

Company registration number 03762341  
(England & Wales)

**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**FOR**  
**DOTDIGITAL EMEA LIMITED**



**DOTDIGITAL EMEA LIMITED**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

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**DOTDIGITAL EMEA LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**DIRECTORS:** M Patel  
G Kasparian

**SECRETARY:** G Kasparian

**REGISTERED OFFICE:** No 1 London Bridge  
London Bridge  
London  
SE1 9BG

**REGISTERED NUMBER:** 03762341

**AUDITORS:** Moore Kingston Smith LLP  
Statutory Auditor  
Charlotte Building  
17 Gresse Street  
London  
W1T 1QL

**DOTDIGITAL EMEA LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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The directors present their strategic report with the financial statements of the company for the year ended 30 June 2021.

**REVIEW OF BUSINESS**

In the past 12 months ended 30 June 2021 Dotdigital EMEA Limited has built on its history of success within the digital market space, by achieving an increase in annual turnover of 21% to £48.9m and EBITDA of £19.1m - an increase of 9%. At the year end the company had cash of £28.8m.

**FUTURE OUTLOOK**

The Company provides omni-channel 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.

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 Company's long-term growth prospects.

**KEY PERFORMANCE INDICATORS**

The individual business units are managed and controlled using a variety of key performance indicators appropriate to the goals they have been set. Examples of key performance indicators include:

	2021 £	2020 £	Increase %
Revenue	48,909,160	40,330,247	21
EBITDA*	19,060,195	17,464,267	9
Cash	28,763,807	21,125,977	36
Volume sends	17.6bn	13.7bn	28
Email delivery rate	98.9%	98.9%	-
Email delivery time	14 minutes	14 minutes	-

\*EBITDA is calculated after excluding share-based payment and exceptional costs.

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**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 Company 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 Company's Risk Committee. Members of the Risk Committee are assigned to principal risks and these become executive owners responsible for confirming adequate controls are in place and the necessary action plans are implemented. The Chairman of the Risk Committee reports on the principal risks to the CFO who in turn reports these to the Company's Board.

**Key improvements**

- Risk Committee and ISO framework management reviews have been merged for operational efficiency enabling oversight 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.

<b>Strategic</b>	<b>Financial</b>	<b>Technological</b>	<b>Operational</b>
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

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Risk area	Impact	Mitigation of risk
<p><b>Global economic disruption</b></p> <p><i>Financial</i></p> <p><b>Movement:</b> Decreased</p>	<p>Disruption caused by global external events, such as pandemics and economic downturns have the potential to impact our financial performance.</p>	<ul style="list-style-type: none"> <li>• Continued building of recurring contracted revenue stream</li> <li>• Sufficient liquidity resources so that we can cope for prolonged periods of time without accessing the capital markets</li> <li>• Increasing flexibility for customers around payment terms</li> <li>• Quickly executable scenario plans reviewed to prepare for varying levels of financial impact to reserves</li> <li>• Continued investment into Business Continuity planning to enable staff availability, building accessibility and for hardware failure</li> </ul>
<p><b>Geography-specific market and political environments</b></p> <p><i>Financial</i></p> <p><b>Movement:</b> Stable</p>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Continual increase in international revenues outside of the UK</li> <li>• Successful exploration into options relating to geographic expansion above and beyond the UK, US and Australia - specifically Singapore and Netherlands</li> <li>• Constant review by the executive team for growth opportunities in additional territories including LATAM</li> <li>• Monitoring of the market conditions and political environment in regions we have offices, staff, target prospects and customers</li> <li>• Continue to distribute critical staff and engineering teams across regions for resilience</li> </ul>
<p><b>Optimising and growing high-performance teams</b></p> <p><i>Operational</i></p> <p><b>Movement:</b> Stable</p>	<p>Failure to attract, hire, develop, support and retain high-performing individuals will reduce the ability to achieve our goals.</p>	<ul style="list-style-type: none"> <li>• Delivery of a comprehensive programme of formal and informal learning and development opportunities aligned to the needs and goals of the business</li> <li>• Companywide roll out of a new learning content platform</li> <li>• Deployment of a new integrated people management platform for performance reviews, management self-service and employee engagement</li> <li>• Investment into flexible working arrangements, home office environments and wellbeing programmes to support our staff through global events, such as pandemics</li> </ul>

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		<ul style="list-style-type: none"> <li>• Continued commitment to organisational structures, internal communication tools and processes to enable cross-team collaboration</li> <li>• Regular evaluation of staff benefits to ensure market competitiveness</li> <li>• Expansion of staff engagement programs. Our Dotvoice programme now consists of four core pillars, Dotgreen, Dotcommunity, DotDEI and Dotwellbeing. Creating a listening culture, one of openness where staff can discuss all types of issues whether, social, political and environmental</li> <li>• Expansion into new territories increases accessible talent pools we can hire in</li> </ul>
<p><b>Data privacy</b></p> <p><i>Operational</i></p> <p><b>Movement:</b> Increased</p>	<p>Certain laws and regulations (such as the UK &amp; 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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Operation of an open-door policy, including the sharing of policies relating to security, compliance and data privacy</li> <li>• Maintenance of a public-facing Trust Centre communicating important information</li> <li>• 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</li> <li>• Provisioning of global instances of the platforms, allowing customers in certain regions to overcome data sovereignty constraints</li> <li>• 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”))</li> <li>• 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)</li> <li>• Implementation of an ISO 27701 certified Privacy Information Management System (PIMS)</li> <li>• Continued privacy and data protection staff awareness and training</li> </ul>

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<p><b>Environmental</b></p> <p><i>Operational</i></p> <p><b>Movement: Stable</b></p>	<p>As awareness on the climate challenge increases, it is expected there will be increasing legislation and customer pressure to provide sustainable business operations.</p>	<ul style="list-style-type: none"> <li>• The Company has set targets to become net zero by 2030</li> <li>• 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</li> <li>• A newly created role of Sustainability Lead has been created to ensure adequate resource is available to drive the EMS forward with continual improvement</li> <li>• 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)</li> <li>• 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</li> </ul>
<p><b>Evolving technology and customer requirements</b></p> <p><i>Operational</i></p> <p><b>Movement: Stable</b></p>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Remaining a credible provider of customer engagement SaaS solutions through constant investment in development and monetisation of new solutions, partnerships and enhancements</li> <li>• Implementation of a strong product vision to deliver unique selling points, adding customer value and solving customer problems</li> <li>• 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</li> <li>• 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</li> <li>• 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</li> </ul>

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		<ul style="list-style-type: none"> <li>• Continued evaluation and optimisation of product performance in the technology landscape to reduce maintenance overheads</li> <li>• 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)</li> <li>• Review technology acquisition opportunities that can further strengthen our go-to-market</li> </ul>
<p><b>Competitive environment</b></p> <p><i>Strategic</i></p> <p><b>Movement:</b> Increased</p>	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Investment in new product features, best-in-class 24/7 customer support and service offerings, enhanced brand recognition and improved service delivery</li> <li>• A global marketing presence and PR strategy to attract new customers</li> <li>• Further improvement of the products' renowned user experience</li> <li>• Continued focus on increasing content, delivery and personalisation capabilities across established and emerging messaging channels</li> <li>• Continued investment on our data, AI, reporting and machine learning capabilities and applying these to surprise and delight existing and prospective customers</li> <li>• Continuing to listen to our customers and the market to solve real customer problems in an intuitive way</li> </ul>

