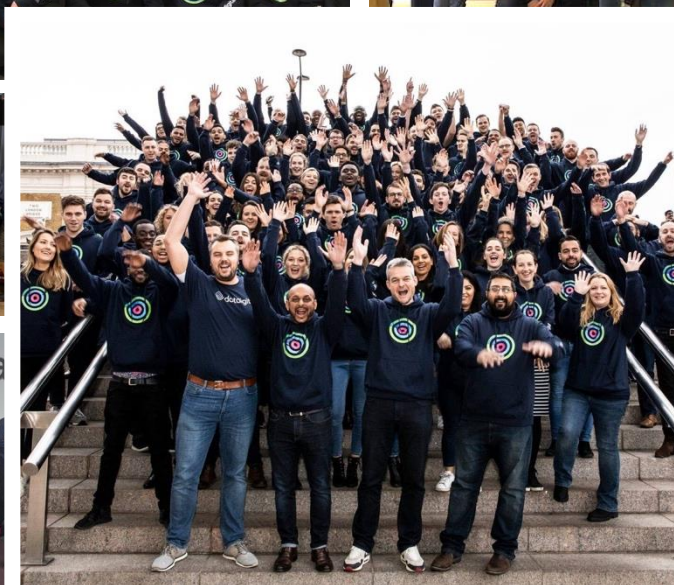
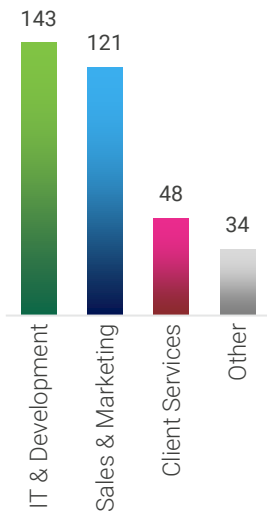
High level of confidence in delivery of targets for new financial year following positive start

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





UK
249 people



USA
26 people


Australia
22 people


South Africa
16 people


Singapore
4 people


Belarus
13 people


Poland
10 people


Netherlands
6 people

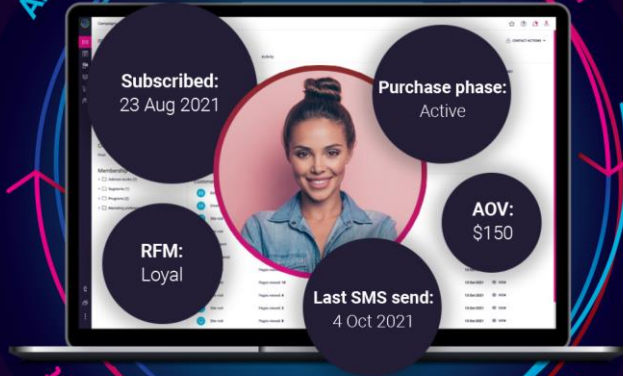
The leading customer engagement platform

Connect

Data collection
Data capture
De-duplication
Data enrichment
Profile unification

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

Analyse



Action

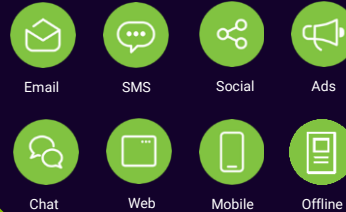
Empower

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



Supporting our customers

Large and diversified customer base across sectors and geographies



- 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



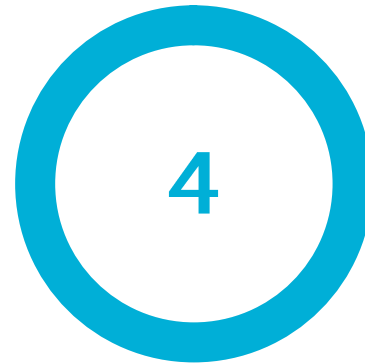
The development of omnichannel marketing



Revenue recovered in FY21 (or \$81k average revenue recovered per merchant per month)



Increase YoY in customers adopting our cross-channel package (with a 71% increase in MRR)



New UI languages introduced this year in support of our APAC expansion: Indonesian, Malay, Thai and Korean



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



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



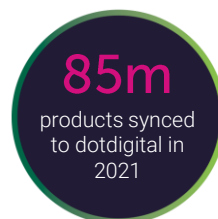
Product innovation driving value

Product innovation

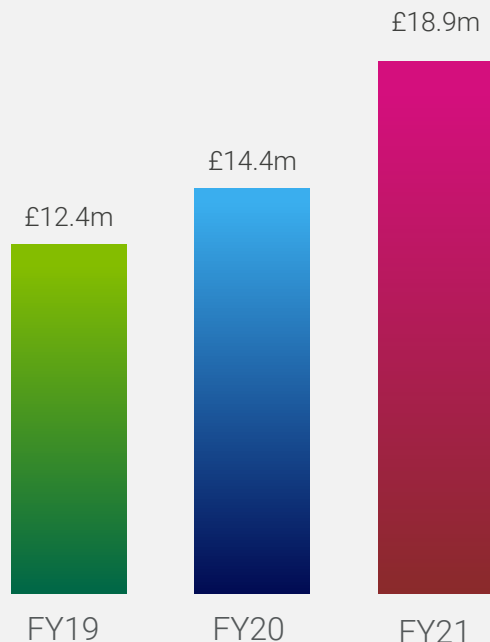
Strategic partnerships

Geographic expansion

- 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)



More data, more automation, more channels

Product innovation

Strategic partnerships

Geographic expansion

Q3 2020 Launch

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



Q1 2021 Launch

Customers drive meaningful experiences with transactional SMS and email updates. Plus, we launch SSO for enterprises.



Highly engaged recent
2,048

July 2020

October 2020

February 2021

April 2021



Q4 2020 Launch

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



Q2 2022 Launch

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

More data, more automation, more channels

Product innovation

Strategic partnerships

Geographic expansion

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



✓ Cross-account reporting

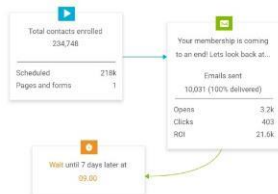
✓ More self-serve integrations

✓ Back-in-stock

September 2021

October 2021

2022



Q4 2021 Launch

We put customers first, front, and center with an app-wide UI refresh and Single customer view.

✓ Multi-channel attribution model

✓ Contact Unification

✓ Marketplace integrations, and more.

Building pipeline and market reach

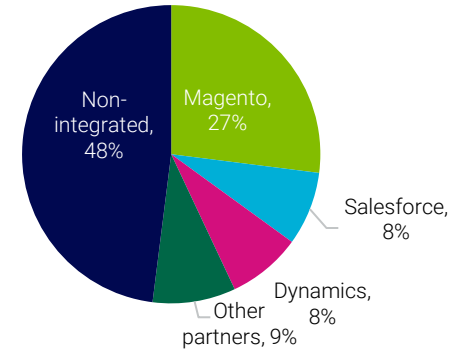
Product innovation

Strategic partnerships

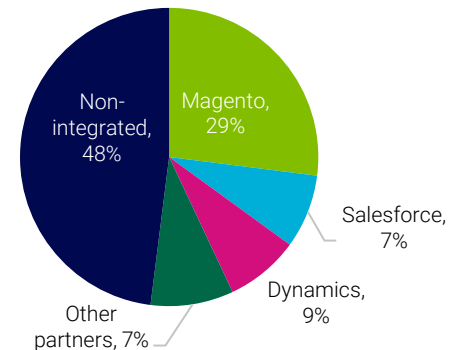
Geographic expansion

- 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).