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<p><b>Internet service providers (ISPs), reputation and internet browser- related risks</b></p> <p><i>Strategic</i></p> <p><b>Movement:</b> Increased</p>	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"><li>• Provision of, and investment into, platform functionality to help customers comply with industry best practice, EU, Asia Pacific or US anti-spam regulations</li><li>• 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)</li><li>• Continued investment into technology that can proactively block trial account sign-ups and automated bots</li><li>• Development of a risk-based vetting approach of prospective customers and their data acquisition practises</li><li>• 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</li><li>• Explore and implement alternative message routes for upstream providers for channels that this is supported e.g. SMS</li><li>• Continued investment into our technology to enable customers to onboard faster, speeding up their time-to-value but without compromise to message delivery and sending reputation</li><li>• Continued investment in understanding engagement tracking correlated to message deliverability and how industry change impacts the measurement of success</li><li>• 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</li></ul>
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**DOTDIGITAL EMEA LIMITED**  
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<p><b>Key platform integrations</b></p> <p><i>Strategic</i></p> <p><b>Movement: Stable</b></p>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Maintain strong relationships with these platforms</li> <li>• Ensuring our platform policies align with the third parties</li> <li>• Continuous review of competing functionality from other vendors</li> <li>• Continued investment into the capabilities of each key integration, to ensure continued relevancy for customers and compliance with any third party or statutory changes</li> </ul>
<p><b>Loss of a strategic partnership</b></p> <p><i>Strategic</i></p> <p><b>Movement: Stable</b></p>	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Dedicated resources for strategic partnerships, development of our partner strategy and program</li> <li>• Delivery of a new service and technology partner program to support a partner-first approach</li> <li>• Renewal of agreements with all key strategic partners</li> <li>• 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</li> <li>• Services and functionality to enable customers to migrate between different technology partners, as well as out of the box connectors they can use</li> <li>• Continued work with new and emerging partners about providing connector functionality to their products</li> </ul>
<p><b>Use of public cloud service suppliers</b></p> <p><i>Technological</i></p> <p><b>Movement: Decreased</b></p>	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Implementation of resilient global instances of the platform to serve local customers and avoid global customer impact in the event of a regional outage</li> <li>• Regular simulation of Disaster Recovery plans to recover computing resources in secondary facilities located hundreds of miles away from the primary facilities</li> <li>• In addition to data being backed up to the secondary facilities, it is now also replicated to hot stand-by databases; resulting in improvements in the platform Recovery Time Objective (RTO)</li> <li>• Migration to modern and platform agnostic technologies; allowing for easier migration paths to different cloud service providers</li> <li>• Due diligence, and ongoing monitoring of cloud computing supplier security and incident handling processes, penetration testing results, change management and security and privacy accreditations</li> </ul>

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<p><b>Supplier and computer hardware related risks</b></p> <p><i>Technological</i></p> <p><b>Movement: Stable</b></p>	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• 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</li> <li>• Tracking of message metrics regular reviewed and monitored by the executive team</li> <li>• Continual evaluation of suppliers and technologies with the prioritisation of send volume, scalability and resiliency, and business continuity</li> <li>• Continual investment in, and maintenance of, the company's sending IP address ranges by a dedicated messaging operations team; ensuring global reputability and use optimisation</li> <li>• Strong relationships with Internet Service Providers and industry groups have been developed allowing for speedy containment and recovery of IP reputation issues</li> <li>• The Company has significantly increased the number of upstream SMS providers, reducing the impact of an issue with individual providers. In addition to this, the Company frequently reviews the most profitable upstream supplier routing options, and negotiating contracts regularly based on current and anticipated volume</li> </ul>
<p><b>Information security and cyber risks</b></p> <p><i>Technological</i></p> <p><b>Movement: Stable</b></p>	<p>The ever-evolving, sophisticated nature of the cyber threat landscape poses an ongoing risk to the Company. The brand reputation and financial performance depends on the protection of the confidentiality, integrity, availability of data and computer systems.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• An established Security function is in place to manage an ISO 27001 certified Information Security Management System (ISMS) across the whole business</li> <li>• The Company continues to invest in preventative, detective, and corrective controls to minimise the likelihood and impact of security vulnerabilities and incidents</li> <li>• 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</li> <li>• The continual promotion of a security culture within the business via various awareness initiatives</li> <li>• The transference of some risk by the introduction of Cyber Insurance</li> </ul>

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**STRATEGIC REPORT**  
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**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 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 2030, a full 15 years ahead of the timeline set out in the Paris Agreement to limit global heating to 1.5 C.

**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 2030 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).

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**STRATEGIC REPORT**  
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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 4<sup>th</sup> May 2022 and signed on its behalf by:

*Milan Patel*

.....  
M Patel - Director

Date: 4<sup>th</sup> May 2022

**DOTDIGITAL EMEA LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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The directors present their report with the financial statements of the company for the year ended 30 June 2021. .

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of providing intuitive software as a service (“SaaS”) via a leading cross-channel marketing automation platform and managed services to digital marketing professionals.

**DIVIDENDS**

The Directors recommend the payment of a final dividend of £55,555.55 per ordinary share, to be paid on 30 June 2021 to members on the Register at the close of business on 30 June 2021.

**DIRECTORS**

The following officers held office during the whole of the year:

M Patel

P Amin (resigned 31.03.2022)

G Kasparian

**FINANCIAL INSTRUMENTS**

Details of the company's risk management objectives and policies together with its exposure to financial risk are set out in note 17 to the financial statements.

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

**PRODUCT DEVELOPMENT**

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

**GOING CONCERN**

After making the appropriate enquires, the directors consider that the company has adequate recourses 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.

**STRATEGIC REPORT**

The Strategic Report covers pages 2 – 12.

**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.

**SUPPLIER PAYMENT POLICY**

The company'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 company, expressed as a number of days, were 16 days (2020 restated: 50 days).

**INDEMNITY OF OFFICERS**

The Company 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.

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**REPORT OF THE DIRECTORS**  
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**CHARITABLE AND POLITICAL DONATIONS**

No political donations were made by the company. Charitable donations made by the company in the year were £8,400 (2020: £2,032).

**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.

**EMPLOYEES**

The number of employees and their remuneration is set out in note 2.

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 company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The company 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 EMEA Limited 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 Company 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 Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.

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 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 Company.

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.

**OUR PEOPLE**

The Company 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 Company 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.

**DOTDIGITAL EMEA LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**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 Company. 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.

**COMMUNITY AND ENVIRONMENT**

The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. The Company 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 Company is carbon neutral and we aim to achieve this standard into the foreseeable future.

**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 shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard, and any issues or questions raised, properly considered.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). 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 of the profit or loss of the company 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 applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DOTDIGITAL EMEA LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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 company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company'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.

**ON BEHALF OF THE BOARD:**

*milan patel*

.....  
M Patel - Director

Date: 4<sup>th</sup> May 2022

**DOTDIGITAL EMEA LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS**

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**Independent auditor's report to the members of Dotdigital EMEA Limited**

**Opinion**

We have audited the financial statements of Dotdigital EMEA Limited for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, including FRS101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 company 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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

**DOTDIGITAL EMEA LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS**

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**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 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 company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 15, 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 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 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.

## **DOTDIGITAL EMEA LIMITED**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS**

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As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **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 company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
  - We obtained an understanding of how the Company 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.
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**DOTDIGITAL EMEA LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS**

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- 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.

**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

.....04 May 2022.....

Chartered Accountants  
Statutory Auditor

Charlotte Building  
17 Gresse Street  
London  
W1T 1Q

**DOTDIGITAL EMEA LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	30.6.21 £	Restated 30.6.20 £
<b>CONTINUING OPERATIONS</b>			
Revenue from contracts with customers	3	48,909,160	40,330,247
Cost of sales	5	<u>(9,731,822)</u>	<u>(3,465,538)</u>
<b>GROSS PROFIT</b>		<b>39,177,338</b>	<b>36,864,709</b>
Administrative expenses	5	<u>(25,648,961)</u>	<u>(23,906,694)</u>
<b>OPERATING PROFIT BEFORE SHARE BASED PAYMENTS AND EXCEPTIONAL ITEMS</b>		<b>13,528,377</b>	<b>12,958,015</b>
Share based payments	24	(624,881)	(682,117)
Exceptional items	6	<u>(2,726,526)</u>	<u>-</u>
<b>OPERATING PROFIT</b>		<b>10,176,970</b>	<b>12,275,898</b>
Finance costs	4	(59,584)	(66,436)
Finance income	4	<u>19,538</u>	<u>40,269</u>
<b>PROFIT BEFORE INCOME TAX</b>		<b>10,136,924</b>	<b>12,249,731</b>
Income tax	7	<u>(1,176,622)</u>	<u>(1,144,899)</u>
<b>PROFIT FOR THE YEAR</b>		<b>8,960,302</b>	<b>11,104,832</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
		<u><b>8,960,302</b></u>	<u><b>11,104,832</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>8,960,302</u></b>	<b><u>11,104,832</u></b>
<b>Total comprehensive income attributable to the owners of the parent</b>		<b><u>8,960,302</u></b>	<b><u>11,104,832</u></b>

**DOTDIGITAL EMEA LIMITED****STATEMENT OF FINANCIAL POSITION****30 JUNE 2021**

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		30.6.21	Restated	Restated
		£	30.6.20	30.6.19
	Notes		£	£
<b>FIXED ASSETS</b>				
Intangible assets	9	15,363,016	13,170,095	10,305,362
Property, plant and equipment	10	<u>3,612,055</u>	<u>4,520,835</u>	<u>857,637</u>
		<u>18,975,071</u>	<u>17,690,930</u>	<u>11,162,999</u>
<b>CURRENT ASSETS</b>				
Debtors due within one year	11	13,650,334	17,267,737	15,908,068
Cash and cash equivalents	12	<u>28,763,807</u>	<u>21,125,977</u>	<u>14,762,326</u>
		<u>42,414,141</u>	<u>38,393,714</u>	<u>30,670,394</u>
<b>TOTAL ASSETS</b>		<b><u>61,389,212</u></b>	<b><u>56,084,644</u></b>	<b><u>41,833,393</u></b>
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>				
Called up share capital	13	92	92	92
Capital Contribution Reserve	14	4,373,668	2,600,924	1,881,089
Retained earnings	14	<u>44,903,669</u>	<u>40,943,367</u>	<u>32,786,549</u>
<b>TOTAL EQUITY</b>		<b>49,277,429</b>	<b>43,544,383</b>	<b>34,667,730</b>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities	16	2,475,305	3,152,536	-
Deferred tax	18	<u>1,189,488</u>	<u>1,883,325</u>	<u>1,113,633</u>
		3,664,793	5,035,861	1,113,633
<b>CURRENT LIABILITIES</b>				
Trade and other payables	15	7,672,849	6,768,173	6,052,030
Financial liabilities:				
- Lease liabilities	16	744,921	706,031	-
Current tax payable		<u>29,220</u>	<u>30,196</u>	<u>-</u>
		<u>8,446,990</u>	<u>7,504,400</u>	<u>6,052,030</u>
<b>TOTAL LIABILITIES</b>		<b><u>12,111,783</u></b>	<b><u>12,540,261</u></b>	<b><u>7,165,663</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>61,389,212</u></b>	<b><u>56,084,644</u></b>	<b><u>41,833,393</u></b>

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**DOTDIGITAL EMEA LIMITED**

**STATEMENT OF FINANCIAL POSITION**  
**30 JUNE 2021**

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The financial statements were approved and authorised for issue by the Board of Directors on 4<sup>th</sup> May 2022 and were signed on its behalf by:

*milan patel*

.....  
M Patel - Director

Company registration number: 03762341 (England and Wales)

**DOTDIGITAL EMEA LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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	Called up Share capital £	Retained Earnings £	Capital Contribution Reserve £	Total equity £
<b>Balance as at 1 July 2019, as previously reported</b>	<b>92</b>	<b>34,667,638</b>	-	<b>34,667,730</b>
Transfer in reserves in relation to share based payment transactions (restated see note 25)	-	(1,690,803)	1,690,803	-
Deferred tax on share based payment transactions (restated see note 25)	-	(190,286)	190,286	-
<b>Restated balance as at 1 July 2019</b>	<b>92</b>	<b>32,786,549</b>	<b>1,881,089</b>	<b>34,667,730</b>
Dividends	-	(3,000,000)	-	(3,000,000)
Share based payments	-	-	682,117	682,117
Total comprehensive income (restated see note 25)	-	11,104,832	-	11,104,832
Deferred tax asset on share options	-	168	37,718	37,886
Deferred tax asset on IFRS 15	-	51,818	-	51,818
<b>Balance as at 30 June 2020</b>	<b>92</b>	<b>40,943,367</b>	<b>2,600,924</b>	<b>43,544,383</b>
<b>Changes in equity</b>				
Dividends	-	(5,000,000)	-	(5,000,000)
Share-based payments	-	-	624,881	624,881
Deferred tax asset on share options	-	-	1,147,863	1,147,863
Total comprehensive income	-	8,960,302	-	8,960,302
<b>Balance as at 30 June 2021</b>	<b>92</b>	<b>44,903,669</b>	<b>4,373,668</b>	<b>49,277,429</b>

- Share Capital is the amount subscribed for shares at nominal value.
- Retained Earnings represent the cumulative earnings of the company attributable to the owners of the company.
- Capital Contribution Reserve relate to the charge for the share-based payment in accordance with International Financial Reporting Standard 2.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**1. ACCOUNTING POLICIES**

**General information**

Dotdigital EMEA Limited is a limited company incorporated in England and Wales. The address of the registered office is No 1 London Bridge, London Bridge, London SE1 9BG. The principal activity of the Company is described on page 13.