FY 20



FY 21



Building pipeline and market reach

Geographic expansion

Strategic partnerships

Product innovation

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



Global Premier
Technology Partner



Gold Microsoft
Partner



Technology Partner



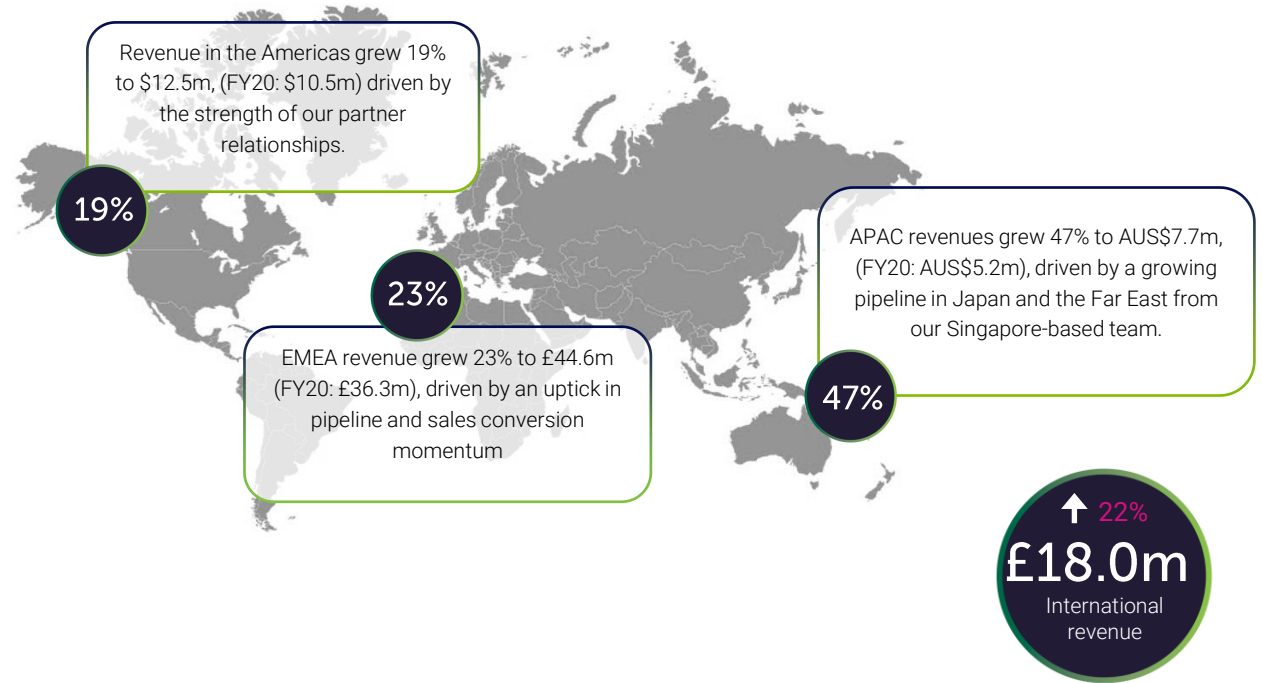
Verified Partner

Growth across our global opportunity

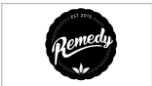
Product innovation

Strategic partnerships

Geographic expansion



Selection of new clients signed