**Basis of preparation**

During the year the Company transitioned from International Financial Reporting Standards as adopted by the European Union (IFRS) to Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). There are no recognition or measurement changes that need to be disclosed. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The financial statements are presented in sterling (£), rounded to the nearest pound.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed on pages 32-33.

In preparing these financial statements the Company has taken advantage of certain disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- A statement of cash flows and related notes;
- Capital management disclosures;
- The effect of future accounting standards not adopted; and
- The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more wholly owned members of the group.

This information is included in the consolidated financial statements of Dotdigital Group Plc as at 30 June 2021 and these financial statements may be obtained from its registered office.

**New standards, amendments, IFRIC interpretations and new relevant disclosure requirements**

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.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**1. ACCOUNTING POLICIES – continued**

**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.

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

**Significant accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

The prior period statement of comprehensive income 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 statement of financial position and statement of changes in equity. Details of these restatements can be found in note 25.

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value added tax returns, rebates and discounts.

The Company 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 Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company sells omni-channel 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 Company 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 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

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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1. **ACCOUNTING POLICIES - continued**

**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 Company's business activities together with factors that are likely to affect its future development and position are set out in the Strategic Report and the Directors' Report. Budgets and detailed profit and loss forecasts that look beyond twelve months from the date of these financial statements have been prepared and used to ensure that the Company 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 evenly over the term of the contract.

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

Term contract billing: The Company 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.

and future economic conditions that may impact on the Company 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 Company. Due to the nature of the Company's activities, there has not been a significant on-going impact on the business (as detailed in the Strategic Report).

The Directors, at the time of approving the financial statements, have a reasonable expectation that the Company has 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.

**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.

**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.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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1. **ACCOUNTING POLICIES - continued**

**- 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 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 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.

**Impairment of non-financial assets (excluding goodwill)**

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these 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 company 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.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**1. ACCOUNTING POLICIES - continued**

**Property, plant and equipment**

Tangible non-current assets are stated at historical cost less 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 are 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.

Short leasehold:	25% on cost
Fixtures and fittings:	25% on cost
Computer equipment:	25% on cost

The asset's residual values and useful economic lives are reviewed and adjusted, if appropriate, at each balance sheet 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. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

**Capital management**

The Company manages the company's 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 Company consists of finance provided from the group, cash and cash equivalents, 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 statement of comprehensive income, 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 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 tax**

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.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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1. **ACCOUNTING POLICIES - continued**

**Leases**

The Company has applied IFRS 16 using the modified retrospective approach. 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 Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets, being less than £5,000, comprise IT equipment and small items of office furniture.

**Extension and termination options**

Extension and termination options are included in a number of property and equipment leases. 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 Company 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.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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1. **ACCOUNTING POLICIES - continued**

**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 company's accounting policies for financial assets are set out below:

Management determine the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and, where allowed and appropriate, revalue this designation at every reporting date.

All financial assets are recognised on a trade date when, and only when, the Company 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 ('FVPL'), which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at FVPL, 'amortised cost' or 'fair value through other comprehensive income' ('FVOCI'). The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually, the Company 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 Company 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.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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1. **ACCOUNTING POLICIES - continued**

**Equity**

Share capital is the amount subscribed for shares at their nominal value.

Retained earnings represent the cumulative earnings of the company attributable equity to Shareholders.

**Share-based payments**

For equity-settled share-based payment transactions the Company, 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.

**Cash and cash equivalents**

Cash and cash equivalents compose of cash at bank and on hand, demand deposits with banks and other financial institutions, short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant amount of risk and of changes in value, having been within three months of maturity at acquisition. Bank overdrafts are repayable on demand and form an integral part of the Company's cash management.

**Critical accounting estimates and judgements**

The Company 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

The business model is underpinned by our email and cross-channel marketing automation platform, Dotmailer 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.

**Estimates and assumptions**

(a) 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

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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1. **ACCOUNTING POLICIES - continued**

Further detail on the estimates and assumptions made in respect of share-based compensation are included in note 24 to the financial statements. The charge made to income statement for period is also disclosed here.

(b) Depreciation and amortisation

The Company depreciates short leasehold, fixtures and fittings, computer equipment and amortises 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 Company intends to derive future economic benefits from the use of the Company's short leasehold fixtures and fittings, computer equipment, computer software, internally generated development costs and domain names.

(c) 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 takes into consideration (i) an 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 Company'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.

(d) Lease accounting – incremental borrowing rate

IFRS 16 "Leases" requires lease payments to be discounted using the lessee's incremental borrowing rate. The Company'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.

**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 Company's statement of financial position when the Company becomes a party to a contractual provision of an instrument. Financial liabilities and equity instruments issued by the Company 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 Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of transaction costs.

The Company's financial liabilities include trade payables and accrued 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 payables range from 10 to 90 days.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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1. **ACCOUNTING POLICIES - continued**

**Functional currency translation**

**Functional and presentation currency**

Items included in the financial statements if 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 presentation 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 company operates a defined contribution pension scheme. Contributions payable by the company's pension scheme are charged to the income statement in the period in which they relate.

**Foreign currency exchange rate risk**

The Company 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 Company's foreign operations is managed through cash balances denominated in the relevant foreign currencies.

The Company is mainly exposed to the US Dollar, Australian Dollar and Euro currencies.

The following table details the Company'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 weakens 10% against the relevant currency. For a 10% strengthening of Sterling against the relevant currency, there would be a decrease in profit, and the balances below would be negative.

**10% increase in Sterling**

	30.6.21	30.6.20
	£	£
US Dollar	(155,436)	(14,992)
Australian Dollar	(118,124)	(10,339)
Euro	<u>(110,359)</u>	<u>(52,463)</u>
	<u>(383,919)</u>	<u>(77,794)</u>

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**2. EMPLOYEES AND DIRECTORS**

	30.6.21	30.6.20
	£	£
Wages and Salaries	12,208,582	11,888,472
Social security costs	1,375,816	1,427,878
Other pension costs	265,927	262,434
	<u>13,850,325</u>	<u>13,578,784</u>

The average number of employees during the year was as follows:

	30.6.21	30.6.20
Directors	3	3
Sales and marketing	118	130
Development and system engineers	75	76
Administration	<u>52</u>	<u>51</u>
	<u>248</u>	<u>260</u>

**3. SEGMENTAL REPORTING**

The Company's single line of business remains the provision of data-driven omni-channel marketing automation. The chief operating decision maker considers the Company's main segment to be by geographical location.

**Geographical revenue**

	30.6.21	30.6.20
	£	£
EMEA	44,224,476	36,943,235
US	3,316,576	2,729,181
APAC	1,272,303	581,420
Rest of the world	<u>95,805</u>	<u>76,411</u>
	<u>48,909,160</u>	<u>40,330,247</u>

Revenue from external customers is attributed to the geographical segments noted above based on the customers' location. There were no customers who account for more than 10% of revenue (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.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**4. NET FINANCE COSTS**

	30.6.21	30.6.20
	£	£
Finance income:		
Deposit account interest	<u>19,538</u>	<u>40,269</u>
Finance costs:		
Interest charge	<u>(59,584)</u>	<u>(66,436)</u>
Net finance costs	<u>(40,046)</u>	<u>(26,167)</u>

**5. OPERATING PROFIT**

Operating profit has been arrived at after charging/(crediting):-

	30.6.21	Restated* 30.6.20
	£	£
Outsourcing and tech infrastructure	<u>9,731,822</u>	<u>3,465,538</u>
Total cost of sales	<u>9,731,822</u>	<u>3,465,538</u>

	30.6.21	Restated* 30.6.20
	£	£
Direct marketing	1,470,511	1,177,034
Partner commission	1,786,878	2,309,602
Staff related costs (inc Directors' emoluments)	14,077,649	13,905,151
Auditor's remuneration	36,750	16,250
Amortisation of intangibles	4,673,052	3,646,792
Depreciation charge	858,766	859,460
Legal, professional and consultancy fees	335,078	161,031
Computer expenditure	515,688	563,970
Bank charges	90,777	76,914
Bad debts	624,289	846,099
Foreign exchange losses/(gains)	503,707	(137,895)
Travel and subsistence costs	2,477	286,499
Office running	483,046	450,832
Gain on disposal of property, plant and equipment	(1,590)	(3,255)
Other costs	288,771	213,849
Management charge	<u>(96,888)</u>	<u>(465,639)</u>
Total administrative expenses	<u>25,648,961</u>	<u>23,906,694</u>

\*Partner commission and direct marketing have been reclassified under administrative expenses and tech infrastructure have been reclassified under cost of sales and comparatives restated (see note 25).

**6. EXCEPTIONAL ITEMS**

Exceptional items incurred in the year relate to the write off of a loan to a related party of £2,726,526 (2020: £nil).

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**7. INCOME TAX**

**Analysis of tax expense**

	30.6.21	30.6.20
	£	£
Current tax:		
Tax	722,595	337,321
Deferred tax	<u>454,027</u>	<u>807,578</u>
Total tax expense in statement of profit or loss and other comprehensive income	<u>1,176,622</u>	<u>1,144,899</u>

**Factors affecting the tax expense**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.21	*Restated 30.6.20
	£	£
Profit on ordinary activities before tax	<u>10,136,924</u>	<u>12,249,731</u>
Profit on ordinary activities multiplied by the average rate of corporation tax suffered globally: 19% (2020: 19%)	1,926,016	2,327,449
Effects of:		
Expenses not deductible	1,298,903	199,622
Research and development enhanced claim	(2,238,644)	(2,068,873)
Adjustments in respect of prior periods	-	(182,831)
Disposal of property, plant and equipment	-	(618)
Group relief	(293,392)	-
Utilisation of tax losses	-	(618,339)
Capital allowances in excess of depreciation	<u>29,712</u>	<u>680,911</u>
Current tax on profit for the year	722,595	337,321
Deferred tax on origination and reversal of timing differences	454,027	807,578
Total tax charge for the year	<u>1,176,622</u>	<u>1,144,899</u>

\*See note 25

**8. DIVIDENDS**

	30.6.21	30.6.20
	£	£
Final dividend for the year ended of £55,555 per share (2020: £33,333)	<u>5,000,000</u>	<u>3,000,000</u>

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

9. **INTANGIBLE ASSETS**

	Computer software £	Development costs £	Domain names £	Totals £
<b>COST</b>				
At 1 July 2020	741,799	26,867,007	19,387	27,628,193
Additions	<u>68,694</u>	<u>6,797,279</u>	<u>-</u>	<u>6,865,973</u>
At 30 June 2021	<u>810,493</u>	<u>33,664,286</u>	<u>19,387</u>	<u>34,494,166</u>
<b>AMORTISATION</b>				
At 1 July 2020	589,826	13,850,809	17,463	14,458,098
Amortisation for the year	<u>80,347</u>	<u>4,591,853</u>	<u>852</u>	<u>4,673,052</u>
At 30 June 2021	<u>670,173</u>	<u>18,442,662</u>	<u>18,315</u>	<u>19,131,150</u>
<b>NET BOOK VALUE</b>				
At 30 June 2021	<u>140,320</u>	<u>15,221,624</u>	<u>1,072</u>	<u>15,363,016</u>

	Computer software £	Development costs £	Domain names £	Totals £
<b>COST</b>				
At 1 July 2019	691,527	20,405,694	19,387	21,116,608
Additions	<u>50,272</u>	<u>6,461,313</u>	<u>-</u>	<u>6,511,585</u>
At 30 June 2020	<u>741,799</u>	<u>26,867,007</u>	<u>19,387</u>	<u>27,628,193</u>
<b>AMORTISATION</b>				
At 1 July 2019	494,132	10,300,504	16,610	10,811,246
Amortisation for year	<u>95,694</u>	<u>3,550,305</u>	<u>853</u>	<u>3,646,852</u>
At 30 June 2020	<u>589,826</u>	<u>13,850,809</u>	<u>17,463</u>	<u>14,458,098</u>
<b>NET BOOK VALUE</b>				
At 30 June 2020	<u>151,973</u>	<u>13,016,198</u>	<u>1,924</u>	<u>13,170,095</u>

Development cost additions represents resources the company had 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 Company intends to licence the use of the platform.

**DOTGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

10. **PROPERTY, PLANT AND EQUIPMENT**

	Right of Use Assets £	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 July 2020	4,493,901	605,970	537,598	1,964,921	7,602,390
Additions	<u>73,542</u>	<u>-</u>	<u>270</u>	<u>71,617</u>	<u>145,429</u>
At 30 June 2021	<u>4,567,443</u>	<u>605,970</u>	<u>537,868</u>	<u>2,036,538</u>	<u>7,747,819</u>
<b>DEPRECIATION</b>					
At 1 July 2020	681,094	352,869	484,908	1,562,684	3,081,555
Charge for year	<u>753,245</u>	<u>60,971</u>	<u>33,370</u>	<u>206,623</u>	<u>1,054,209</u>
At 30 June 2021	<u>1,434,339</u>	<u>413,840</u>	<u>518,278</u>	<u>1,769,307</u>	<u>4,135,764</u>
<b>NET BOOK VALUE</b>					
At 30 June 2021	<u>3,133,104</u>	<u>192,130</u>	<u>19,590</u>	<u>267,231</u>	<u>3,612,055</u>

	Right of Use Assets £	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 July 2019	-	528,370	564,064	1,828,471	2,920,905
Additions	-	77,600	2,682	136,450	216,732
Disposals	-	-	(29,148)	-	(29,148)
Reclassified: IFRS 16	<u>4,493,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,493,901</u>
At 30 June 2020	<u>4,493,901</u>	<u>605,970</u>	<u>537,598</u>	<u>1,964,921</u>	<u>7,602,390</u>
<b>DEPRECIATION</b>					
At 1 July 2019	-	294,415	443,832	1,325,021	2,063,268
Charge for year	<u>681,094</u>	<u>58,454</u>	<u>41,076</u>	<u>237,663</u>	<u>1,018,287</u>
At 30 June 2020	<u>681,094</u>	<u>352,869</u>	<u>484,908</u>	<u>1,562,684</u>	<u>3,081,555</u>
<b>NET BOOK VALUE</b>					
At 30 June 2020	<u>3,812,807</u>	<u>253,101</u>	<u>52,690</u>	<u>402,237</u>	<u>4,520,835</u>