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



Financial Review



Historical growth trends

10-year growth trends continue for both revenue and profit

384%

Engagement Cloud Revenue growth

482%

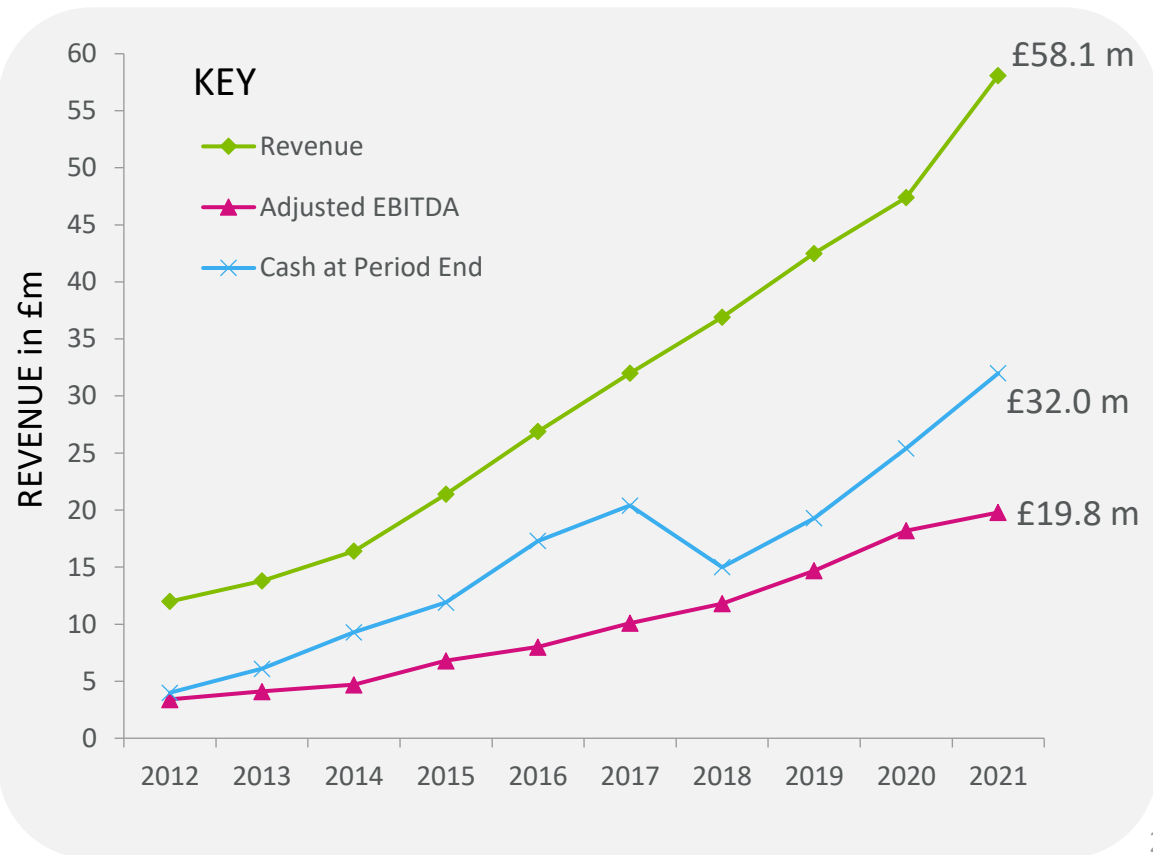
Adjusted EBITDA growth

21%

Engagement Cloud Revenue CAGR

23%

Adjusted EBITDA CAGR



Financials

Trading performance

Group revenue

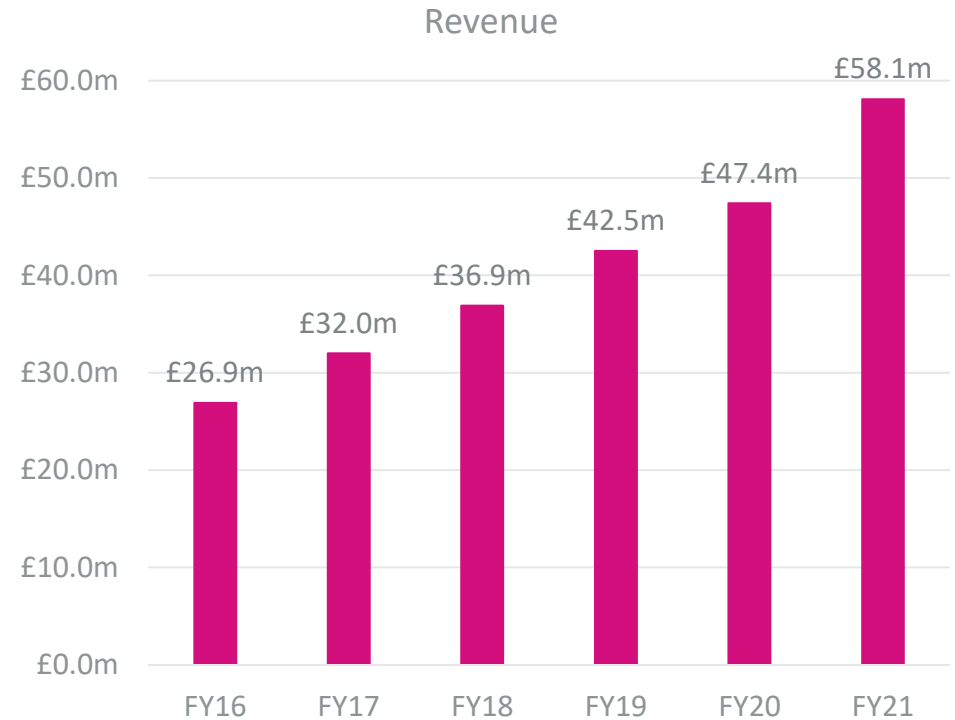
- Revenue from continuing operations grew 23% to £58.1m (2020: £47.4m)
- Monthly ARPC increased 16% to £1,251 (2020: £1,083)