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**11. TRADE AND OTHER RECEIVABLES**

	30.6.21	30.6.20
	£	£
Current:		
Trade receivables	7,275,655	6,420,542
Provision for impairment of trade receivables	<u>(1,282,875)</u>	<u>(1,076,393)</u>
Trade receivables – net	5,992,780	5,344,149
Amounts owed by group undertakings	4,286,109	8,774,597
Social security and other taxes	8,542	-
Other receivables	356	114,034
VAT	32,503	-
Prepayments and contract asset	<u>3,330,044</u>	<u>3,034,957</u>
	<u>13,650,334</u>	<u>17,267,737</u>

The carrying values are considered to be a reasonable approximation of fair value and are considered recoverable within one year by the directors.

**12. CASH AND CASH EQUIVALENTS**

	30.6.21	30.6.20
	£	£
Bank accounts	<u>28,763,807</u>	<u>21,125,977</u>

**13. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			30.6.21	30.6.20
Number:	Class:	Nominal value:	£	£
90	Ordinary	£1	90	90
2	Ordinary 'A'	£1	<u>2</u>	<u>2</u>
			<u>92</u>	<u>92</u>

Ordinary 'A' Shares rank pari passu with the Ordinary shares in all respects other than they have no entitlement to receive notice of or attend and vote at any general meeting of the company and no entitlement to any dividend, interim or final, recommended, declared or paid.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**14. RESERVES**

	Retained earnings £	Capital Contribution Reserve £	Totals £
As at 1 July 2020 (restated)	40,943,367	2,600,924	43,544,291
Dividends	(5,000,000)	-	(5,000,000)
Profit for the year	8,960,302	-	8,960,302
Deferred tax on share options	-	1,147,863	1,147,863
Share-based payment	-	624,881	624,881
Balance as at 30 June 2021	<u>44,903,669</u>	<u>4,373,668</u>	<u>49,277,337</u>

  

	Retained Earnings £	Capital Contribution Reserve £	Totals £
Restated balance at 1 July 2019 (see note 25)	32,786,549	1,881,089	34,667,638
Dividends	(3,000,000)	-	(3,000,000)
Profit for the year	11,104,832	-	11,104,832
Deferred tax on share options	168	37,718	37,886
Deferred tax on IFRS 15	51,818	-	51,818
Share-based payment	-	682,117	682,117
Restated balance as at 30 June 2020 (see note 25)	<u>40,943,367</u>	<u>2,600,924</u>	<u>43,544,291</u>

**15. TRADE AND OTHER PAYABLES**

	30.6.21 £	30.6.20 £
Current:		
Trade payables	425,107	470,842
Amounts owed to group undertakings	764,841	390,115
Other payables	108,744	112,777
Accruals and contract liability	6,374,157	4,696,116
VAT	-	1,098,323
	<u>7,672,849</u>	<u>6,768,173</u>

Amounts owed to group undertakings are non-interest bearing and are repayable on demand.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

16. **LEASE LIABILITIES**

	Properties	Motor Vehicles	Totals
	£	£	£
At 1 July 2020	3,818,429	40,138	3,858,567
Additions	-	73,541	73,541
Principal repayments	(757,584)	(49,955)	(807,539)
Interest	94,788	869	95,657
	<u>3,155,633</u>	<u>64,593</u>	<u>3,220,226</u>
At 30 June 2021			
Current	716,669	28,252	744,921
Non-current	<u>2,438,964</u>	<u>36,341</u>	<u>2,475,305</u>
At 30 June 2021	<u>3,155,633</u>	<u>64,593</u>	<u>3,220,226</u>
	Properties	Motor Vehicles	Totals
	£	£	£
At 1 July 2019	-	-	-
Transition on adoption of IFRS 16	4,572,186	82,322	4,654,508
Re-measurement of existing lease liabilities	(151,469)	-	(151,469)
Termination of leases	(9,137)	-	(9,137)
Principal repayments	(694,977)	(43,887)	(738,864)
Interest	101,826	1,703	103,529
	<u>3,818,429</u>	<u>40,138</u>	<u>3,858,567</u>
At 30 June 2020			
Current	671,825	34,206	706,031
Non-current	<u>3,146,604</u>	<u>5,932</u>	<u>3,152,536</u>
At 30 June 2020	<u>3,818,429</u>	<u>40,138</u>	<u>3,858,567</u>

17. **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

The company's activity exposes it to a number of financial risks that include credit risk, liquidity risk and cash flow interest rate risk. These risks, and the company's policies for managing them have been applied consistently throughout the year, are set out below:

**Principal financial instruments**

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

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

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

17. **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued**

**Financial instruments by category**

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

	30.6.21	30.6.20
	£	£
<b>Financial assets</b>		
Trade and other receivables	5,993,136	5,458,183
Amounts owed by group undertakings	4,286,109	8,774,597
Bank balances	<u>28,763,807</u>	<u>21,125,977</u>
	<u>39,043,052</u>	<u>35,358,757</u>
<b>Financial liabilities</b>		
Trade payables	425,107	470,842
Amounts owed to group undertakings	764,841	390,115
Accrued liabilities and other payables	<u>3,423,810</u>	<u>2,175,209</u>
	<u>4,613,758</u>	<u>3,036,166</u>

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 cost.

**General objectives, policies and processes**

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's risk committee. The Board receives monthly reports from the Risk Committee through which 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 Company's interest rate risk arises from interest bearing assets and liabilities. The Company 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 Company was not exposed to interest rate risk. No sensitivity analysis has therefore been prepared.

The Company'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 company's working capital requirements are managed through regular monitoring of the overall position and regularly updated cash flow forecasts to ensure there are sufficient funds are available for its operations. Management forecasts indicate no new borrowing facilities will be required in the upcoming financial period.

Trade and other payables of £6,908,008 (2020: £5,279,735) are expected to mature in less than a year.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

17. **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued**

**Credit risk**

Credit risk arises principally from the company's trade receivables which comprise of 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 company's trade receivables is as follows:

	30.6.21 £	30.6.20 £
0-30 days	4,077,579	4,441,356
30-60 days	1,369,584	69,634
More than 60 days	<u>1,828,492</u>	<u>1,909,552</u>
	<u>7,275,655</u>	<u>6,420,542</u>

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

	30.6.21 £	30.6.20 £
0-30 days	25,631	-
30-60 days	21,722	-
More than 60 days	<u>1,235,522</u>	<u>1,076,393</u>
	<u>1,282,875</u>	<u>1,076,393</u>

The movement in the Company's provision for impairment is as follows:

	30.6.21 £	30.6.20 £
As at 1 July	1,076,393	780,824
Provision for impairment	206,482	578,133
Receivable written off in year	-	(159,344)
Unused amount reversed	<u>-</u>	<u>(123,220)</u>
As at 30 June	<u>1,282,875</u>	<u>1,076,393</u>

The Company minimises its credit risk by profiling all new customers and monitoring existing clients of the Company for changes in their initial profile. The level of trade receivables older than the average collection period consisted of a value of £1,880,820 (2020: £1,979,302) of which £1,241,570 (2020: £1,076,393) was provided for. The Company 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 counterparties are banks with high credit ratings assigned by international credit rating agencies. The majority of the company's cash holdings are held with NatWest Bank who has a BBB credit rating.

The carrying value of both financial assets and liabilities approximates to fair value.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

17. **FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued**

**Capital Policy**

The Company'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 Company'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 company monitors key credit metrics, risk and fixed charge cover to maintain this position. In addition, the company ensures a combination of appropriate short term and long-term liquidity headroom.

During the year the company had a short-term loan balance of £nil (2020: £nil) and amounts payable over once year are £nil (2020: £nil). The company had a strong cash reserve to utilise for any short-term capital requirements that were needed by the Company.

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

18. **DEFERRED TAX**

	30.6.21 £	*Restated 30.6.20 £
Balance at 1 July	1,883,325	1,113,633
Current year provision	<u>(693,837)</u>	<u>769,692</u>
Balance at 30 June	<u>1,189,488</u>	<u>1,883,325</u>

The deferred tax liability above comprises of the following temporary differences:

	30.6.21 £	*Restated 30.6.20 £
Capital allowances in excess of depreciation	31,526	53,063
R&D relief in excess of amortisation	2,962,338	2,325,242
Share option relief	<u>(1,804,376)</u>	<u>(494,980)</u>
Balance at 30 June	<u>1,189,488</u>	<u>1,883,325</u>

\*See note 25.

The deferred tax liability represents the net accelerated expenditure permitted under local tax legislation in regards to capital investment against the expense charged to income statement as depreciation.

19. **ULTIMATE PARENT COMPANY**

As at the year end and the date these financial statements were approved the ultimate controlling parent was Doudigital Group Plc ("Dotdigital"), a company registered in England and Wales. Dotdigital is the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the Company is a member. Copies of group financial statements may be obtained from Dotdigital's registered office No1 London Bridge, London Bridge, London, SE1 9BG.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

20. **CAPITAL COMMITMENTS**

The company has no capital commitments as at the year-end.

21. **RELATED PARTY DISCLOSURES**

**Key management compensation**

Key management includes directors and the company secretary. The compensation paid for key management for employee services are shown below

	30.6.21 £	30.6.20 £
Salaries and other short-term employee benefits	1,075,693	861,556
	<u>1,075,693</u>	<u>861,556</u>
<b>Directors</b>	30.6.21 £	30.6.20 £
Aggregate emoluments	1,075,693	861,556
Company contributions to money purchase pension scheme	<u>28,060</u>	<u>28,060</u>
	<u>1,103,753</u>	<u>889,616</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2020: 3).

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

	30.6.21 £	30.6.20 £
Salaries	574,205	440,200
Other benefits	13,777	17,184
Pension costs	<u>15,500</u>	<u>15,500</u>
	<u>603,482</u>	<u>472,884</u>

22. **EVENTS AFTER THE REPORTING PERIOD**

There are no events after the end of the reporting period which impact the Company's financial statements.

23. **DEVELOPMENT COSTS**

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

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**24. 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 £624,881 (2020: £682,117).

Vesting conditions of the options dictate that employees must remain in the employment of the Company for the whole period to qualify.

**Movement in issued share options during the year**

The table below illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the period. The options outstanding at 30 June 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		30.6.20	
	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	107.54p	-	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	27.51p	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). The Black Scholes model was used in measuring the fair use of the options granted.

	22 December 20	14 December 20	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	152.0p	147.50p	77.5p	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	103.72p	26.99p	52.70p	65.03p

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**24. SHARE BASED PAYMENT TRANSACTIONS - continued**

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.

**25. PRIOR YEAR RESTATEMENT NOTE**

During the year, the Company 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 Income Statement have been reclassified for consistency. As a result, £3,486,637 was reclassified from cost of sales to administrative expenses and £1,425,819 were reclassified from administrative expenses to cost of sales. There has been no impact on the prior year's operating profit from continuing operations pre share-based payments and exceptional costs for the year however gross profit has increased from £34,803,892 to £36,864,709 and administrative expenses have increased from £21,845,877 to £23,906,694.

During the year, the Company 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. The restatement has resulted in a decrease in the prior year's profit before income tax for the year of £682,117.

At the year end, the Company 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.

Total restatements have impacted the prior year's total comprehensive income attributable to owners of the parent creating a decrease in profit from £11,456,282 to £11,104,832. Net assets as per the statement of financial position have increased from £43,175,830 to £43,544,383.

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

25. **PRIOR YEAR RESTATEMENT NOTE – continued**

**Income Statement for the year ended 30 June 2020**

	As previously reported £	Adjustments £	As restated £
<b>CONTINUING OPERATIONS</b>			
Revenue from contracts with customers	40,330,247	-	40,330,247
Cost of sales	(5,526,355)	2,060,817	(3,465,538)
<b>Gross profit</b>	<b>34,803,892</b>	<b>2,060,817</b>	<b>36,864,709</b>
Administrative expenses	(21,845,877)	(2,060,817)	(23,906,694)
<b>OPERATING PROFIT FROM CONTINUING OPERATIONS PRE SHARE-BASED PAYMENTS AND EXCEPTIONAL COSTS</b>	<b>12,958,015</b>	<b>-</b>	<b>12,958,015</b>
Share-based payments	-	(682,117)	(682,117)
<b>OPERATING PROFIT FROM CONTINUING OPERATIONS</b>	<b>12,958,015</b>	<b>(682,117)</b>	<b>12,275,898</b>
Finance costs	(66,436)	-	(66,436)
Finance income	40,269	-	40,269
<b>PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS</b>	<b>12,931,848</b>	<b>(682,117)</b>	<b>12,249,731</b>
Income tax expense	(1,475,566)	330,667	(1,144,899)
<b>Profit for the year</b>	<b>11,456,282</b>	<b>(351,450)</b>	<b>11,104,832</b>
<b>Total comprehensive income attributable to the owners of the parent</b>	<b>11,456,282</b>	<b>(351,450)</b>	<b>11,104,832</b>

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**25. PRIOR YEAR RESTATEMENT NOTE – continued**

**Operating Profit**

Costs by nature

Profit from continuing operations has been arrived after charging:-

	As previously Reported £	Adjustments £	As restated £
Direct marketing	1,177,034	(1,177,034)	-
Outsourcing and other costs	4,349,321	(4,349,321)	-
Outsourcing and tech infrastructure	-	3,465,538	3,465,538
	<u>5,526,355</u>	<u>(2,060,817)</u>	<u>3,465,538</u>