Key Highlights

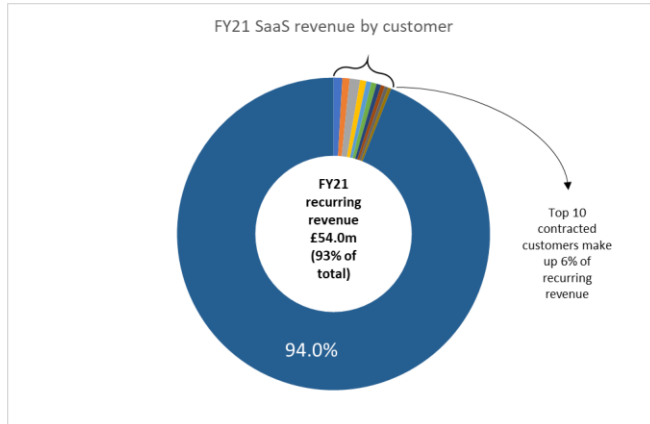
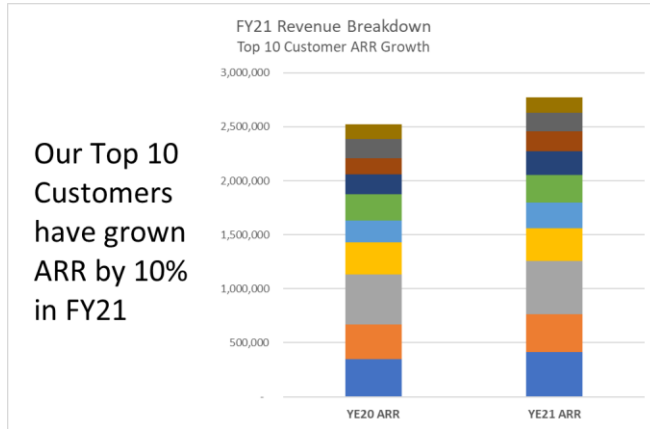
- International revenue grew 22% to £18.0m (2020: £14.8m)
- Functionality revenue grew 31% to £18.9m (2020: £14.4m)
- Revenue from strategic partners increased by 14% to £25.4m (2020: £22.3m)

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)

+90% Recurring revenue

Professional services

- 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)

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

* 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

Balance sheet	Jun 21 €M	Jun 20 €M
Non-current Assets	29.8	29.0
Other Current Assets	13.4	13.0
Cash	32.0	25.4
Total Assets	75.1	67.4
Non-current Liabilities	3.8	5.4
Current Liabilities	10.4	10.9
Total Liabilities	14.2	16.3
Total Equity	60.9	51.0
Total Equity & Liabilities	75.1	67.4

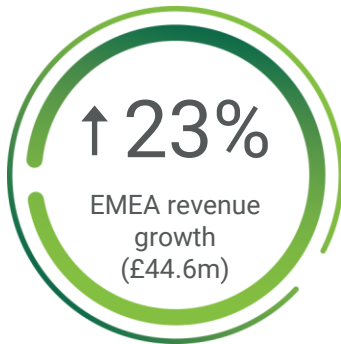
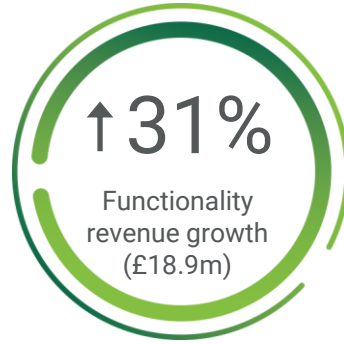
Cashflow statement

- 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

Cash flow	Jun 21 £M	Jun 20 £M
Net cash generated from operations	17.0	15.8
Net cash used in investing activities	(7.0)	(6.7)
Net cash used from financing activities	(3.5)	(3.0)
Cash and cash equivalents at beginning of period	25.4	19.3
Effect of foreign exchange rate changes	0.1	0.0
Cash and cash equivalents at end of period	32.0	25.4