	As previously Reported £	Adjustments £	As Restated £
<b>Administrative expenses</b>			
Direct marketing	-	1,177,034	1,177,034
Partner commission	-	2,309,602	2,309,602
Staff related costs (inc. Directors' emoluments)	13,905,151	-	13,905,151
Audit remuneration	16,250	-	16,250
Amortisation of intangibles	3,646,792	-	3,646,792
Depreciation charge	859,460	-	859,460
Legal, professional and consultancy fees	161,031	-	161,031
Bank charges	76,914	-	76,914
Bad debts	846,099	-	846,099
Foreign exchange gains	(137,895)	-	(137,895)
Office running	450,832	-	450,832
Travelling	286,499	-	286,499
Profit on the sale of fixed assets	(3,255)	-	(3,255)
Computer costs	1,989,789	(1,425,819)	563,970
Management recharge	(465,639)	-	(465,639)
Other costs	213,849	-	213,849
	<u>21,845,877</u>	<u>2,060,817</u>	<u>23,906,694</u>

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

25. **PRIOR YEAR RESTATEMENT NOTE – continued**

**Statement of Financial Position**

**30 June 2019**

	As previously reported £	Adjustments £	As restated £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	10,305,362	-	10,305,362
Property, plant and equipment	<u>857,637</u>	<u>-</u>	<u>857,637</u>
	<u>11,162,999</u>	<u>-</u>	<u>11,162,999</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	15,908,068	-	15,908,068
Cash and cash equivalents	<u>14,762,326</u>	<u>-</u>	<u>14,762,326</u>
	<u>30,670,394</u>	<u>-</u>	<u>30,670,394</u>
<b>TOTAL ASSETS</b>	<b><u>41,833,393</u></b>	<b><u>-</u></b>	<b><u>41,833,393</u></b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	92	-	92
Capital Contribution Reserve	-	1,881,089	1,881,089
Retained earnings	<u>34,667,638</u>	<u>(1,881,089)</u>	<u>32,786,549</u>
<b>TOTAL EQUITY</b>	<b><u>34,667,730</u></b>	<b><u>-</u></b>	<b><u>34,667,730</u></b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax	<u>1,113,633</u>	<u>-</u>	<u>1,113,633</u>
	<u>1,113,633</u>	<u>-</u>	<u>1,113,633</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<u>6,052,030</u>	<u>-</u>	<u>6,052,030</u>
	6,052,030		6,052,030
<b>TOTAL LIABILITIES</b>	<b><u>7,165,663</u></b>	<b><u>-</u></b>	<b><u>7,165,663</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>41,833,393</u></b>	<b><u>-</u></b>	<b><u>41,833,393</u></b>

**DOTDIGITAL EMEA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2021**

25. **PRIOR YEAR RESTATEMENT NOTE – continued**

**Statement of Financial Position**  
**30 June 2020**

	As previously reported £	Adjustments £	As restated £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	13,170,095	-	13,170,095
Property, plant and equipment	<u>4,520,835</u>	<u>-</u>	<u>4,520,835</u>
	<u>17,690,930</u>	<u>-</u>	<u>17,690,930</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	17,267,737	-	17,267,737
Cash and cash equivalents	<u>21,125,977</u>	<u>-</u>	<u>21,125,977</u>
	<u>38,393,714</u>	<u>-</u>	<u>38,393,714</u>
<b>TOTAL ASSETS</b>	<b><u>56,084,644</u></b>	<b><u>-</u></b>	<b><u>56,084,644</u></b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	92	-	92
Capital Contribution Reserve	-	2,600,924	2,600,924
Retained earnings	<u>43,175,738</u>	<u>(2,232,371)</u>	<u>40,943,367</u>
<b>TOTAL EQUITY</b>	<b>43,175,830</b>	<b>368,553</b>	<b>43,544,383</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease Liabilities	3,152,536	-	3,152,536
Deferred tax	<u>2,069,047</u>	<u>(185,722)</u>	<u>1,883,325</u>
	<u>5,221,583</u>	<u>(185,722)</u>	<u>5,035,861</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6,768,173	-	6,768,173
Financial liabilities – lease liabilities	706,031	-	706,031
Tax payable	<u>213,027</u>	<u>(182,831)</u>	<u>30,196</u>
	<u>7,687,231</u>	<u>(182,831)</u>	<u>7,504,400</u>
<b>TOTAL LIABILITIES</b>	<b><u>12,908,814</u></b>	<b><u>(368,553)</u></b>	<b><u>12,540,261</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>56,084,644</u></b>	<b><u>-</u></b>	<b><u>56,084,644</u></b>

This page does not form part of the statutory financial statements

**DOTDIGITAL EMEA LIMITED**

**INCOME STATEMENT SUMMARIES**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	30.6.21 £	30.6.20 £
<b>REVENUE</b>		
Sales	<u>48,909,160</u>	<u>40,330,247</u>
	<u>48,909,160</u>	<u>40,330,247</u>
<b>COST OF SALES</b>		
Purchases	<u>9,731,822</u>	<u>3,465,538</u>
	<u>9,731,822</u>	<u>3,465,538</u>
<b>ADMINISTRATIVE EXPENSES</b>		
<b>Establishment costs</b>		
Hire of plant and machinery	-	-
Insurance	85,351	80,351
Light & heat	18,665	35,593
Service charges	152,942	157,061
Rent & rates	184,670	140,508
<b>Administrative expenses</b>		
Marketing	1,470,511	1,177,034
Partner Commission	1,786,878	2,309,602
Wages	12,208,582	11,888,472
Social security	1,375,816	1,427,878
Pensions	265,927	262,434
Telephone	105,130	96,940
Post and stationery	21,639	20,730
Travelling	2,477	286,499
Motor expenses	2,015	582
Computer costs	515,688	563,970
Repairs and renewals	9,408	12,921
Cleaning	9,029	34,330
Training	45,498	71,610
Subscriptions	20,215	33,842
Recruitment fees	22,729	38,378
Sundry expenses	150,436	9,579
Staff welfare	159,097	216,379
Management fees	(96,888)	(465,639)
Legal & professional	335,078	154,781
Auditors' remuneration	36,750	16,250
Donations	8,400	2,032
Foreign exchange losses/(gains )	503,707	(137,895)
Amortisation of intangible fixed assets	4,673,052	3,646,792
Depreciation of tangible fixed assets	858,766	859,460
Profit on sale of tangible fixed assets	(1,590)	(3,255)
Entertainment	3,917	46,462
Bad debts	624,289	846,099
<b>Finance costs</b>		
Bank charges	90,777	76,914
	<u>25,648,961</u>	<u>23,906,694</u>

This page does not form part of the statutory financial statements

**DOTDIGITAL EMEA LIMITED**  
**INCOME STATEMENT SUMMARIES**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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	30.6.21 £	30.6.20 £
<b>EXCEPTIONAL ITEMS</b>		
Share based payment	624,881	682,117
Group loan impairment	<u>2,726,526</u>	<u>-</u>
	<u>3,351,407</u>	<u>682,117</u>
<b>FINANCE COSTS</b>		
Interest charge: IFRS 16	(59,584)	(66,436)
<b>FINANCE INCOME</b>		
Deposit account interest	<u>19,538</u>	<u>40,269</u>
	<u>(40,046)</u>	<u>(26,167)</u>

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