FY21 Key Performance Metrics

Financial and operational progress



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

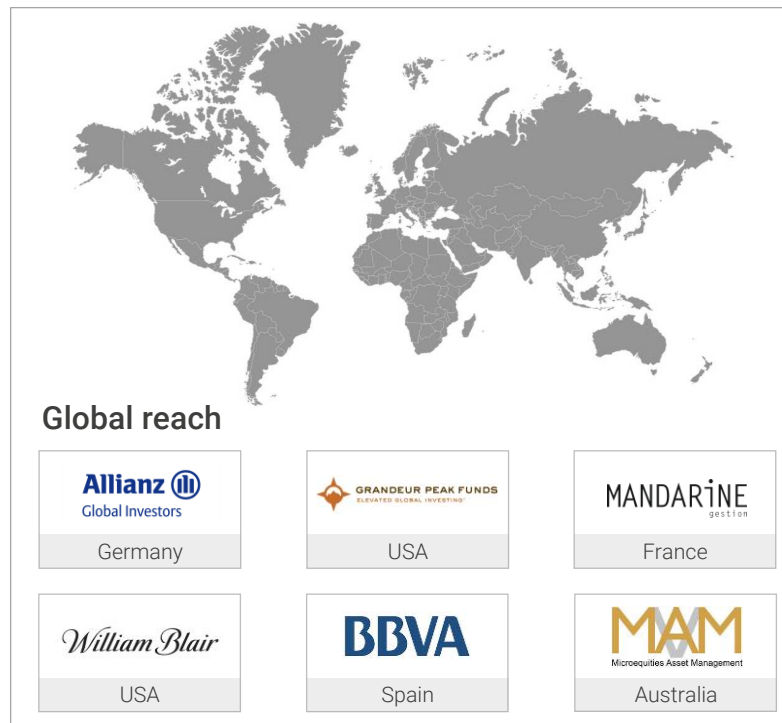


Appendix



Top institutional holders

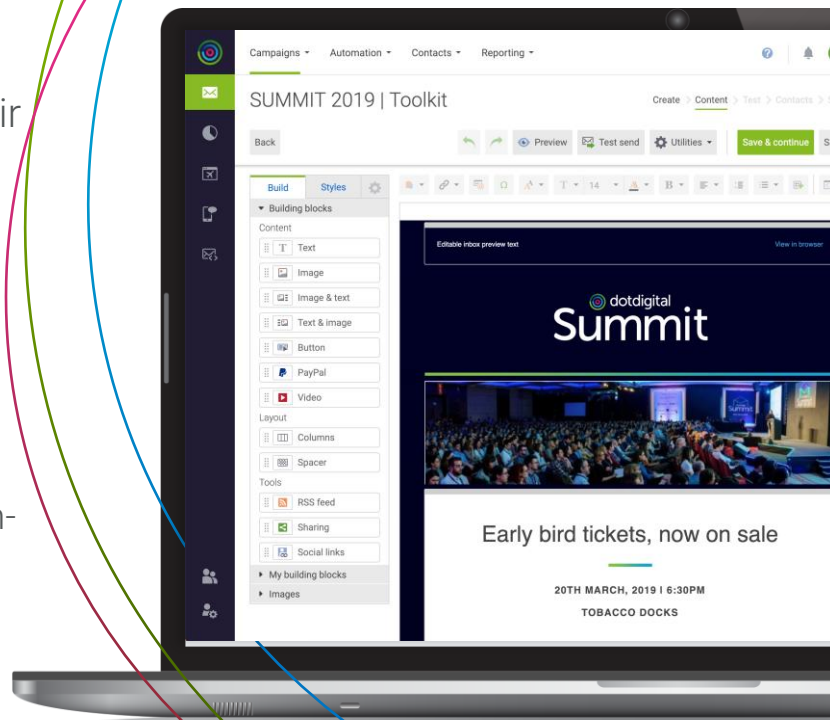
- Liontrust Asset Management 16.4%
- Directors 10.5%
- Octopus Investments 9.7%
- Slater Investments 5.3%
- Investec Wealth & Investment 5.2%
- Franklin Templeton Fund Management 3.2%
- Baillie Gifford 2.9%
- Herald Investment Management 2.6%
- William Blair & Company 2.5%
- Rathbones 2.4%



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 the platform in action

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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